

WTM/AB/IVD/ID-3/06/2021-22

**SECURITIES AND EXCHANGE BOARD OF INDIA
FINAL ORDER**

UNDER SECTIONS 11(1), 11(4), 11B(1) AND 11B(2) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995

In respect of:

Noticee No.	Name of the Noticees	PAN
1.	Gangwal Sunil Kumar	ABBPG4026C
2.	Vihit Investment	AALFV9583E
3.	Mohd. Faisal	AAIPF6487E
4.	AKG Securities and Consultancy Ltd	AAACA7549K
5.	Paramount Incorporation	AAQFP8938A
6	Minesh Jormalbhai Mehta	AAYPM2048Q

The aforesaid entities are hereinafter referred to individually by their respective names/Noticee numbers and collectively as “the Noticees”.

In the matter of Biocon Limited.

1. Present proceedings have emanated from a show cause notice dated March 02, 2020 (hereinafter referred to as “**SCN**”), issued by Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”), to the abovenamed Noticees, calling upon them to show cause as to why appropriate directions under Sections 11(1), 11(4), 11B(1) and 11B(2) of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”) and read with SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as “**Rules**”) should not be issued against them for the violations of provisions of SEBI Act and SEBI (Prohibition on Fraudulent and Unfair Trade Practices Relating to Securities

Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations**”), as mentioned therein.

2. The brief narrations of the facts leading to the issue of aforesaid SCN is as under:

- a) SEBI had conducted an investigation in the trading activities of certain entities in the scrip of Biocon Limited (hereinafter referred to as “**Biocon Ltd.**” or “**company**”). The focus of the investigation was to ascertain whether there was any violation of the securities laws by certain entities in the cash market on June 29, 2017 at NSE during the last half an hour (15:00:00 hrs to 15:30:00 hrs) (hereinafter referred to as the “**Investigation period**”) of trading so as to benefit certain entities who were holding net long positions in the derivative contracts.
- b) The analysis of price and volume in the scrip of Biocon Ltd. on NSE for the trading day June 29, 2017 are as below:

Table 1: Price Movement of Biocon Ltd. at NSE Cash Mkt - June 27, 2017 (Source: NSE Trade Log)

Exchange: NSE	Open (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume (% to total Vol.)	No. of trades (% to total trades)
9:00:00 to 14:59:56	329.1 0	331.5 0	325.7 5	327.45	13,29,003 (40.61)	11923 (66.37)
15:00:00 to 15:30:00	327.4 0	334.4 0	326.3 0	327.70	19,39,414 (59.27)	6025 (33.54)
15:40:00 to 15:59:59	332.15				3942 (.12)	15 (0.08)
	TOTAL				3272359	17963

- c) The LTP of the scrip of Biocon Ltd. at the end of 15:30:00 was Rs. 327.70. However, the settlement price of the futures contract (calculated based on volume weighted average price during 15:00:00 hrs to 15:30:00 hrs) was Rs. 332.15. 19,39,414 shares were traded during last half an hour (15:00:00 hrs to 15:30:00 hrs) on June 29, 2017 which was 59.27% of the market traded volume of the day on June 29, 2017.

- d) It was observed from UCC details from BSE, off market data from depositories, common directorship from MCA database and bank statements of Noticees obtained from Banks that Vipul Trivedi (partner of Paramount Incorporation) has one proprietorship firm named Sand Enterprises. It was further observed that Sand enterprises had financial transaction with Minesh Jormalbhai Mehta. Vide email dated November 13, 2019 Gangwal Sunil Kumar stated that Minesh Jormalbhai Mehta is casually known to him for around 9 months. Further, he had availed a friendly loan from Minesh Jormalbhai Mehta and same was repaid. Further, Gangwal Sunil Kumar had stated that partners of Vihit investment are known to him formally and a banking transaction between Ganjwal and Vihit investment of Rs. 2.34 crore was carried out during 22-07-2019 to 15-10-2019. Both the aforesaid financial transactions have been confirmed by Minesh Jormalbhai Mehta vide emails dated September 16, 2019 and November 12, 2019 and Vihit Investment vide emails dated September 14, 2019 and November 13, 2019. The list of Noticees and their connections are given below:

Table 2: Connections amongst Noticees

Noticee Name	Pan number	Basis of Connection
Gangwal Sunil Kumar (Noticee No. 1)	ABBPG4026C	Noticee number 1 is connected to Noticee number 2 & 6 by way of fund movement. Further, they have confirmed vide email that they know each other. Vipul Trivedi (partner of Paramount Incorporation- Noticee no.5) had one proprietorship firm named Sand Enterprises. Sand enterprises had financial transaction with Minesh Jormalbhai Mehta (Noticee no. 6)
Vihit Investment (Noticee no. 2)	AALFV9583E	
Minesh Jormalbhai Mehta (Noticee no. 6)	AAYPM2048Q	
Paramount Incorporation (Noticee no. 5)	AAQFP8938A	

- e) The details of buy and sale of shares of Biocon Ltd. by the 6 Noticees in NSE cash market on June 29, 2017 are given below:

Table 3: Trade details of the Noticees in the NSE Cash market on June 29, 2017

Noticee no.	Noticee Name	Purchased qty in cash mkt	% of total buy to total traded volume	Sold qty in cash mkt	% of total sell to total traded volume
1	Gangwal Sunil Kumar	432300	13.21	432300	13.21

2	Vihit Investment	200000	6.11	200000	6.11
3	Mohd Faisal	200000	6.11	200000	6.11
4	AKG Securities And Consultancy Limited	200000	6.11	200000	6.11
5	Paramount Incorporation	200000	6.11	200000	6.11
6	Minesh Jormalbhai Mehta	50000	1.53	50000	1.53
	Total	1282300	39.19	1282300	39.19
	Market Total	3272359	100.00	3272359	100.00

From the table above, it was observed that all the Noticees indulged in intra-day trading since their buy and sale volumes were equal.

- f) The details of buy, sell and the respective percentages of the trades of the Noticees during the investigation period i.e. 15:00:00 hrs to 15:30:00 hrs on June 29, 2017 in the scrip of Biocon Ltd. are as below:

Table 4: Trading by Noticees (15:00:00 hrs to 15:30:00 hrs) on June 29, 2017

Noticee Name	Total buy qty	% of total buy qty to total traded vol	Total Sell qty	% of total sell to total traded vol	Traded among Noticees	% of Traded among Noticees to total traded vol	% of Traded among Noticees to Noticees traded vol
Gangwal Sunil Kumar	432300	22.29	432300	22.29	384516	19.83	29.99
Minesh Jormalbhai Mehta	50000	2.58	50000	2.58	28183	1.45	2.20
AKG Securities And Consultancy Limited	200000	10.31	200000	10.31	196561	10.14	15.33
Mohd Faisal	200000	10.31	200000	10.31	199882	10.31	15.59
Vihit Investment	200000	10.31	200000	10.31	199800	10.30	15.58
Paramount Incorporation	200000	10.31	200000	10.31	199918	10.31	15.59
Noticees Total	1282300	66.11	1282300	66.11	1208860	62.33	94.27
Market Total	1939414	100	1939414	100	100	100	100

- g) During the investigation period, the Noticees bought a total quantity of 12,82,300 shares of Biocon Ltd. constituting 66.11% of the total traded volume in the scrip of Biocon Ltd. and sold a total quantity of 12,82,300 shares of Biocon Ltd. constituting 66.11% of the total trade volume in the scrip of Biocon Ltd. All the above 6 Noticees appeared in the list of top 10 clients in the scrip of Biocon Ltd. (in gross buy volume basis) during the investigation period. It was observed that 12,08,860 shares were traded amongst the 6 Noticees contributing 62.33% to the total traded volume during the investigation period.
- h) The buy and sell trade volume of the Noticees in the scrip of Biocon Ltd. with respect to the market traded volume at NSE on June 29, 2017 is given below:

Table 5: Buy and sell Trade volume of Noticees at NSE on June 29, 2017

	Market traded vol	Noticees Buy Volume & Sell	% of Noticees Buy and sell Vol to Market Vol
June 29, 2017	3272359	1282300	39.19
Trading on June 29, 2017 (09:00 to 15:00)	1332945	0	0
Last 30 min of trading on June 29, 2017 (15:00 to 15:30)	1939414	1282300	66.12
Traded Qty at 15:22:14	1261478	11,99,600	94.27

- i) From the above table it was observed that the buy and sell trades of the Noticees were concentrated in the last 30 minutes (especially at 15:22:14) of trading on June 29, 2017. It was observed that the trade volume of the Noticees contributed 66.12% to the market traded volume in the last 30 minutes. Out of that, 94.27 of the trades were traded especially at 15:22:14 on June 29, 2017. Thus Noticees traded heavily on June 29, 2017 only during last half an hour and also they squared off all of their position since the buy and sell volume of Noticees were equal during the last half an hour which is the investigation period. Noticees have not traded a single share before 3 pm on June 29, 2017.
- j) From an analysis of the trade and order logs of the Noticees, it was observed that 4 Noticees (out of the 6 Noticees) have taken long position in the futures in

the scrip of Biocon Ltd. in the last half an hour of June 29, 2017. Further, 9,16,200 shares were squared off on settlement price of Rs. 332.15.

- k) It is alleged that all the 6 Noticees had engaged in price manipulation in the scrip of Biocon Ltd. at NSE cash market during 15:00:00 hrs to 15:30:00 hrs on June 29, 2017 and managed to establish higher settlement price in the futures of Biocon Ltd. on June 29, 2017, which finally closed at Rs. 332.15. Further, the Noticees heavily traded in the scrip and created volume at higher prices during last half an hour on June 29, 2017 to get a better future settlement price.
- l) It is alleged that the aforesaid scheme of “marking the close” devised by the six Noticees enabled four of them who had taken long positions in the Biocon Ltd. futures during 15:00:00 hrs to 15:30:00 hrs on June 29, 2017 to increase their profit arising out of their long positions.
- m) It is alleged that all the 6 Noticees viz. Gangwal Sunil Kumar, Paramount Incorporation, Vihit Investment, Mohd Faisal, AKG Securities and Consultancy Limited and Minesh Jormalbhai Mehta acted in concert to manipulate the settlement price and in order to enable four of them viz. Vihit Investment, Mohd Faisal, AKG Securities and Consultancy Limited and Minesh Jormalbhai Mehta to make wrongful gains from their long position in futures.
- n) It is alleged that 2 Noticees viz. Gangwal Sunil Kumar and Paramount Incorporation had engaged in price manipulation to establish a higher settlement price in the scrip of Biocon Ltd. on June 29, 2017 and have thereby prima facie violated Section 12 A (a), (b), (c) of SEBI Act read with Regulation 3 (a), (b), (c), (d), Regulation 4(1), 4(2)(a), (e) of PFUTP Regulations.
- o) It is further alleged that 4 Noticees viz. Vihit Investment, Mohd Faisal, AKG Securities And Consultancy Limited and Minesh Jormalbhai Mehta had engaged in price manipulation to establish a higher settlement price and made wrongful gains from their long positions in future segment and have thereby prima facie violated Section 12 A (a), (b), (c) of SEBI Act read with Regulation 3 (a), (b), (c), (d), 4(1), 4(2)(a), (b), (e) of PFUTP Regulations.

- p) Therefore, SCN called upon Noticee no. 2, Noticee no. 3, Noticee no. 4 and Noticee no. 6 to show cause as to why appropriate directions should not be issued against them under Section 11B(1) and 11(4) read with Section 11(1) of the SEBI Act, including disgorgement of wrongful gains with interest for alleged violation of Section 12 A (a), (b), (c) of SEBI Act 1992 read with Regulation 3 (a), (b), (c), (d), 4(1), 4(2)(a), (b), (e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003. Noticee no. 2, Noticee no. 3, Noticee no. 4 and Noticee no. 6 are also called upon to show cause as to why appropriate directions for imposing penalty under section 11B(2) and 11(4A) read with section 15HA of the SEBI Act, 1992 and read with SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 should not be issued against them for alleged violation of Section 12 A (a), (b), (c) of SEBI Act 1992 read with Regulation 3 (a), (b), (c), (d), 4(1), 4(2)(a), (b), (e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003.
- q) Noticee no. 5 is called upon to show cause as to why appropriate directions under section 11B(1) and 11(4) read with section 11(1) of the SEBI Act, 1992 should not be issued against it for alleged violation of Section 12 A (a), (b), (c) of SEBI Act 1992 read with Regulation 3 (a), (b), (c), (d), Regulation 4(1), 4(2)(a), (e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003. Noticee no. 5 is also called upon to show cause as to why appropriate directions for imposing penalty under section 11B(2) and 11(4A) read with section 15HA of the SEBI Act, 1992 and read with SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 should not be issued against it for alleged violation of Section 12 A (a), (b), (c) of SEBI Act 1992 read with Regulation 3 (a), (b), (c), (d), Regulation 4(1), 4(2)(a), (e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003.
- r) Further, Noticee no. 1 is called upon to show cause as to why appropriate directions under section 11B(1) and 11(4) read with section 11(1) of the SEBI Act, 1992 should not be issued against him for alleged violation of Section 12 A (a), (b), (c) of SEBI Act 1992 read with Regulation 3 (a), (b), (c), (d), Regulation

4(1), 4(2)(a), (e), (g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003. Noticee no.1 is also called upon to show cause as to why appropriate directions for imposing penalty under section 11B(2) and 11(4A) read with section 15HA of the SEBI Act, 1992 and read with SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 should not be issued against him for alleged violation of Section 12 A (a), (b), (c) of SEBI Act 1992 read with Regulation 3 (a), (b), (c), (d), Regulation 4(1), 4(2)(a), (e), (g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003

3. The SCN issued to the Noticees, contained certain annexures, list of which is as under:

Annexure no.	Particulars of the document
Annexure 1	Trade Log and Order Log of the scrip Biocon Ltd. of June 29, 2017
Annexure 2	Gangwal Sunil Kumar's emails dated September 09 and November 13, 2019
Annexure 3	Minesh Jormalbhai Mehta's emails dated September 16, 2019 and November 12, 2019
Annexure 4	Vihit Investment's emails dated September 14, 2019 and November 13, 2019
Annexure 5	Gangwal Sunil Kumar's email dated November 14, 2019
Annexure 6	Vihit Investment's email dated October 22, 2019
Annexure 7	Mohd Faisal's email dated October 29, 2019
Annexure 8	AKG Securities & Consultancy Ltd.'s email dated November 06, 2019
Annexure 9	Paramount Incorporation's email dated October 24, 2019
Annexure 10	Minesh Jormalbhai Mehta's email dated October 30, 2019

Replies, Hearing and Written submissions:

4. The SCN dated March 02, 2020 was delivered to all the Noticees. Noticees no. 1 and 2 vide their respective letters had filed settlement applications under the SEBI

(Settlement Proceedings) Regulations, 2018. Noticee no. 3 and 4 vide their respective emails dated July 21, 2020, had filed their replies to the SCN and sought for an opportunity of personal hearing. Noticee no. 5 vide its email dated July 21, 2020 had sought for an extension of two weeks' time to file its reply to the SCN. Noticee no. 6 vide his letter dated June 10, 2020 filed his reply to the SCN and sought for an opportunity of personal hearing. Accordingly, an opportunity for personal hearing was granted to all the Noticees for September 16, 2020. Noticees no. 3, 4, 5 and 6 appeared on September 16, 2020 via video conferencing through their respective representatives and made their submissions. Noticee no. 4 sought time for filing its written submissions and accordingly, it was granted one week's time to file its written submissions. Thereafter, Noticee no. 4 vide its letter dated October 01, 2020 filed written submissions. Noticees no. 1 and 2 did not appear for the hearing on September 16, 2020 and vide their respective letters dated September 14, 2020 requested for an adjournment of the hearing as they had filed application for settlement with SEBI. Accordingly, another opportunity of hearing was granted to Noticees no. 1 and 2 for November 24, 2020. On November 24, 2020, Noticee no. 2 appeared via video conferencing through its advocate and made submissions. Further, Noticee no. 2 sought time for filling written submissions and was accordingly, granted 10 days time to file its written submissions. Thereafter, Noticee no. 2 vide its letter dated December 03, 2020, filed its written submissions. Noticee no. 1 did not appear for the hearing on November 24, 2020 and vide its letter dated November 18, 2020 had sought adjournment for the hearing due to the Covid-19 situation. However, since two opportunities of personal hearing had already been granted to Noticee no. 1, no further opportunity was granted to Noticee no. 1 and vide SEBI letter dated November 25, 2020, Noticee no. 1 was advised to file his reply to the SCN within 10 days time. Thereafter, the Noticee no. 1 vide his letter dated December 02, 2020 sought for an additional two weeks time to file his comprehensive reply to the SCN. Noticee no. 1 then vide letter dated December 30, 2020, filed his reply to the SCN.

Submissions of the Noticees:

5. The various submissions made by the Noticees vide their aforesaid replies, written submissions and those made during the course of the hearing, are summarised as hereunder:

a) Noticee no. 1 (Gangwal Sunil Kumar) vide letters dated December 30, 2020, *inter alia* submitted that:

(i) *On perusal of the Notice, I understand that the same is issued to me since I had carried out transactions in Biocon Shares on June 29, 2017 during last half an hour (15:00 to 15:30). In this regard, at the outset, I reiterate that in the Notice, analysis of transactions is not done in rightful manner and SEBI has ignored material and vital fact that I had placed limit orders on sale side with stop loss order on buy side. Besides I had carried out intraday trading. Pertinently, the volume of trading from limit orders was 4 lakh shares and intraday trading was 32,300 shares. Importantly, the orders were placed through 3 stock brokers viz. R K Global Shares and Securities Ltd., Vardhamanglobal Sharecom Pvt. Ltd and JM Financial Services Ltd. In fact no bifurcation of the type, pattern and nature of my trading is elaborated in the Notice. Besides it is pertinent to mention that the alleged self-trades of 1 lakh shares were not carried out through JM Financial. I further state that the findings that I had placed sell orders at a price less than the buy order price is also incorrect. Hence, the findings in the Notice are faulty, factually incorrect and thereupon charges are levelled against me merely on assumption, presumption, surmises and conjecture. Hence, initially I would like to make my submissions on such erroneous findings to bring clarity on such adverse conclusions drawn against me.*

(ii) *It is alleged that I have entered into reversal trades with other co-noticees during in the cash market in script of Biocon on 29.06.2017 during 3:00 pm to 3:30 pm to create artificial/fictitious volume in the market and also false and misleading appearance of trading in Biocon. The alleged reversal trade happened when my stop loss order got triggered. Pertinently stop loss order was placed at around 14:40 pm, and trade got executed at around 15:22 pm i.e. after around 40 minutes. Importantly stop loss order got automatically executed on the computerised trading system of NSE (NEAT) where matching of order is auto driven process. Besides at the relevant time i.e. at around 15:22 pm, large volume of trading had taken place in Biocon shares. Hence matching of order*

with the same person is purely co-incidence. In reality I had no role, involvement or participation on matching of trade with same person. Incidentally on alleged reversal trade, there is no allegation if any price movement. Thus market equilibrium was not disturbed. Hence no adverse inferences be drawn for such innocuous execution of reversal trades.

- (iii) It is alleged that I have entered into self-trades which created artificial/fictitious volume in the market and also false and misleading appearance of trading in Biocon. In this regard, I state that I had placed stop loss order with price limit with two brokers viz. RK Global and Vardhamanglobal. Incidentally, first stop loss order was to trigger on execution of sale order price of Rs. 334.05 with stop loss price of Rs. 334/- and second stop loss order was to trigger on execution of sale order at a price of Rs. 334.10 with stop loss price of Rs. 334.05. However, both the orders got triggered at the identical time. Hence a stop loss sale order of Rs. 334.05 placed with one broker got matched with a buy limit order placed at a price of Rs. 334.05 with another broker. Importantly, two separate orders were placed at around 14.40 pm which got matched at around 15.22 by the auto drawn system of the Stock exchange. The execution of said self-trades were unintentional. It is further pertinent to mention that matching of self-trades had happened at the then prevailing market price. Hence, no adverse inferences had drawn against us in this regard.*
- (iv) Normally I do not place any large trade without a fixed stop loss as happened on June 29, 2017 when I placed the order with a fix take profit as presumably volatility is high in stock markets. This is a routine feature in my trading. At the relevant time, I had thought in my mind that if price crosses that range, I have immediately stop loss it. Incidentally I placed the stop buy orders simultaneously with self trades. Nothing other than this was my motive. To the best of recollection of my memory, I state that on that day I was facing the connectivity problem on internet, due to which prices were not updating properly. Hence there was a lot of confusion as to exact price movement in Biocon shares due to the poor internet connection.*
- (v) In response to para (a), at the outset I state that in the part two (orders placed between 3 and 3:30 pm), first the buy orders were placed and correspondingly the sell orders were placed. Pertinently it is alleged that I have placed buy order price at Rs. 332.40 to 332.45 when LTP was Rs. 331.40 to 332.12 and trades on top 6 instances are given in Table 12 of pg 9 of the SCN. It is pertinent to mention that the orders were placed in order to get the preference in the buy*

positions and that too at a very nominal price difference from LTP. For instance, in Table no. 6, Sr. no. 6, Bid price is Rs. 332.45 and LTP was 332.15. It can be clearly seen that there is a negligible price difference of Rs. 0.30 in order to get the preference of buy orders. It is humbly stated that due to technical error and not being able to view the LTP I instructed the dealer of the Broker to put the sell order at a price available in the market. Pertinently, my intention was to earn nominal profits but due to technical error I suffered a loss. Importantly the broker through whom the orders were placed between 2:30 and 3:00 were RK Global and Vardhmanglobal and orders placed in between 3:20 and 3:22 were through JM Financial.

b) Noticee no. 2 (Vihit Investment) vide letters dated December 03, 2020, *inter alia* submitted that:

- (i) With regard to our personal relationship/connection with Mr. Sunil, we state that on and around 18.05.2018 in a function held at Avadh Uptopia Club, Surat on the occasion of opening ceremony of the club our partner viz. Mr. Mohit Mehta was introduced to Mr. Sunil by Mr. Ankur Babaria as a person who is also regularly carrying out share trading activity which appeared to us as similar to our nature of share trading activity. However, even at that point in time we are not aware of the fact about execution of trading in Biocon on 29.06.2017 by him. It is only on receipt of the SCN, we came to know about his role and investment in Biocon.*
- (ii) With regard to the financial (Banking transaction) with Gangwal, we state that due to urgent fund requirement on 22.07.2019, we approached Mr. Ankur Babaria for own short term requirement who has an account with HDFC Bank. Since he had no funds available he got funds arranged from Mr. Sunit. It is pertinent to mention that we received Rs. 1,40,00,000/- from Mr. Sunil on 22.07.2019 and the amount was repaid to him on 24.07.2019 to the extent of Rs. 70,00,000/- and the remaining account of Rs. 70,00,000/- was repaid on 26.07.2019. Further, an interest of Rs. 9781/- was paid on this said amount borrowed. We further state that Mr. Ankur Babaria had approached us w.r.t. a loan required by Mr. Sunil. In view thereof we provided Mr. Sunil with a loan of Rs. 94,00,000/- on 09.10.2019 and the amount was returned by him to the extent of Rs. 50,00,000/- on 11.10.2019 and the remaining amount of Rs. 44,00,000 was returned back to us on 15.10.2019. Pertinently Interest income of Rs. 8,447/- was booked for the same and a TDS of Rs. 847/- was deducted on the same.*

- (iii) *With respect to our dealing in Biocon on June 29, 2017, we submit that since high volatility and movement was expected in market we had put our buy/sell order at around 02.24 pm with a nominal spread. We believed that if large number of participants dealt in said scrip we could earn small profit on differential of buy/sell quote. Further, if price of scrip rose to that level, our buy/sell would be executed during the day without us having to give/take delivery. The price of Biocon scrip in F/O segment at around 3:15 pm appeared to be lower than corresponding price in cash segment. Considering open interest position prevailing at relevant time, we preferred to take a calculated risk by putting buy order in F/O segment.*
- (iv) *Further, it has been alleged against us that we have made wrongful gains from our long position in the F&O segment. It is pertinent to mention that the price of Biocon in the F&O at around 03:15 pm on 29.06.2017 appeared to be lower than corresponding price in cash segment. Further, considering open interest position prevailing at relevant time, we preferred to take a calculated risk by putting buy order in F&O Segment. On perusal of the price volume chart of F&O segment at NSE, no adverse inferences to be drawn against us on consideration of volume and market rates prevalent on that day i.e. 29.06.2017. We further state that if we had any knowledge about the alleged scheme, if any devised as alleged in the SCN or otherwise our trading pattern would have been different.*
- (v) *In response to para (b) of para 8, we submit that on perusal of the daily price movement of Biocon even during the month of June 2017, the difference in high and low price of shares traded is more than Rs. 7/- and at times it is furthermore depending on the market conditions according to our observation. Besides we submit that buy order rate of Rs. 334.05/- and the sell order of 334.10/ cannot be alleged to be punched at a faraway price as stipulated under NSE Circular dated 22.02.2005.*
- (vi) *In response to para (d) we respectfully submit that we believed that there would be high liquidity in the script of Biocon during 29.06.2017. Pertinently we thought that we can safely make profits while trading in Biocon by availing benefits of marginal spread between available buy and sell quotes. It is pertinent to mention that our sole intention was intra-day trading to earn profits. Hence, we humbly state that in case we would have placed that buy price between 327.80 and 334.05 there would have been a high probability for the buy order to get executed and the sale order not to get executed since the sale order was placed*

at 334.10 and there would have been a major variation in the buy and sale order price which would *inter alia* led to delivery of shares which was not the purpose for which the transaction was executed.

(vii) *In response to para (e), we humbly state that we have no idea that the buy order of 1,00,000 shares were matched with Mr. Sunil. Further, pertinently the 1,00,000 buy order of shares were to correspondingly cover the shares sold earlier on the same day. We further reiterate that as on 29.06.2017 i.e. day of the impugned transactions we were in no way related to Mr. Sunil. Pertinently, on perusal of the order log file, it can be stated that out of the total buy quantity of 2,00,000 that includes 33 trades only 99,800 shares have matched with Mr. Sunil that includes only 10 trades.*

(viii) *In response to para (f) w.r.t. taking long position in futures in the scrip of Biocon, it is clarified that the price in F&O segment in script of at around 03:15 pm appeared to be lower than the corresponding price in cash segment and considering the open interest rate prevalent at the time we put in buy order in F&O segment.*

c) Noticee no. 3 (Mohd Faisal) vide letters dated July 21, 2020, *inter alia* submitted that:

(i) *It is pertinent to note that the orders in cash segment were entered much before I had created any position in the derivative segment. As per the SCN, at para 9 (VII) – I had placed the orders to sell Biocon at Rs. 334 14:51 PM and with an anticipation that if the price reaches that level I would sell the shares and not below that. However, I am an intraday trader and therefore also placed a stop loss order to buy these shares at 334.10 at 14.42 hrs. Stop loss order would have ensured that my loss from the trade can be only 10 paise per share and not more but if the price would have fallen after my orders at 334, I would have made some money. It is therefore evident beyond doubt that my strategy was never carried out with an intention of getting a better price for my F&O position by marking the close as alleged as it was much before 3 pm.*

(ii) *It could have been possible that the trade would have taken place before 3 pm and in such case there would have been no impact because of such trade. If I intended to execute such trade to mark up the closing price as alleged, I would have preferred to place the order at 3:00 pm or thereafter and not before. The SCN records in clause 8.C.iii.c records that it was normal for me to place sell order at Rs. 334 but finds fault with my buy order placed at 334.10 when the*

LTP was Rs. 327.5. The SCN has completely failed to appreciate that a stop loss order is always placed at a price which will be executed after the original order is executed. In the current case the buy order was a stop loss order and therefore would have only executed if my sell order executed. Else it would have automatically been left out without trading. The SCN does not find issues with the price difference of Rs. 6.25 for sell orders but fails to appreciate that the price difference between buy and sell order which was merely 10 paise, which means I wanted to exit the position if my loss would be 10 paise. These buy orders were placed to square off the position if the bet goes against me and not to take fresh buy position as envisaged by SEBI.

(iii) Further, if I was a part of an elaborate conspiracy to jack up the settlement price by changing the weighted average price in the last thirty minutes, there was no reason for me to square off the position and I could have let the settlement happen for the entire position. What is also counter intuitive is that the allegation is that the entire conspiracy on my part (i.e. placing the orders at 14:52 hrs for buy and 14.51 hrs for sell) were in furtherance of the intention to get a better settlement price. On the contrary, when these orders were placed, I had no position in the derivatives segment and therefore clearly the intention could not have been to get a better settlement price in the derivative segment while entering these orders in the cash segment.

(iv) Further, the entire rationale of the trades in the case segment given in the email dated 29.10.2019 has not been reproduced in the SCN and the same is reproduced hereinbelow: Reason for placing sell order at 334/- when LTP was 327.5 or 328.1:

- a. Exchanges function on pending order book mechanism wherein buyers and sellers are allowed to place their bids and offers in the pending order book of the Exchange at various limit prices.*
- b. A seller will always prefer to have a better price than the earlier price.*
- c. Without prejudice to the submission that I am unable to recollect the exact reason, I submit that as a seller I preferred to sell the shares at a price higher than the LTP and therefore it is perfectly normal.*
- d. The order was placed at Rs. 334 which is less than 2% higher than the LTP and therefore the difference is also not significant.*
- e. I therefore submit that the placement of sell order was in the normal course.*

Reason for placing buy (stop-loss) order at Rs. 334.10:

- a. *Exchange has provided a facility of placing stop loss orders so that traders and investors can manage the risks suitably.*
 - b. *As mentioned in your email I placed sell order at Rs. 334 when LTP was 327.5 and 328.1 so I was anticipating the price to rise so that my sale takes place at a better price than LTP.*
 - c. *If the shares got sold at 334/- then there was a possibility of loss if the price continued to rise.*
 - d. *Therefore to safeguard the capital by limiting the possible loss, a stop loss order was placed.*
 - e. *This order is also placed in the normal course.*
- (v) *The rationale available is also clear, the idea was to try and see if a sell order could be executed at Rs. 334 and in case if the prices fell from Rs. 334, I would have made profit. However, I had limited risk appetite in this order as if the prices continued to rise above Rs. 334 in the session, I would incur substantial loss. Therefore, I had a stop loss order at Rs. 334.10 so that in case if the trade strategy fails, my loss is capped. At the same time, in the derivatives segment, I was counting on the momentum and started taking long positions as the prices were rising. When the price rise stopped I chose to square off a major portion of my position.*
- (vi) *The inferences drawn in para iii at pg 12 of the SCN are completely baseless for the following reasons:*
- a. *A person places an order and stop loss order at the same time and not both legs of the order at the same time, especially when the intention is to go short. For eg. If the intention is to go short at Rs. 334 (when price is Rs. 328) and then square off at a price less than Rs. 334 (say Rs. 332), both legs would never be placed at the same time. If both the legs of the order are placed at the same time, it is always possible that the buy order might get executed and the sell order may never get executed.*
 - b. *The stoploss order is placed to manage risk and cut off losses. All stoploss orders result into "loss", as the name suggests. The idea is to manage risk and have least amount of loss in case if the trade does not go as expected. That is the reason that the stoploss order was placed at Rs. 334.10. It means that if the price was rising after I had executed a*

short, I wanted to restrict my losses and not keep on compounding them.

- c. The inference drawn is completely illogical when it states that the buy orders should have been placed between Rs. 328 and Rs. 333. As stated hereinabove, I could not have placed both legs of the transaction at once. Otherwise I ran the risk that the price reached a range of Rs. 328-333 and never reaches Rs. 334. It would have left me with 2,00,000 shares in the long in cash segment and in order to sell the same, the prices were bound to fall and I would incurred substantial loss. The order at Rs. 334.1 is therefore not a general buy order but a stoploss order to cover up the sale position. The finding that this is against an economic rationale is without any merit. It is reiterated that a stop loss order is created to reduce the risk of loss but is always bound to result into a loss.*
- d. The fact that the buy order was a stoploss order is evident from the fact that the spread is merely 10ps on a Rs. 330 scrip. The whole idea was to see if the scrip rebounds after Rs. 334, for if it continued to rise, I would be left with a short position in the last half hour and if square off does not happen at a higher price, I would have to face the auction segment further adding to my losses. The stoploss order therefore is of extreme importance while short selling.*
- e. The trading therefore was completely rational and in line with the common market practice.*

d) Noticee no. 4 (AKG Securities and Consultancy Limited) vide letters dated October 01, 2020, *inter alia* submitted that:

- (i) We are using different types of software's which generate multiple alerts for trading in a particular scrip at any point of time. Likewise, we got the alert from our trading software to sell biocon after it reaches price level of Rs. 334 per share, therefore, our arbitrage asked operator to enter four bids for selling 50000 shares each 334.10 and a cover order to buy shares @ 332, but the operator by mistake punched the cover order also @334 which got executed at the trigger price. Our strategy in this case was to sell 200000 shares @334.05 and buy the same below 332.00 but due to punching error the same got executed @334 and we were able to earn profit of only 14,000 instead of 4 lac.*

- (ii) *It was clear from our above reply that due to the error in punching of buy order by the operator of Navkar, we suffered a loss of Rs. 4 lac approx. Your goodself had pointed out in the show cause notice that instead of rectifying the buy order, which was wrongly punched, we modified the sell order by Rs. 0.05 paisa. Here, we submit that both the sell order & its cover buy order were placed telephonically & we had no mean to check whether the buy order was rightly placed or not. The only mean to know about that was the operator's confirmation and he confirmed us verbally that he placed both the buy orders as per our direction. Also, at that time, the management of Navkar was also made aware of this mistake and they apologized for the same. They also promised to take utmost care in the near future. We also did not pay much heed to the above transaction/instance as these kind of instances are of routine nature in our industry and it has both sides i.e. profit/loss both occurs. But, taking this kind of mistake at brokers end as a tool to levy allegation upon us of price manipulation is completely wrong and must be supported by proper evidences.*
- (iii) *Through illustration in the SCN it is alleged that if the Noticee had not manipulated the settlement price, AKG would have made square up losses of Rs. 1.16 lakhs. It is alleged that due manipulation of noticees, we have made a square up gain of Rs. .04 lakhs. Now the simple question here arises here is that, if we really wished to made the wrongful gains by manipulating the settlement price in the futures market on June 29, 2017 then the long position taken up by us after 15:22:00 in 25,200 shares @ 332 would have been actually taken at much lower rate before 15:00:00 and if that is the case the situation would have been completely different and we really would made the wrongful gains. Now even if we take the hypothetical situation portrayed by SEBI in the SCN as correct then also practically the case would be totally different. As alleged in the SCN if the settlement price was not manipulated by Noitcees then it would have been somewhere around Rs. 327.40. The illustration in this case shows the notional gain made by us as Rs. 1.20 lakhs. But, how this is even possible. We purchased 25,200 shares @332 and if the situation portrayed by SEBI is correct then the price would have never reached above Rs. 328. In that case we would have purchased the shares not @ Rs. 332 but at somewhere between Rs. 327-328. If that has been the case the question of notional gain show in SCN by SEBI does not arise at all. Therefore, the situation as shown in illustration is completely baseless, vague and without any proper logic.*

e) Noticee no. 5 (Paramount Incorporation) vide letters dated September 14, 2020, *inter alia* submitted that:

- (i) *With regards to para 5 (a) of the SCN, we have no comment to make save and except that on 29-06-2017 we had several transactions in other scrips of cash segment also and positions in those scrips had also been squared off during the course of the day. We normally do not carry forward position in cash segment. With regards to para 5(b) of the SCN, it is submitted that we had huge turnover in cash segment during the year 2017-18. Thus, it is obvious that on some selected days our transactions in particular scrip remains significant. However, there is no abnormality in this. We normally do not carry forward position in cash segment. So far as the transactions executed in the scrip of Biocon are concerned, we say and submit that we felt that scrip on the day of expiry have resistance level at Rs. 334 and therefore, we put sell orders at Rs. 334/-. To limit our loss we also placed stop loss buy orders.*
- (ii) *The trade executed by our company on 29-06-2017 as shown as alleged reversed trades in Table 7 under para 6 of the SCN were result of 2 types of different orders i.e. limit orders and stop loss orders. We had first placed two separate sell order at the rate of Rs. 335/- for sell of 1,00,000 shares each in the scrip of Biocon. These two sell orders were limit orders (limit order is an order that allows the price to be specified while entering the order into the system). One minute later, we modified the sell rates from Rs. 335/- to Rs. 334/-. Thereafter, we placed two stop loss buy order at the rate of Rs. 334.10 to purchase one lakh shares each (stop loss order is a type of order that allows the trading member to place an order which gets activated only when the market price of the relevant security reaches or crosses a threshold price. Until then the order does not enter the market) in case price of the scrip touched or crosses Rs. 334.10. The stop loss buy order were conditional. The condition was that if the price of the scrip touched or surpassed Rs. 334.10 then our short position been squared off. Unfortunately, after the sell transaction executed at the rate of Rs. 334/- the price of the scrip instead of falling, increased and touched the trigger price of the stop loss buy order and due to that the stop loss buy orders entered into regular order book and got executed. The only condition of the stop loss buy order was price trigger at Rs. 334.10. Thus, there was no intention to execute the alleged reversal trade and the same was executed coincidentally. It was also a coincident that the said trades were matched with Mr. Sunil Gangwal.*

- (iii) We further say and submit that in the securities market, stop loss orders are generally placed to curb the losses. Some of the traders as their strategy first place stop loss order and then place limit order so that in case if the price of the scrip touches or surpasses a particular price then they can book the loss to avoid bigger loss by square off their position. Sometimes traders choose to place stop loss orders to execute an order at a particular price with a condition. Stop loss orders are normally used as a tool to limit the losses. Even, the analyst who recommends scrips to purchase or sell also suggest to insert stop loss orders. Stop loss order are orders which are always placed under a fear to avoid bigger losses. In case, a person short sell a scrip, he will place a stop loss buy order at a higher price than the selling price so that in case if price increases, he could curb his losses. Similarly, in case a person purchase a scrip at a particular price, will place a stop less sell order at lower price than the purchase price so that in case if price decreases, he could curb his losses. Thus, our firm did nothing wrong by placing stop loss buy orders at a price higher than the sell price. Therefore, in light of the aforesaid submission, the allegation of creation of artificial/fictitious volume through reversal trades does not establish against our firm and thus, the same allegation is liable to be dropped.
- (iv) With reference to para 8(a) of the SCN, it is alleged that the price of the scrip of the company had increased Rs. 0.10 from LTP due to execution of 2 trades by our firm. In this regard, it is submitted that our alleged positive LTP contribution of Rs. 0.10 was not significant in comparison to the total market positive LTP and contribution of other Noticees i.e. Rs. 216.10 and Rs. 8.15 respectively. We further say and submit that the trades above the LTP are per se not illegal. The increase of Rs. 0.10 due to execution of our 2 trades was unintentional which reflects from the fact that the said trades were results of stop loss buy orders. Since, our contribution to positive LTP was too miniscule to influence the market, the allegation of price manipulation against our firm should be dropped. One more reason to defeat the allegation of price manipulation is that the alleged trades were executed due to trigger of stop loss price.
- (v) In para 8(E) of the SCN, it is alleged that our Firm wanted to create volume at higher price for manipulation of settlement price. However, no allegation of 'to get benefit in future segment' has been made against our firm. So far as the allegation of creating volume at higher price for manipulation of settlement price is concerned, we say and submit the following:

- a. *Investigation department was not properly analysed the orders placed and trades executed by our firm on 29-06-2017 in the scrip of Biocon. The investigation department failed to appreciate the fact that our firm had placed 2 stop loss buy orders in the system and not the ordinary buy orders i.e. the limit orders.*
- b. *Stop loss orders are totally different from market order, limit order, IOC order (immediate or cancel order). A stop loss order can get activated only when the market price of the relevant security reaches or crosses a threshold price. Until then, the stop loss orders doesn't enter the market and remain in the stop loss order book. We cannot see on the trading screen, the quantity of the stop loss order like can see of the normal orders on trading screen. The stop loss orders are stored in stop loss order book till the trigger price specified in the order is reached or surpassed. When the trigger price is reached or surpassed, the order is released in the regular lot book. The stop loss condition is met under the following circumstances:*

Sell order – A sell order in the stop loss book gets triggered when the last traded price in the normal market reached or falls below the trigger price of the order.

Buy order – A buy order in the stop loss book gets triggered when the last traded price in the normal market reached or exceeds the trigger price of the order.

On considering the same, it is submitted that we had no option but to place stop loss buy orders to cover our position in case price of the scrip increases from the resistance level (in our opinion, the resistance level was Rs. 334/-). Stop loss order gives us a type of safely and security from bigger losses.

- (vi) *It is very pertinent to mention that on the monthly expiry date of the future and option segment, the market remains very volatile in comparison to other days. Further, the opening and closing time of the market i.e. 9:15 to 10:00 and 14:45 to 15:30 respectively, the market remains more volatile than the rest of the trading hours i.e. 10:00:01 to 14:44:59. It is very normal that during both the circumstances, volume and price variation increases.*
- (vii) *We further say and submit that on query raised by SEBI vide email dated 20-10-2019, in response, we vide email dated 24-10-2019 correctly submitted that “....Accordingly, have place order in the scrip with sale a higher rate and buy at*

lower rate to speculate in between the both rates. The same is within the normal parameter as per our knowledge. Further with respect to placement of stop loss, we believed that the stock has strong resistance level at price of 334. And stock might have upward trend over Rs. 334. Therefore, below the said level we intended to be in short position and above the said level we did not intend to be short position till the further market trend is determined. Accordingly, the stop loss was placed.”

- (viii) *We further say and submit that we had placed sell orders as limit order and it is normal market behavior. We first wanted to create short position in case price of the scrip touches the resistance level i.e. 334/-. It is also true that we were not sure that the price of the scrip would touch Rs. 334/-. It is wrongly observed in para 8(E)(iii)(c) that there were no buy orders available in the system from other entities for such a significant quantity when the sale orders were placed by our firm. It is also wrongly observed that our firm had placed buy orders at price higher than the last traded price that too by Rs. 6.40 (334.10 – 327.70). Both the observations made in the SCN are totally vague and without application of mind. A stop loss order enter into normal book when the trigger price specified in the Order is reached or surpassed. The price in the case of stop loss order would be the trigger price and LTP can be counted from the trigger price only. We have to keep in mind the differences in between a limit order and a stop loss order to reach on a conclusion. We have already submitted that stop loss order are different from limit order and enter into regular order book when the trigger price reached or surpassed. Until then, the order remain under stop loss order book which does not reflects on trading screen.*
- (ix) *Further, it is wrongly observed in para 8 (E)(iii)(e) that our buy orders at higher price contrary to normal market behavior. We say and submit that our buy orders were conditional and would execute only in the circumstance when our sell order already executed and the scrip touches the trigger price of the stop loss orders. In market, every investor has his own opinion and perception. An investor sells a scrip after it increases at multiple fold and at the same time other investor find an opportunity to grab the shares to make profit. Here, decision of both the investors may right or wrong. The seller would lose and buyer will earn in case the price of the scrip increases therefrom and vice versa. Our decision to create short position in scrip was wrong that is why we suffered losses. However, our intention was not to create artificial volume at higher prices to get better settlement prices.*

- (x) On perusal of the Order log data it is revealed that at least 288 orders has been placed at Stop Loss Order in the scrip of Biocon on 29-06-2017. The price range of the Stop Loss Buy Orders were Rs. 323/- to Rs. 351/-. Several entities had placed huge buy orders at very low prices also. It is very pertinent to mention that if someone wants to increase in the price of the scrip like Biocon, he must have to purchase shares in huge quantity from market. It is not possible for small entities like Noticees who can influence the settlement price where FII and DII are having huge stake. Two entities namely Kotak Mahindra Mutual Fund A/c Kotak Equity Arbitrage Fund and Kotak Securities Ltd had purchased huge quantities of shares before the trades of the Noticees got executed. Surprisingly, this factor has totally been ignored in the SCN. It is not explained in the SCN that the trades executed by the entities like Kotak Mahindra Mutual Fund A/c Kotak Equity Arbitrage Fund and Kotak Securities Ltd had not influenced the price of the scrip and on the contrary the Noticees including our firm had allegedly manipulated the price of the scrip of the company.
- f) Noticee no. 6 (Minesh Jormalbhai Mehta) vide letters dated June 10, 2020, *inter alia* submitted that:
- (i) The price of Biocon increased gradually from 327.40 to 328.75 at 15:20:00 i.e. a gradual positive trend of Rs. 1.35 in a time span of 20 minutes. As the trend was just mildly positive I did not transact in Biocon in either CM or F&O segment. However suddenly thereafter the price of Biocon started increasing at a much faster rate. During the period of 15:20:00 to 15:22:13 i.e. till the time I placed buying order there was a positive LTP movement of Rs. 3.65 as a result of which the price of Biocon reached 332.40. Thus it is evident that there was a steep positive trend of Rs. 3.65 within a span of 2 minutes and 13 seconds that triggered my decision to place a buy order of 50,000 shares at 15:22:14. This price fluctuation appeared to give me a window of opportunity to make small profit by executing trades in the scrip of Biocon through my pre-determined jobbing strategy of momentum trading where I followed the trend already established in the markets. Since the established trend was positive, I placed buy order.
- (ii) It can be observed that a positive movement of Rs. 3.65 was caused by a positive LTP of Rs. 12.15 and negative LTP of Rs. 8.50. Of the positive LTP of Rs. 12.15 top 5 LTP contributors contributed Rs. 9.25 which is 76% of the total positive LTP during those 2 minutes and 13 second. Further, 2 Kotak group

entities (Kotak Mahindra Mutual Fund A/C Kotak Equity Arbitrage Fund and Kotak Securities) have caused a positive LTP of Rs. 3.65 which is more than 30% of the positive LTP. SEBI has failed to issue any SCN to 4 of the top 5 LTP contributors during the same period.

- (iii) I had place the buy order at 15:22:14 for 50,000 shares at a limit price of Rs. 336.20. It is common knowledge that when there is an increasing trend there is a possibility of price increasing beyond the limit price so as a safety measure a price few rupees higher is entered as limit price to allow the trades to take place. Therefore, though the LTP was Rs. 332.5 at the time of my order placement I placed an order at 336.20 to ensure that I am able to buy all 50,000 shares. The trades executed in the range of Rs. 332.5 to 334 thus resulting in a contribution of Rs. 1.5 to LTP. This is not even 50% of the contribution of Kotak group entities whose trading has not been found to be fraudulent by SEBI.
- (iv) As stated earlier, I am operating a jobbing desk and therefore my trades are executed at a very fast speed and within seconds I sell or buy the shares depending on the trend. In the current case after I purchased the shares the price reached 334.40, but then the trend reversed and price started falling. It reached 332.80 at 15:22:22, which was a fall of Rs. 1.60 in a span of 8 seconds. As a result I immediately placed a sell order of 50,000 shares with a limit price of 331.30, which was again Rs. 1.5 lower than the LTP when I placed the order. It is reiterated that a distant LTP is used to place orders to ensure that the trade goes through. However, since the price movement was very fast only 26,128 shares got sold.
- (v) The price then went below 331.30 and as a result I could not sell balance shares at the same price. After waiting for 4 seconds I cancelled the pending quantity or order placed at 331.30. Thereafter I tried to exit the balance position by placing sell order for 23000 shares at Rs. 330.95 at 15:22:33, but the price had gone even lower so I had to cancel the order at 15:22:42 after waiting for 9 seconds. This was a dire attempt to try and reduce the losses in a failing market, which failed. Since the price was falling further I was constrained to place an order for 23000 shares at a reduced price of Rs. 328.60 at 15:22:46. I could sell only 16522 shares in the price range of Rs. 329.30 to 328.60 and was still left with 7310 shares. Finally, I had to place an order for sale of shares 7310 shares at 15:29:08 at Rs. 326.55 to exit my position which got executed between Rs. 327.85 and Rs. 326.55.

- (vi) *I have executed 113 buy transactions which have matched with 78 parties and 137 trades which have matched with 38 parties. The SCN records that of my trading of 100000 shares (50000 buy and 50000 sell) 28183 have matched with other Noticees. It is an admitted position that the other Noticees were actively trading in much larger quantity than I did and there was always a possibility of my trades matching with them. However, the fact that only 28% trades matched with other Noticees also reveals that 72% of the trades matched with persons who are not Noticees to the SCN and therefore the allegation of being connected other Noticees does not arise. The submission is further supported from the observation in SCN that 66.11% of the trades were carried out by Noticees to the SCN and still my matching with other Noticees was only 28%.*
- (vii) *Para 8 of the SCN alleges that my buy trades resulted in a positive LTP of Rs. 1.50 and clubs it with the LTP of other buyers. It is submitted that such clubbing is not acceptable in light of the fact that my dealings are no way connected with the dealings of other notices. Further the SCN conveniently ignores the fact that my sell transactions resulted in a negative LTP of Rs. 2.35 at a time when I was holding long position both in futures and cash market. No logical person will deliberately attempt to reduce the price of a security when he holds a long position. This goes on to substantiate that the transactions in Biocon were neither in connection with other entities nor with an intention to achieve a higher settlement price. This also goes on to substantiate that the investigation is not conducted with complete application of mind, but is conducted in a manner that would somehow implied me in the SCN. A holistic view of LTP contribution would have clarified beyond doubt that the trades were not manipulative as alleged or at all. Further, had I not sold the 50000 shares that resulted in a negative LTP of Rs. 2.35 I should have surely earned more on my futures position than I did, which is not the case. This goes on to substantiate that my transactions were complete and absolutely genuine and I never had an intention to deliberately transact in a manner that would give me a favorable closing price as alleged in the SCN.*
- (viii) *With regard to Clause 9 IX it is submitted that I was the only one who also bought Biocon Futures before 15:00:00 pm though in small quantities, which again differentiates me from other Noticees. As regards purchase of 457200 futures of Biocon it is submitted that the entire purchase was made from 15:20:56 to 15:21:45 i.e. in less than 1 minute basis the increasing trend, chart of which is included in the earlier part of the reply.*

- (ix) *At the outset, it is denied that I have made profits of Rs. 10.08 lakhs and this also goes on to substantiate that the SCN has been issued while giving a good bye to the factual situations. Rs. 10.08 lakhs is merely the price difference between buy and sell value. The trades are subject to several costs and charges and the SCN also ignores the loss of close to Rs. 2,00,000/- in CM segment for purchase and sale of 50000 shares to Biocon.*
- (x) *Para 15(c) further substantiates that the SCN has been issued without application of mind. Assuming for a moment without accepting that the trades of 6 noticees were manipulative, the closing price ought to have been derived by considering other trades while ignoring trades of 6 noticees. If such a calculation method was adopted the closing price would have still been 330.30 as the residual volume of 429091 shares resulted in a turnover of Rs. 14,17,26494.2 ($141726494.2/429091 = 330.30$). However the SCN arrives at a price of Rs. 327.45, which was the price at 15:00:00. This shows lack of application of mind while issuing the SCN or an intentional ignorance to make the case more sensitive by trying to increase the price difference by all possible means (whether logical or illogical). Based on the result of working in the above clause the difference in closing price after ignoring the trades of all the Noticees could have been worked out in Para 15(d) would only be Rs. 1.85 and not Rs. 4.75 as arrived in the SCN.*
- (xi) *With reference to Para 15(e) it is grossly denied that there is any avoidance of loss or increase of gains due to my trades, but assuming for a moment without accepting that there was some increase in gain the same would have been only Rs. 8,89,110 ($1.85*480600$) and not Rs. 22.83 lakhs ($4.75*480600$).*

Consideration of submissions and findings:

6. I have perused the SCN dated March 02, 2020, along with its annexures, the replies filed by the Noticees, submissions made during the course of personal hearing and written submissions filed thereafter. The question now arises as to whether the Noticees have violated the provisions of SEBI Act, 1992 and the PFUTP Regulations, as alleged in the SCN dated March 02, 2020.

7. Before dealing with the various allegations made in the SCN, it would be appropriate to refer to the provisions of law which are alleged to have been violated by the Noticees and the relevant extract whereof is reproduced below:

Relevant extract of provisions of SEBI Act, 1992:

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

Section 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 recognised 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;

(d)

Relevant extract of provisions of 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 there under.”

Regulation 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;

(f)

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

.....”

8. I note that Noticee no. 5 has made a preliminary contention that it has sought various documents/information referred to and relied upon by SEBI for the purpose of these proceedings and the same have not been provided to it and thus, the principles of natural justice have not been followed in the present proceedings. In this regard, I note that Noticee no. 5 vide letter dated August 11, 2020 had sought for inspection of documents and records relied upon in the matter including copy of the Investigation Report with annexures. Accordingly, SEBI vide letter dated August 13, 2020 provided copies of the Annexures to the SCN which are the documents relied upon in the matter and also informed Noticee no. 5 that the relevant findings of the investigation have already been shared in the SCN. Further, the Noticee was given an opportunity for inspection of the documents relied upon in the SCN at SEBI Office, Mumbai on August 18, 2020. However, I note that Noticee no. 5 did not avail the opportunity of inspection of documents on August 18, 2020, as sought by it. The Noticee no. 5 instead sent an email dated August 19, 2020 requesting for copies of the following data and documents:

- a) A copy of the investigation report with annexures relied upon while issuing the SCN
 - b) UCC details from BSE, off market data from depositories, common directorship from MCA website and Bank statements of the Noticee obtained from Banks.
 - c) Order log data for cash and derivative segment for 29-06-2017
 - d) Specific details of reversal trades with date and time and positive LTP trade allegedly executed by Noticee.
 - e) The definition SEBI has adopted of “jobbing in the securities market”
 - f) Name of the entities who had net long position in the derivative contracts of Biocon Ltd. on 29-06-2017 at 3:00 PM and onwards.
 - g) The formula of weighted average price for deciding closing price in case segment (Settlement price of the future contracts)
 - h) Trade and Order log data along with net long position of entities in the scrip of Biocon Ltd. for last half an hour of the expiry dates in the derivative segment of 6 months prior to June 2017 and 6 months post to June 2017.
9. I note that SEBI vide email dated August 24, 2020 addressed to Noticee no. 5, provided copies of the order log of cash segment and bank statement with regard to the Noticee’s connection with Noticee no. 6. Further, Noticee no. 5 was informed by the said email that the order log for derivative segment had not been relied upon in the SCN. Thereafter, Noticee no. 5 vide email dated August 25, 2020 stated that they tried to open the Order log files sent by SEBI vide its email dated August 24, 2020 but could not open/access it. Accordingly, Noticee no. 5 sought for the said files in excel format in a CD. I note from the said email dated August 25, 2020 of Noticee no. 5, that Noticee no. 5 did not make any further request for the other documents it had sought by its email dated August 19, 2020. I note that SEBI vide letter dated August 27, 2020 provided a copy of a CD containing order log of cash segment to Noticee no. 5. Noticee no. 5 in its reply dated September 14, 2020 to the SCN has now contended that SEBI has failed to provide the basic data and documents as relied in the SCN. The list of data and

documents sought by Noticee no. 5 and my observations on the same are as follows:

Sr. No.	Copies of Data and Documents sought by Noticee no. 5	Observations on the data/documents sought for by the Noticee no. 5
1	A copy of the investigation report with annexures relied upon while issuing the SCN	The findings of the investigation have already been shared in the SCN and the documents relied upon have already been provided as Annexures to the SCN.
2	UCC details from BSE, off market data from depositories, common directorship from MCA website and Bank statements of the Noticee obtained from Banks	SEBI vide email dated August 24, 2020 have provided the bank statements with regard to the Noticee's connection with Minesh Mehta. The other data/documents sought have not been relied upon in the SCN. Therefore, such request is untenable.
3	Order log data for cash and derivative segment for 29-06-2017	Order log data for cash segment for June 29, 2017 has been provided to the Noticee vide email dated August 24, 2020 and letter dated August 27, 2020. Order log data for derivative segment has not been relied upon in the SCN. Therefore, such request is untenable.
4	Specific details of reversal trades with date and time and +ve LTP trade allegedly executed by Noticee.	The relevant details of the reversal trades and positive LTP trades executed by Noticee no. 5 have been provided in the SCN.
5	The definition SEBI has adopted of	The request is in the form of a

	“jobbing in the securities market”	query. No document has been specified. Therefore, such request is untenable.
6	Name of the entities who had net long position in the derivative contracts of Biocon Ltd. on 29-06-2017 at 3:00 PM and onwards.	This is a roving enquiry. Further, the said data sought by the Noticee has not been relied upon the in the SCN. Therefore, such request is untenable.
7	The formula of weighted average price for deciding closing price in cash segment (Settlement price of the future contracts)	This is in the form of a query. However, it is noted that the formula of WVAP as per NSE is as follows: WVAP = The sum (trading volume of each trade in the last half an hour x (into the) respective trading price of each trades in the last half an hour) divided by the total trading volume in the last half an hour.
8	Trade and Order log data along with net long position of entities in the scrip of Biocon Ltd. for last half an hour of the expiry dates in the derivative segment of 6 months prior to June 2017 and 6 months post to June 2017.	This is a roving enquiry. Further, the said data sought by the Noticee has not been relied upon the in the SCN. Therefore, such request is untenable.

10. As copies of all the documents relied upon by SEBI in the SCNs were already provided to the Noticees in response whereof Noticee no. 5 has filed detailed reply dated September 14, 2020, I find that no prejudice has been caused to Noticee no. 5 in defending its interest and contesting the allegation made against it in the SCN. In this regard, it would be appropriate to refer to the Order of

Hon'ble SAT dated February 12, 2020 in ***Shruti Vora vs. SEBI (Appeal No. 28 of 2020)*** wherein, it was observed that:

“19. The contention that the appellant is entitled for copies of all the documents in possession of the AO which has not been relied upon at the preliminary stage when the AO has not formed any opinion as to whether any inquiry at all is required to be held cannot be accepted. A bare reading of the provisions of the Act and the Rules as referred to above do not provide supply of documents upon which no reliance has been placed by the AO, nor even the principles of natural justice require supply of such documents which has not been relied upon by the AO. We are of the opinion that we cannot compel the AO to deviate from the prescribed procedure and supply of such documents which is not warranted in law. In our view, on a reading of the Act and the Rules we find that there is no duty cast upon the AO to disclose or provide all the documents in his possession especially when such documents are not being relied upon.”

11. I note that the contention on the inspection of documents raised by the Noticee no. 5 is squarely covered by the decision of the Hon'ble SAT in the aforesaid case, as all the relevant documents relied upon in the SCN have been provided to the Noticee no. 5 as Annexures to the SCN as mentioned in para 3 above and inspection of the same was granted to the Noticee no. 5 on August 18, 2020, which it failed to avail. Thus, in view of the above, I find that the contention made by the Noticee no. 5 that principles of natural justice have not been followed in the present proceedings and SEBI has failed to provide inspection of all documents on which it has relied upon, is untenable.

12. I shall now proceed to consider the allegations against the Noticees in the SCN and the submissions made by them in this regard. The SCN alleges that the Noticees were connected to each other and acted as a group for trading in the scrips of Biocon Ltd. during the investigation period. The SCN alleges that the Noticees contributed to the price rise in the shares of Biocon Ltd. during the last half an hour of trading at NSE cash market on June 29, 2017 by trading in significantly large volumes, as detailed in paras 26 to 41 below. The SCN alleges that as a result of the higher price established by the Noticees no. 1 to 6 in the shares of Biocon Ltd. in the last half an hour on June 29, 2017 in the NSE cash

market which resulted into high volume weighted average price (“VWAP”) of the shares of Biocon Ltd., the Noticees were able to establish a higher settlement price of the futures contracts of Biocon Ltd. in the NSE futures market expiring on the same day i.e. June 29, 2017, as the settlement price of the futures contract is decided on the basis of the volume weighted average price of the scrip in the cash market during the last half an hour of trading on the expiry date. The SCN states that the last traded price of the Biocon Ltd. shares at 15:00:00 hours was Rs. 327.40 and due to the manipulative trades, the settlement price was established at Rs. 332.15. The SCN further alleges that Noticees no. 2, 3, 4 and 6 had long positions in the futures of Biocon Ltd. in the NSE futures market expiring on the same day i.e. June 29, 2017 and thus, benefitted from the price rise in the cash market which was the result of the manipulative trades of the Noticees. The SCN alleges that Noticees no. 2, 3, 4 and 6 have made profit on futures contract of Biocon Ltd. by manipulating the price of the shares of Biocon Ltd. during the last half an hour on June 29, 2017 in the NSE cash market and consequential manipulation in the settlement price of futures contracts of Biocon Ltd., expiring on June 29, 2017.

Connection amongst the Noticees:

13. At the outset, the Noticees have challenged the alleged connection between them, as stated in the SCN. The SCN alleges that one Vipul Trivedi, the partner of Paramount Incorporation (Noticee no. 5), has one proprietorship firm named Sand Enterprises and that Sand enterprises had financial transaction with Noticee no. 6. Further, it has been alleged that vide email dated November 13, 2019, Noticee no. 1 stated that Noticee no. 6 is casually known to him for around 9 months and that he had availed a friendly loan from Noticee no. 6 and same was repaid. Further, Noticee no. 1 had stated that partners of Noticee no. 2 are known to him formally and banking transactions between Noticee no. 1 and Noticee no. 2 for Rs. 2.34 crore was carried out during July 22, 2019 to October 15, 2019. The SCN alleges that both the aforesaid financial transactions have been confirmed by Noticee no. 6 vide emails dated September 16, 2019 and November 12, 2019 and confirmed by Noticee no. 2 vide emails dated September 14, 2019 and November 13, 2019.

Accordingly, the list of Noticees and their connections, as alleged in the SCN, are as follows:

Noticee Name	Pan number	Basis of Connection
Gangwal Sunil Kumar (Noticee No. 1)	ABBPG4026C	Noticee number 1 is connected to Noticee number 2 & 6 by way of fund movement. Further, they have confirmed vide email that they know each other.
Vihit Investment (Noticee no. 2)	AALFV9583E	
Minesh Jormalbhai Mehta (Noticee no. 6)	AAYPEM2048Q	Vipul Trivedi (partner of Paramount Incorporation- Noticee no.5) had one proprietorship firm named Sand Enterprises. Sand enterprises had financial transaction with Minesh Jormalbhai Mehta (Noticee no. 6)
Paramount Incorporation (Noticee no. 5)	AAQFP8938A	

14. In this regard, I note that Noticee no. 1 has in his reply dated December 30, 2020 to the SCN, submitted that he was introduced to Mr. Mohit Mehta (partner of Noticee no. 2) in May 2018 and entered into financial transactions by way of loan with Noticee no. 2 in July 2019. Further, Noticee no. 1 has submitted that he had entered into financial transaction by way of loan with Noticee no. 6 in August 2019. Noticees have contended that as the financial transactions are posterior in time to the alleged manipulative trades, therefore, on the basis of these transactions it cannot be alleged that the Noticees were connected at the time of impugned trades. In this regard, I note that though the financial transactions between Noticee no. 1 with Noticees no. 2 and 6 have taken place about 2 years after the period of investigation, however, in view of the alleged manipulative trades during the period of investigation, as discussed in paras 26 to 41 below, I find that subsequent financial transactions of Noticee no. 1, by way of loan with Noticee no. 2 and 6, reinforces that the Noticees were connected and acted in a group, at the time of trading in the scrips of Biocon Ltd. during the investigation period.

15. With regard to the connection between Noticee no. 5 and 6, I note that it has been alleged in the SCN that Mr. Vipul Trivedi (Partner of Paramount Incorporation – Noticee no. 5) had one proprietorship firm named Sand Enterprises who had financial transaction with Noticee no. 6. Noticee no. 5 in its reply to the SCN has submitted that Sand Enterprises is a partnership firm and Mr. Vipul Trivedi (Partner in Paramount corporation also) joined the said firm as a partner from

April 01, 2019. Before that Noticee no. 5 including its partners had no connection and/or relation with the said firm Sand Enterprises. Noticee no. 5 submitted that the purported bank transaction between Sand Enterprises and Noticee no. 6 was executed on January 08, 2018 i.e. much later to the period of investigation. However, that their Partner Mr. Vipul Trivedi had joined Sand Enterprises as a Partner only in 2019 and he was not connected with any Noticees except their Firm before that. I also note that Noticee no. 6 has submitted in his reply dated June 10, 2020 to the SCN that he has not had any dealings with Sand Enterprises, as recorded in the SCN. In this regard, I note that the bank transaction between Sand Enterprises and Noticee no. 6 took place in January 08, 2018, which is just a few months after the investigation period, hence, it cannot be considered as a period much later to the period of investigation. Further, I note that Noticee no. 6 vide emails dated September 16, 2019 and November 12, 2019 had confirmed the said transaction with Sand Enterprises. However, I note that vide his reply dated June 10, 2020 to the SCN, Noticee no. 6 has now submitted that he has not had any dealing with Sand Enterprises and has thus, contradicted his earlier submissions. In view of the alleged trades during the period of investigation, as discussed in paras 26 to 41 below, I find that the fact that Noticee no. 6 has after a few months after the period of investigation, entered into financial transactions by way of loan with Sand Enterprises (where Mr. Vipul Trivedi, who was a partner of Noticee no. 5 later became a partner of Sand Enterprises), reinforces that the Noticees were connected and acted in a group, at the time of trading in the scrips of Biocon Ltd. during the period of investigation.

16. I note that the aforesaid connection amongst the Noticees is not the allegation itself, the connection coupled with their trading behaviour during the investigation period in the scrip of Biocon Ltd., forms the basis of the allegation in the SCN. The connection is relevant mainly for Noticees no. 1 and 5 with other Noticees as they are the ones who have not taken long position in the futures of Biocon Ltd. in the NSE futures market expiring on the same day i.e. June 29, 2017. Thus, I find that the above connection between Noticee no. 1 with Noticees no. 2 and 6 and connection between Noticees no. 5 and 6 reinforces that the Noticees were

connected and acted in a group at the time of trading in the scrips of Biocon Ltd. during the period of investigation.

Trades by the Noticees in the cash and futures market during the Investigation Period

17. With regard to the trading by the Noticees in the scrips of Biocon Ltd. during the investigation period, I note that the details of buy, sell and the respective percentages of the trades of the Noticees during the said investigation period i.e. 15:00:00 hrs to 15:30:00 hrs on June 29, 2017, as alleged in the SCN, are as follows:

Table:6 Details of trading in the shares of Biocon Ltd. by the Noticees on June 29, 2017

Noticee Name	Total buy quantity	Percentage of total buy quantity to total traded volume	Total Sell quantity	Percentage of total sell to total traded volume	Traded among Noticees	Percentage of Traded among Noticees to total traded volume
Gangwal Sunil Kumar	432300	22.29	432300	22.29	384516	19.83
Minesh Jormalbhai Mehta	50000	2.58	50000	2.58	28183	1.45
AKG Securities And Consultancy Limited	200000	10.31	200000	10.31	196561	10.14
Mohd Faisal	200000	10.31	200000	10.31	199882	10.31
Vihit Investment	200000	10.31	200000	10.31	199800	10.30
Paramount Incorporation	200000	10.31	200000	10.31	199918	10.31
Noticees Total	1282300	66.11	1282300	66.11	1208860	62.33
Market Total	1939414	100	1939414	100	100	100

18. From the above table, I note that during the investigation period, the Noticees bought a total quantity of 12,82,300 shares constituting 66.11% of the total traded volume during the investigation period and sold a total quantity of 12,82,300 shares constituting 66.11% of the total traded volume during the investigation period. As per SCN, all the above 6 Noticees appeared in the list of top 10 clients

(in gross buy volume basis) during the investigation period. Further, I note that 12,08,860 shares were traded amongst the 6 Noticees contributing 62.33% to the total traded volume during the investigation period. It is pertinent to note here that the Noticees have not traded a single share in Biocon Ltd. in the cash segment of NSE before 3 pm on June 29, 2017 and the buy and sell trades of the Noticees were concentrated in the last 30 minutes of trading on June 29, 2017. Further, I note that only 2 of the 6 Noticees have traded in the shares of Biocon Ltd. during the last 6 months i.e. January 01, 2017 to June 28, 2017 and that too in insignificant amounts. The Noticees have traded significantly in the last 30 minutes of trading on June 29, 2017 in the shares of Biocon Ltd. in the cash segment contributing 62.33% of total traded volume during the said period.

19. Further, I note that Noticees no. 2, 3, 4 and 6 had also taken long position in futures contracts of Biocon Ltd. expiring on June 29, 2017 during the last 30 minutes of trading on June 29, 2017, the details of which are as given below:

Table: 7 – Details of trading in the Futures Segment of Biocon Ltd. by the Noticees on June 29, 2017

Noticee Name	B/F position on June 29, 2017	Buy Qty Till 15:00:00	Position Till 15:00:00	Buy Qty from 15:00:00 to 15:22:13	Sell Qty from 15:00:00 to 15:22:13	Position at 15:22:13	Buy Qty from 15:22:14 till 15:30:00	Sell Qty from 15:22:14 till 15:30:00	Position At 15:30:00
Minesh Jormalbhai Mehta	0	10800	10800	457200	10800	457200	43200	19800	480600
Vihit Investment	0	0	0	324000	0	324000	0	0	324000
Mohd Faisal	0	0	0	196200	0	196200	0	109800	86400
AKG Securities And Consultancy Limited	1800	0	1800	0	0	1800	25200	1800	25200
Total	1800	10800	12600	977400	10800	979200	68400	131400	916200

20. Hence, I note that Noticees no. 2, 3, 4 and 6 alongwith Noticee no. 1 and 5 had significantly traded in the scrip of Biocon Ltd. in the cash segment of NSE in the last 30 minutes and had simultaneously, taken long position in the futures

contracts of Biocon Ltd. in the futures segment on June 29, 2017. Since, the settlement price in futures market is calculated based on the VWAP of the underlying shares during the last 30 minutes i.e. 15:00 hrs to 15:30 hrs on the day of the expiry of the futures contract, it becomes clear that selection of the time patch, i.e. the last 30 minutes of trading on June 29, 2017 by the Noticees for placing large orders in the shares of Biocon Ltd. in the cash segment was to get a better settlement price for the futures contracts of Biocon Ltd., in the futures market, as Noticees no. 2, 3 4 and 6 had taken long position in the futures contracts of Biocon Ltd. in the futures market on that day.

21. I note that Biocon Ltd. was a liquid scrip, and what has distinguished these Noticees from the other buyers and sellers in the market during the period of investigation is the connection and trading behaviour of the Noticees which also depicts that Noticees while trading in the scrips of Biocon Ltd. during the investigation period were acting as a group. I note that there was a pattern of placing orders by the Noticees, as Noticees no. 1 to 5 had all placed buy and sell orders at a range of Rs. 334 to 334.10, the details of which are as given below:

Table: 8

Noticee name	Buy order Price	Sell order Price
Vihit Investment	334.05	334.10
Mohd Faisal	334.10	334
AKG Securities And Consultancy Limited	334	334.05
Paramount Incorporation	334.10	334
Gangwal Sunil Kumar	334.05	334.05 - 334.10

22. From the above, I note that the Noticees no. 1 to 5 had placed buy and sell orders at a range of Rs. 334 to 334.10 when the LTP at the time of placement of these orders were Rs. 327 to 328, which is a notable price difference of Rs. 6 or more. Another pattern of placing orders among the Noticees that makes the trading behaviour of the Noticees even more susceptible to the allegations of fraud and manipulation, is that Noticees no. 2, 3, 4 and 5 had all placed buy and sell orders for exactly 2,00,000 shares each. Further, another pattern amongst the Noticees no. 1 to 5 is that they had all placed buy and sell order around the same time i.e. between 14:39:00 to 14:51:00 on June 29, 2017, the details of which are as given below:

Table: 9

Noticee name	Buy order Time range	Sell order time range
Vihit Investment	14:46:17-:28	14:42:57 - 14:45:57
Mohd Faisal	14:52:01-:12	14:51:03 -: 43
AKG Securities And Consultancy Limited	14:39:19 -:53	14:41:06
Paramount Incorporation	14:40:34- :52	14:39:02-:18
Gangwal Sunil Kumar	14:40:58-14:41:56	14:39:39 -14:41:05

23. Hence, from the above tables, I find that there is prominent and distinguishable pattern of placing orders among the Noticees no. 1 to 5 and they have placed buy and sell orders around the same time between 14:39:00 to 14:51:00 on June 29, 2017 in such a manner that they get executed only between a price range of Rs. 334 to Rs. 334.10. Similarly, Noticees no. 2, 3, 4 and 5 had all placed large buy and sell orders for exactly 2,00,000 shares each. Hence, I find that Noticees no. 1 to 5 through their similar pattern of placing orders in the scrip of Biocon Ltd. in the NSE cash market, have acted as a group. With regard to the role of Noticee no. 6 in the group, I note that Noticee no. 6, who did not place any orders before 3 pm, had placed buy order at prices higher than LTP i.e. at Rs. 336.20 when LTP was Rs. 332.50, with the intention of raising the price of the share so that the large buy and sell orders placed by the other Noticees between Rs. 334-334.10 would get triggered and executed with each other. Prior to the placing of buy order by Noticee no. 6, the sell orders placed by Noticees no. 1 to 5 between the time 14:39:00 hrs to 14:51:00 hrs remained pending for over 40 minutes as there was no other buyer at that price and volume in the market in the scrip of Biocon Ltd. Hence, the buy order placed by Noticee no. 6 at 15:22:14 hrs for 50,000 shares at Rs. 336.20, set the price of the share of Biocon Ltd. at Rs. 334 and this triggered all the orders of Noticees no. 1 to 5, which got matched and executed with each other and this increased the price along with the corresponding volume of the shares of Biocon Ltd., in the last half an hour of trading on June 29, 2017. The details of the trades that got matched and executed among the Noticees is as given below:

Table 10: Details of Trades amongst the Noticees in the shares of Biocon Ltd. on June 29, 2017

Buyer Name	Seller Name						
	AKG Securities And	Minesh Jormal bhai	Mohd Faisal	Paramount Incorporati on	Sunil Kumar Gangwa	Vihit Investme nt	Total traded Quantity

	Consultan cy Limited	Mehta			I		
AKG Securities And Consultancy Limited			96,561	1,00,000			1,96,561
Minesh Jormalbhai Mehta			8,183	20,000			28,183
Mohd Faisal					99,882	1,00,000	1,99,882
Paramount Incorporation					99,918	1,00,000	1,99,918
Sunil Kumar Gangwal	1,00,000	9,260	95,256	80,000	1,00,000		3,84,516
Vihit Investment	1,00,000				99,800		1,99,800
Total traded Quantity	2,00,000	9,260	2,00,000	2,00,000	3,99,600	2,00,000	12,08,860

24. From the above table, it is evident that the large buy and sell orders placed by the Noticees got predominantly matched and executed among the Noticees since there were no other buyers or sellers at that price and volume. While one may appreciate the compulsion of a seller or buyer to place its order better than the last traded price (which has been dealt in detail in the subsequent paras while dealing with the orders of each of the Noticees), however, the pattern of trading among the Noticees, as mentioned above, depicted by the selection of price range, time and day on which such orders were placed, past trading behaviour of Noticees in the scrip, quantities for which the orders were placed, placing of purchase order at a price of Rs. 336/- per share by Noticee no. 6 during the last few minutes and the taking of long position by Noticees no. 2, 3, 4 and 6 in the future contracts of Biocon Ltd. which were to expire on the same day, shows that there was scheme/device/artifice employed by the Noticees to manipulate the price of the scrips of the Biocon Ltd. In view of the above, I find that the Noticees as a group had traded in significant volumes in the shares of Biocon Ltd. by placing orders above the last traded price and engaging in price manipulation in the shares of Biocon Ltd. in the cash segment of NSE during 15:00:00 hrs to 15:30:00 hrs on June 29, 2017 with the sole intention of getting a higher settlement price in the futures of Biocon Ltd. on June 29, 2017, which was finally calculated at Rs. 332.15, which is higher than the price which it would have been, had it not been manipulated.

25. From an analysis of the order logs of the Noticees, it has been alleged in the SCN that Noticees no. 1 to 5 first placed buy and sell orders for significant quantities at the same time for Rs. 334-334.10 when the LTP was Rs. 327 to Rs. 328. Thereafter, Noticees no. 1 and 6 allegedly inflated the scrip price to Rs. 334.10 so that large orders already placed by the Noticees no. 1 to 5 could get executed. It is alleged that all the Noticees created a total volume of 11,99,600 shares in a single second at 15:22:14 hrs, which constitutes 65% of the total trading volume during the investigation period. The details of the alleged manipulative orders placed by the Noticees and the submissions made by each of the Noticees in this regard are dealt with in detail below.

Analysis of Orders placed by the Noticees in the NSE cash market

26. **Order log analysis of Noticee no. 1 (Gangwal Sunil Kumar):** The order analysis of Noticee no. 1 has been divided in two parts:

- a) Orders placed between 14:30:00 to 15:00:00
- b) Orders placed between 15:00:00 to 15:30:00

A. Orders placed between 14:30:00 to 15:00:00 by the Noticees on June 29, 2017 on NSE

(Table – 11)

Sell order number	sell order time	Sell order Qty	Sell order Price Rs.	Buy order Number	Buy order time	Buy order Price Rs.	Buy order Qty
10000000 03764587	2017-06-29 14:39:39	50000	334.1 (Last Traded Price Rs. 327.80)	100000000 3784546	2017-06-29 14:41:37	334 (Last Traded Price Rs. 328.05)	100000
10000000 03771582	2017-06-29 14:40:18	80000	334.1 (Last Traded Price Rs. 328.20)	100000000 3782633	2017-06-29 14:41:28	334.05 (Last Traded Price Rs. 327.80)	80000
10000000 03774538	2017-06-29 14:40:38	70000	334.1 (Last Traded Price Rs. 328)	100000000 3777793	2017-06-29 14:40:58	334 (Last Traded Price Rs. 327.70)	80000
10000000 03777200	2017-06-29 14:40:53	100000	334.05 (Last Traded Price Rs. 327.70)	100000000 3782529	2017-06-29 14:41:27	334 (Last Traded Price Rs. 327.80)	100000
10000000 03778708	2017-06-29 14:41:05	100000	334.05 (Last Traded Price Rs. 327.70)	100000000 3786225	2017-06-29 14:41:46	334.05 (Last Traded Price Rs. 328.05)	40000

- (i) From the above table, it is observed that Noticee no. 1 had placed 5 sell orders of total 4,00,000 shares at a price range between Rs. 334.05 and

334.10 (Limit Order) when the last traded price was in a range between Rs. 327.70 and 328.20. Thereafter, he placed five buy orders of total 4,00,000 shares for Rs. 334 to Rs. 334.05 (Stop loss order) when the last traded price was between Rs.327.70-328.05. The SCN alleged that Noticee no. 1 placed both buy and sell order at a price higher than last traded price and the time difference between placement of buy and sell orders was negligible. It was alleged that placing of sell order at a price higher than the last traded price is as per normal market behaviour, however, that the Noticee had placed buy orders at price higher than the last traded price and that too by Rs. 5.80 (334.05-328.05).

- (ii) With regard to the orders placed by Noticee no. 1 between 14:30 to 15:00, I note that the Noticee no. 1 had placed 5 sell orders of total 4,00,000 shares of Biocon Ltd. at a price range between Rs. 334.05 and 334.10 (Limit Order) per share when the last traded price was in a price range between Rs. 327.70 and 328.20 per share. Thereafter, he placed five stop loss buy orders of total 4,00,000 shares of Biocon Ltd. for Rs. 334 to Rs. 334.05 per share when the last traded price was between a price range of Rs.327.70-328.05. In this regard, Noticee no. 1 has submitted that he normally does not place any large trade without a fixed stop loss as he did on June 29, 2017 when he placed the order with a fix take profit as he presumed that volatility was high in stock markets and this was a routine feature of his trading. That at the relevant time, the Noticee thought that if price crosses that range, he has to immediately stop loss it. Further, Noticee no. 1 has submitted that to the best of recollection of his memory, he was facing connectivity problem on internet, due to which prices were not updating properly. In this regard, I note that the Noticee no. 1 has submitted that he had carried out intraday trading and in such a situation, I find that normal or reasonable market practice would dictate that the Noticee would be selling at a higher price and buying at a lower price in order to profit from such a trade. However, I note that the Noticee has placed buy orders at a price higher than the LTP. Further, if the stop loss buy orders were placed with the intention to stop or prevent the Noticee from incurring any loss beyond

the sell order price, as claimed by the Noticee, then the Noticee should have placed the stop loss buy order above the sell order price range of Rs. 334.05 to 334.10. However, I note that the Noticee has placed the stop loss buy order at a lesser price than the sell order price and at the same time at a price which is higher than the LTP. Further, the buy orders have been placed almost immediately (within a minute) after placing the sell orders. Therefore, the Noticee no. 1 has placed buy and sell orders in such a way that he would neither be stopping his loss nor would he be making profit and thus, were not genuine orders. Further, I note that the Noticee no. 1 has submitted that he was facing connectivity problem on internet, due to which prices were not updating properly. However, I find that such submission appears to be an attempt to feign ignorance as the orders placed by Noticee no. 1, as discussed above, were not genuine orders. Hence, I find that the orders placed by the Noticee were not for the purpose of making profit but were aimed at increasing the price and volume of the shares of Biocon Ltd. by placing orders at prices higher than the LTP.

B. Orders placed between 15:00:00 to 15:30:00 on June 29, 2017 on NSE

(Table – 12)

Sr. No.	Buy Order Number	Buy order time	Bid price / LTP (Rs.)	Buy Vol	Sell orders pending at time with price range	Total sell volume of shares offered at the sell price range
1	1000000004514351	15:21:53	332.40/331.40	5000	331.40	72
					331.45	954
					331.50	175
					331.70	500
					331.80	60
					331.90	112
					331.95	211
					332	1577
2	1000000004514806	15:21:55	331.9/331.4	300	332.25	3600
					331.65	97
					331.70	2583
3	1000000004515471	15:21:57	332.20/331.85	300	331.85	400
					332.15	250
					332.20	140
4	1000000004515706	15:21:56	332.15/331.90	300	332.15	134
					332.20	217
5	1000000004488632	15:21:57	328.90/328.65	300	328.95	345
					329	522
6	1000000004517981	15:22:03	332.45/332.15	300	332.35	25
					332.35	61
					332.40	1000

- (i) From the above table, it was observed that Noticee no. 1 had placed 92 buy orders for small quantity i.e. 1 order of 5000 shares and 91 orders of 300 shares each. Out of 92 buy orders, 48 buy orders were placed by the Noticee at a higher price than last traded price. The SCN alleged that Noticee no. 1 had bid price (buy orders price) of orders at Sl. no. 1 to Sl. No. 6 to Rs. 332.40-332.45, when the LTP was Rs. 331.40-332.15 and the required quantity was available at a lesser price for 4 buy orders out of 6 buy orders. Further, it was alleged that the Noticee continuously placed buy orders for 300 shares at a price higher than last traded price while the shares required were available at a lesser price (in most of the cases). It was alleged that Noticee no. 1 had already placed large volumes of buy and sell order at Rs. 334-334.10 and thereafter deliberately placed small quantities of buy order at prices higher than LTP in a repetitive manner to increase the price of the scrip to Rs. 334.10 so that his already placed large buy and sell order result in trade. Further, the LTP created by the Noticee no. 1 also resulted in new high price. Hence, it was alleged that Noticee no. 1 was instrumental in increasing the price to Rs. 334 to create large volume.
- (ii) In this regard, Noticee no. 1 has submitted that with regard to the orders placed between 3:00 and 3:30 pm, first the buy orders were placed and correspondingly the sell orders were placed. With regard to the allegation that the Noticee had placed buy order price at Rs. 332.40 to 332.45 when LTP was Rs. 331.40 to 332.12, the Noticee no. 1 has submitted that the orders were placed in order to get the preference in the buy positions and that too at a very nominal price difference from LTP. The Noticee has stated that due to technical error and not being able to view the LTP he instructed the dealer of the Broker to put the sell order at a price available in the market and his intention was to earn nominal profits but due to technical error he suffered a loss.
- (iii) With regard to the submissions made by the Noticee no. 1 on the orders placed between 15:00 to 15:30 pm as given in Table 12 above, I note that

there is a trading pattern of repeatedly placing buy orders for 300 shares at a price higher than the LTP especially when there were shares available at a lesser price. I note from the order logs that Noticee no. 1 had placed 92 buy orders for small quantity i.e. 1 order of 5000 shares and 91 orders of 300 shares each. Out of the 92 buy orders, 48 buy orders were placed by the Noticee at a price higher than last traded price. Hence, I note that Noticee no. 1 continuously placed buy orders for 300 shares at a price higher than last traded price while the shares required were available at a lesser price. Assuming that there was a technical error, as contended by the Noticee, the Noticee could have refrained from placing orders, as it might have resulted into losses for him. However, I note that Noticee no. 1 continued to place orders and placed 92 orders. This shows that technical error defence taken by Noticee no. 1 is an afterthought. In view of the above, I find the submissions of the Noticee no. 1 that the buy orders placed by him at prices above the LTP were due to technical error as untenable. I find that the Noticee no. 1 had deliberately placed small quantities of buy orders at prices higher than LTP in a repetitive manner to increase the price of the scrip as it is not prudent or normal market practice to have placed buy orders above the LTP when he could have made profit by buying at a lower price or at the LTP.

- (iv) I note that the Noticee no. 1 has not taken any position in the futures segment on June 29, 2017 in the scrip of Biocon Ltd. Be that as it may, as established in the above paras, I find that Noticee no. 1 has not entered into genuine trades and had deliberately placed small quantities of buy orders at prices higher than LTP in a repetitive manner to increase the price of the scrip. Further, I note that Noticee no. 1 had placed buy and sell orders around the same time between 14:39:00 to 14:51:00 on June 29, 2017 with the other Noticees and in such a manner that they get executed only between a price range of Rs. 334 to Rs. 334.10. Hence, I note that Noticee no. 1 has placed orders in such a manner that it cannot be mere coincidence that the pattern of placing orders by Noticee no. 1 is identical to that of Noticees no. 2, 3, 4 and 5. Therefore, even though Noticee no. 1 has not taken any position in the futures segment, from the trading pattern it is

evident that there was meeting of mind with the other Noticees and Noticee no. 1, along with the other Noticees, were acting as a group for the purpose of manipulating the price of the shares of Biocon Ltd. in the cash segment in order to increase the settlement price in the futures of Biocon Ltd. This is further corroborated by the fact that Noticee no. 1 is connected with Noticee no. 2 and 6, as already discussed in paras 13 to 16 above. In view of the above, I find that Noticee no. 1 is connected with the other Noticees from its trading pattern which is further corroborated from its financial transactions with Noticees no. 2 and 6, who have taken long position in the futures market of Biocon Ltd.

27. Order log analysis of Noticee no. 2 (Vihit Investment):

- (i) The Order log analysis of Noticee no. 2 in the last half an hour on June 29, 2017, as alleged in the SCN is as under:

Order log of Noticee no. 2 (Table 13)

Buy order Number	Buy order time	Buy order Price Rs.	Buy order Qty	Sell order number	sell order time	Sell order Qty	Sell order Price Rs.
1000000003831174	2017-06-29 14:46:17	334.05 (328.25 last traded price)	100000	1000000003798438	2017-06-29 14:42:57	100000	334.10 (327.80 last traded price)
1000000003833757	2017-06-29 14:46:28	334.05 (328.25 last traded price)	100000	1000000003801892	2017-06-29 14:43:21	50000	334.10 (327.80 last traded price)
				1000000003805667	2017-06-29 14:43:47	20000	334.10 (327.80 last traded price)
				1000000003826798	2017-06-29 14:45:57	30000	334.10 (328 last traded price)

- (ii) From the above table, it was observed that Noticee no. 2 had placed total 4 sell orders for 2,00,000 shares for Rs. 334.10 (Limit Order) when the last traded price was Rs. 327.8-328. Again, the Noticee no. 2 had placed two buy orders of 1,00,000 shares for Rs. 334.05 (Stop loss order) when the last traded price was Rs.328.25.
- (iii) The SCN alleged that Noticee no. 2 placed both buy and sell orders at a price higher than last traded price and the time difference between placement of buy and sell orders was negligible. However, that at the time of placing the aforesaid sell orders, no buy order was available in the system from other

entities for such a significant quantity. Further, the Noticee had placed buy order at price higher than the last traded price and that too by Rs. 5.80 (334.05-328.25). It was alleged that Noticee no. 2 had already placed the sell orders at Rs. 334.10 when last traded price was Rs. 327.80-328 (no buyer available to buy 2,00,000 shares at 334.10). Thereafter, when last traded price of the scrip was Rs. 327.80 -328, it was alleged that the Noticee no. 2 should have placed the buy order between Rs. 327.80 and Rs. 334.05 in order to generate profit. However, it was alleged that the Noticee had placed buy orders for Rs. 334.05 just to earn marginal profit Rs. 0.05 per share and earned total profit Rs. 10,000 only (Brokerage cost is excluded). Further, it was alleged that 1,00,000 shares buy order of Noticee no. 2 matched with Noticee no. 1 (Gangwal Sunil Kumar) and both the Noticees were connected entities and hence, it was alleged that Noticee no. 2 placed buy order of Rs. 334.05 not to make profit but to match with other Noticees, especially Noticee no. 1, for the purpose of raising the price of the scrip of Biocon Ltd. in the cash Segment. Further, it was observed that Noticee no. 2 had taken long position in futures in the scrip of Biocon Ltd. during last half an hour. Therefore, the SCN alleges that Noticee no. 2 has manipulated the settlement price to get benefit in futures segment where they had taken long position in the futures of Biocon Ltd.

- (iv) In this regard, Noticee no. 2 submitted that buy order rate of Rs. 334.05/- and the sell order of 334.10/- cannot be alleged to be punched at a faraway price as stipulated under NSE Circular dated February 22, 2005. In this regard, I note that the NSE Circular dated February 22, 2005 relied upon by the Noticee no. 2, states that *"This is in continuation to our circular no : NSE/F&O/006/2004 dated January 20, 2004 cautioning trading members from entering orders at unrealistic prices. It has been observed that trading members are still entering orders at prices which are far away from the normal market price / theoretical price. Trading members are advised to ensure due diligence while entering orders, either placed by them on their own account or for their clients"*. From a perusal of the said NSE circular, I note that it has no relevance to the submission made by the Noticee. In fact,

I note that the circular has advised trading members from entering orders which are far away from the normal market price or that are unrealistic, and in the present case the Noticee has placed sell and buy orders much higher than the LTP. Therefore, the orders placed by the Noticee are contrary to the very circular the Noticee has relied upon. Hence, I find the reliance placed on the NSE Circular dated February 22, 2005 by the Noticee no. 2, as untenable.

- (v) Further, Noticee no. 2 has submitted that they believed that there would be high liquidity in the scrip of Biocon Ltd. during June 29, 2017 and they thought that they can safely make profits while trading in Biocon Ltd. by availing benefits of marginal spread between available buy and sell quotes. The Noticee has submitted that their sole intention was intra-day trading to earn profits and hence, in case they would have placed the buy price between 327.80 and 334.05 there would have been a high probability for the buy order to get executed and the sale order not to get executed since the sale order was placed at 334.10 and there would have been a major variation in the buy and sale order price which would have inter alia led to delivery of shares which was not the purpose for which the transaction was executed.
- (vi) With regard to the aforesaid submission, I note that the Noticee no. 2 had placed the sell orders at Rs. 334.10 when last traded price was Rs. 327.80-328 and thereafter, when last traded price of the scrip was Rs. 327.80 -328, the Noticee placed buy orders for Rs. 334.05 just to earn marginal profit Rs. 0.05 per share and earned total profit Rs. 10,000 only. I note that the buy orders were placed immediately (within a minute) of placing the sell orders and there is a miniscule difference in price of the sell order and buy order. I note that by placing a stop loss buy order at Rs. 334.05, the Noticee was bound to make a minuscule profit, if not loss. The Noticee has submitted that in case they would have placed the buy price between 327.80 and 334.05 there would have been a high probability for the buy order to get executed and the sale order not to get executed since the sale order was placed at 334.10. If this was the situation, the Noticee has failed to explain why he

placed the sell price much higher than the LTP, especially since he has placed the buy order immediately after placing the sell order at a miniscule difference. I find that the only outcome of these orders was a miniscule profit, if not loss, but at a higher market price with significant volume which was part of the larger scheme of the Noticees to influence the settlement price of futures in Biocon Ltd. Further, I find that placing the stop loss buy orders below the price of the sell orders would not be stopping his loss. I note that if there were no other underlying factors identifiable, perhaps such an order may have been overlooked. However, I note that Noticee no. 2 was not the only one to place large buy and sell orders of 2,00,000 shares at a price much higher than the LTP at around 14:42 pm on June 29, 2017. Noticee no. 2 had placed matching buy and sell orders with Noticees no. 3, 4 and 5 on June 29, 2017, wherein, they had all placed same buy and sell volume of 2,00,000 shares at around the same time i.e. 14:39 to 14:52 pm with negligible time gap between buy and sell orders of the Noticees. Further, Noticee no. 2 along with Noticees no. 3, 4 and 5 had all placed buy orders and sell orders at a range of Rs. 334 to 334.10. Further, I note that Noticee no. 2, along with Noticees no. 3 and 4, had taken long position in futures in the scrip of Biocon Ltd. which was expiring on the same day. Hence, it cannot be a mere coincidence that the 4 Noticees, including Noticee no. 2, placed such matching buy and sell orders which were all also executed at the same time among themselves and constituted 66.11% of the total traded volume in the market during that time, especially when Noticee no. 2 along with Noticees no. 3 and 4 have taken long position in futures in the scrip of Biocon Ltd., that were to expire that day. In view of the above, I find the submission made by Noticee no. 2 that their sole intention was intra-day trading to earn profits, is untenable. It is evident from the above pattern of placing orders that the Noticee no. 2, along with the other Noticees, were acting as a group for the purpose of manipulating the price of the shares of Biocon Ltd. in the cash segment in order to get a better settlement price in the futures of Biocon Ltd.

28. Order log analysis of Noticee no. 3 (Mohd Faisal):

- (i) The order log analysis of Noticee no. 3 in the last half an hour on June 29, 2017, as alleged in the SCN is as under:

Order Log of Noticee no. 3 (Table :14)

Buy order Number	Buy order time (Modified)	Buy order Price Rs.	Buy order Qty (Modified Qty)	Sell order number	sell order time (Modified)	Sell order Qty (Modified)	Sell order Price Rs.
1000000003861158	2017-06-29 14:52:01.658524	334.1 (327.85 last traded price)	100000	1000000003842319	2017-06-29 14:51:43.481369	100000	334 (328.10 last traded price)
1000000003873502	2017-06-29 14:52:12.432922	334.1 (327.85 last traded price)	100000	1000000003849367	2017-06-29 14:51:03.62262	100000	334(327.50 last traded price)

- (ii) From the above table, it is observed that Noticee No. 3 had placed buy orders for 10,000 (Stop Loss Orders) shares (2 buy orders of 5000 shares each) from 14:49:03 to 14:49:59 at Rs. 334.10 which was above the LTP of Rs. 327.85. Noticee no. 3 then revised the quantity to 2 lakh shares from 10,000 shares at 14:52:01 hrs to 14:52:12 hrs.
- (iii) The SCN has alleged that the Noticee no. 3 placed both buy and sell orders at a price higher than last traded price and the time difference between placement of buy and sell orders was negligible. It was alleged that the Noticee had placed sell order first. Thereafter, the Noticee had placed buy order (stop loss order) for Rs. 334.10 when last traded price was only Rs. 327.85. Further, it was alleged that the last traded price was Rs. 327.85 and the Noticee had already placed the sell order at Rs. 334. Therefore, in order to generate profit, the Noticee should have ideally placed the buy order between Rs. 328 and Rs. 333. However, the Noticee has placed buy orders for higher price than the sell order price and incurred losses. Since, it was observed that Noticee no. 3 had taken long position in futures in the scrip of Biocon Ltd. during last half an hour, it was alleged that Noticee no. 3 has manipulated the settlement price to get benefit in futures segment where he had taken long position in the futures of Biocon Ltd.
- (iv) In this regard, Noticee no. 3 has submitted that as per the SCN, he had placed the orders to sell Biocon Ltd. at Rs. 334 at 14:51 PM and with an

anticipation that if the price reaches that level he would sell the shares and not below that. The Noticee has submitted that he is an intraday trader and therefore, also placed a stop loss order to buy these shares at Rs. 334.10 at 14.52 hrs. That a stop loss order would have ensured that his loss from the trade can be only 10 paisa per share and not more but if the price would have fallen after his orders at Rs. 334, he would have made some money. The Noticee has submitted that the SCN has completely failed to appreciate that a stop loss order is always placed at a price which will be executed after the original order is executed. That in the current case the buy order was a stop loss order and therefore would have only executed if his sell order executed. Else it would have automatically been left out without trading. The Noticee submits that these buy orders were placed to square off the position if the bet goes against him and not to take fresh buy position as envisaged by SEBI.

- (v) With regard to the above submissions made by the Noticee no. 3, I note that as per the SCN, the Noticee no. 3 had placed sell order for 2,00,000 shares at Rs. 334 when the last traded price was Rs. 327.85. Thereafter, the Noticee placed a stop loss buy order for 2,00,000 shares at Rs. 334.10. I note the Noticee's submission that a stop loss order for Rs. 334.10 was placed to ensure that his loss from the trade can be only 10 paisa per share and not more but that if the price would have fallen after his sell orders at 334, he would have made some money. I find the purpose of placing of such stop loss order for stopping his losses, as submitted by the Noticee, is normal market practice. However, with regard to the submission of the Noticee that his buy order was a stop loss order and would have only executed if his sell order executed, else it would have automatically been left out without trading, I find that the same is incorrect. The stop loss buy order placed by the Noticee, irrespective of whether the sell order gets executed, would get activated and enter the market if the trigger price of the stop loss buy order is reached or surpassed. I note that a buy order in the stop loss book gets triggered when the last traded price in the normal market reaches or exceeds the trigger price of the order. Until then the order does not enter

the market. Hence, the contention of the Noticee that his buy order was a stop loss order and therefore would have only executed if his sell order executed, is erroneous and untenable. Further, I note that the Noticee has failed to explain as to why he had placed a large sell order volume of 2,00,000 shares at a price much higher than the LTP when there were no buyers for such volume at that price in the market. This is evident from the fact that the large sell orders, which were placed at 14:51 pm, were pending for more than 30 minutes before being executed at 15:22 pm. If there were no other underlying factors identifiable, perhaps such an order may have been overlooked. However, I note that the Noticee no. 3 was not the only one to place large sell order of 2,00,000 shares at a price much higher than the LTP at around 14:51 pm on June 29, 2017. Noticee no. 3 had placed matching buy and sell orders with Noticees no. 2, 4 and 5 on June 29, 2017, wherein, they had all placed same buy and sell volume of 2,00,000 shares at around the same time i.e. 14:39 to 14:52 pm with negligible time gap between buy and sell orders of the Noticees. Further, Noticees no. 3 along with Noticees no. 2, 4 and 5 had all placed buy orders and sell orders at a range of Rs. 334 to 334.10. Further, I note that Noticee no. 3, along with Noticees no. 2 and 4, had taken long position in futures in the scrip of Biocon Ltd. which was expiring on the same day. Hence, it cannot be a mere coincidence that the 4 Noticees including Noticee no. 3 placed such matching buy and sell orders which were all also executed around the same time among themselves and constituted 66.11% of the total traded volume in the market during that time, especially when Noticee no. 3 along with Noticees no. 2 and 4 have taken long position in futures in the scrip of Biocon Ltd. that were to expire that day. In view of the above, I find the submission made by Noticee no. 3 that this was just part of his intraday trading, is untenable. It is evident from the above pattern of placing orders that the Noticee no. 3, along with the other Noticees, were acting as a group for the purpose of manipulating the price of the shares of Biocon Ltd. in the cash segment in order to increase the settlement price in the futures of Biocon Ltd.

(vi) I note that the Noticee no. 3 has also submitted that as per the SCN, his long trades in the Futures Segment were executed between 15.01.55 to 15.22.03 in a range of Rs. 327 to Rs. 331.3 and in fact a total of 55,800 shares were purchased at a price of Rs. 331.3. Further, out of the total position of 1,96,200 shares, he had squared off a total of 1,09,800 shares before the end of the trading session. Therefore, even before the close of trading hours, he had squared off 56% of his total position. Noticee no. 3 has submitted that if he was a part of an elaborate conspiracy to jack up the settlement price by changing the weighted average price in the last thirty minutes, there was no reason for him to square off the position and he could have let the settlement happen for the entire position. In this regard, I note that the Noticee no. 3 had squared off a total of 1,09,800 shares before the end of the trading session and had sold of these shares at a price of Rs. 332, while he had purchased it at Rs. 331. Therefore, I note that Noticee no. 3 had profited from such a sale as a result of the rise in price of the shares of Biocon Ltd. which was due to their manipulative trading. Further, I note that by the close of the trading hours, he still had a position of 86,400 shares and he profited from the increase in price rise of the scrip of Biocon Ltd. which was on account of the manipulative trades of the Noticee no. 3 along with the other Noticees. The only difference would be the amount of profit he would have further made had he not squared off a total of 1,09,800 shares in Biocon Ltd. before the end of the trading session. Hence, I find the contention of the Noticee that if he was part of the alleged conspiracy then he would not have squared off 1,09,800 shares before the end of the trading session as untenable.

(vii) Further, the Noticee no. 3 has submitted that when these orders were placed in the cash segment, he had no position in the derivatives segment and therefore clearly the intention could not have been to get a better settlement price in the derivative segment while entering these orders in the cash segment. In this regard, I find that there is no relevance as to whether he had taken position in the derivative segment before or after placing the orders in the cash segment. What is relevant is his pattern of placing orders with the other Noticees for manipulating the scrip of Biocon Ltd. and the fact that he

eventually took long position in futures in the scrip of Biocon Ltd. from which he made profit due to the increase in the settlement price which was a result of their manipulation of the price in the cash segment. The only difference would be the amount of profit he made had he taken long position in futures prior to placing orders in the cash market. Thus, I find the submission of the Noticee no. 3 that he had no position in derivatives segment prior to placing orders in the cash segment as untenable.

29. Order log analysis of Noticee no. 4 (AKG Securities & Consultancy Ltd):

- (i) The Order log analysis of Noticee no. 4 in the last half an hour on June 29, 2017 as alleged in the SCN, is as under:

Order log of Noticee no. 4 (Table 15)

Buy order Number	Buy order time	Buy order Price Rs.	Buy order Qty	Sell order number	Sell order time	Sell order Qty	Sell order Price Rs.
1000000003 761051	2017-06-29 14:39:19	334 (327.60 last traded price)	50000	10000000 03770713	2017-06-29 14:40:13	50000	334.10 (Modified Price 334.05 (327.70 last traded price)
1000000003 763765	2017-06-29 14:39:34	334 (327.80 last traded price)	50000	10000000 03773519	2017-06-29 14:40:30	50000	334.10 (Modified Price 334.05 (327.70 last traded price)
1000000003 765530	2017-06-29 14:39:44	334 (327.80 last traded price)	50000	10000000 03774412	2017-06-29 14:40:36	50000	334.10 (Modified Price 334.05 (327.70 last traded price)
1000000003 767150	2017-06-29 14:39:53	334 (327.80 last traded price)	50000	10000000 03775855	2017-06-29 14:40:45	50000	334.10 (Modified Price 334.05 (327.70 last traded price)

- (ii) From the above table, it is observed that Noticee no. 4 had placed total 4 sell orders for 50,000 shares each for Rs. 334.05 (Limit Order) when the last traded price was Rs. 327.70. Again, the Noticee placed 4 buy orders of 50,000 shares each for Rs. 334 (Stop loss order) when the last traded prices ranged between Rs. 327.60 and 327.80.

- (iii) The SCN alleged that Noticee no. 4 placed both buy and sell order at a price higher than last traded price and the time difference between placement of buy and sell orders was negligible. It was alleged that placing of sell order at price higher than the last traded price is as per normal market behaviour, however, at that time of placing the aforesaid sell orders, no buy order was available in the market from other entities for such a significant quantity. Further, it was alleged that the Noticee had placed four buy orders of 50,000 shares each for Rs. 334 between 14:39:19 to 14:39:53 and these orders got executed at 15:22:14. There was difference of 40 minutes between placement of the buy order and the trade execution. It was alleged that if these orders were placed wrongly, the Noticee could have modified the price of these buy orders during the aforesaid 40 minutes as the Noticee modified only the price of sell orders from Rs. 334.10 to Rs. 334.05 instead of modifying the buy order, which the Noticee claimed to have punched by mistake. Since it was observed that Noticee no. 4 had taken long position in futures in the scrip of Biocon Ltd. during last half an hour, it was alleged that Noticee no. 4 has manipulated the settlement price to get benefit in futures segment where he had taken long position in the futures of Biocon Ltd.
- (iv) In this regard, the Noticee no. 4 has submitted that its strategy was to put a sale order at the rate of Rs. 334.10/- and correspondingly put a stop loss buy order for Rs. 332/-. The said trade was to be executed through their broker Navkar. However, their dealer at Navkar inadvertently punched a stop loss buy order at Rs. 334/- instead of on Rs. 332/-. With respect to the mistake that happened in the said transaction in the shares of Biocon Ltd. on June 29, 2017, Noticee no. 4 has submitted that the broker Navkar vide letter dated September 10, 2020 has confirmed the same.
- (v) With regard to the submissions made by Noticee no. 4, I note that the Noticee no. 4 has submitted that they are into the business of jobbing/arbitrage in the securities market. I note that the Noticee no. 4 has first placed buy orders for Rs. 334 and thereafter placed sell order for Rs. 334.10 (which was then modified to Rs. 334.05) and as a result of this “error” as submitted by them,

Noticee no. 4 suffered a loss of Rs. 4 lakhs. I note that the Noticee no. 4 has submitted that they suffered a loss due to the error in punching of buy order by its broker. However, as alleged in the SCN, I note that there was 40 minutes before the buy order was executed and Noticee no. 4 could have rectified the same. In this regard, the Noticee no. 4 has submitted that they had no means to check the same as the orders were placed telephonically. I note that the Noticee has merely submitted that placing of orders was by mistake of broker, however, they have not contended that they have made any claim against its broker for the loss of Rs. 4 lakh. Hence, I find the submissions of the Noticee no. 4, who claims to be a jobber, that this was merely an error by its broker as untenable.

(vi) I note that Noticee no. 4 had first placed buy orders for 2,00,000 shares of Rs. 334 first and then after less than a minute, placed sell orders for 2,00,000 shares at Rs. 334.10, which was modified to Rs. 334.05. Hence, I find that the Noticee no. 4 has deliberately put himself in a situation where he is bound to make loss. It is not normal or reasonable market practice to sell shares at a higher price than what he had bought the shares for. No one enters the market in order to trade for a loss unless they have some other purpose which is writ large in the present case by virtue of Noticees trades in cash segment to increase the price and volume to earn profit on their position in the scrip of Biocon Ltd. in the futures market. In this regard, I find that the reason for placing such orders becomes lucid and clear from the fact that the Noticee has taken long position in futures in the scrip of Biocon Ltd. that were to expire that day. Hence, by placing his buy and sell orders at a price higher than the LTP, it is clear that Noticee no. 4 was raising the price of the shares of Biocon Ltd. in the cash segment in order to increase the settlement price in the futures of Biocon Ltd.

(vii) I note that this elaborate scheme of raising the price of the shares of Biocon Ltd. is corroborated by the fact that Noticee no. 4 had placed matching buy and sell orders with Noticees no. 2, 3 and 5 on June 29, 2017, wherein, they had all placed same buy and sell volume of 2,00,000 shares at around the same time i.e. 14:39 to 14:52 pm with negligible time gap between buy and

sell orders of the Noticees. Further, Noticee no. 4 along with Noticees no. 2, 3 and 5 had all placed buy orders and sell orders at a price range of Rs. 334 to 334.10. Hence, it cannot be a mere coincidence that the 4 Noticees including Noticee no. 4 placed such matching buy and sell orders which were all also executed around the same time among themselves and constituted 66.11% of the total traded volume in the market during that time, especially when Noticee no. 4 along with Noticees no. 2 and 3 have taken long position in futures in the scrip of Biocon Ltd. that were to expire that day. In view of the above, I find the submission that the orders were inadvertently punched in by the broker is an attempt to feign ignorance and avoid liability of its intended manipulative orders and hence, untenable. It is evident from the above pattern of placing orders that Noticee no. 4, along with the other Noticees, were acting as a group for the purpose of manipulating the price of the shares of Biocon Ltd. in the cash segment in order to increase the settlement price in the futures of Biocon Ltd.

30. Order Log analysis of Noticee no. 5 (Paramount Incorporation):

- (i) The Order log analysis of Noticee no. 5 in the investigation period on June 29, 2017 as alleged in the SCN, is as under:

(Table 16)

Buy order Number	Buy order time	Buy order Price Rs.	Buy order Qty	Sell order number	sell order time (Modified)	Sell order Qty	Sell order Price Rs. (Modified)
1000000003774038	2017-06-29 14:40:34	334.1 (328 last traded price)	100000	1000000003758989	2017-06-29 14:40:08	100000	334 (328.20 last traded price)
1000000003776942	2017-06-29 14:40:52	334.1 (327.70 last traded price)	100000	1000000003760861	2017-06-29 14:40:08	100000	334 (328.20 last traded price)

- (ii) From the above table, it is observed that Noticee no. 5 had placed two sell orders of 1,00,000 shares for Rs. 334 (Limit Order) when the last traded price was Rs.328.20. Again, Noticee placed two buy orders of 1,00,000 shares for Rs. 334.10 (Stop loss order) when the last traded price was Rs.328 and Rs. 327.70.

- (iii) The SCN alleged that Noticee no. 5 placed both buy and sell order at a price higher than last traded price and the time difference between placement of buy and sell orders was negligible. It was alleged that placement of sell order at higher price than the last traded price is as per normal market behaviour, however, there were no buy orders available in the system from other entities for such a significant quantity. Further, the noticee had placed buy order at price higher than the last traded price and that too by Rs. 6.40 (334.10-327.70). It was alleged that the Noticee had placed sell order at lower price and buy order at higher price contrary to normal market behaviour and incurred loss of Rs.19,995.90. Therefore, it was alleged that Noticee no. 5 wanted to create volume at higher price for manipulation of settlement price.
- (iv) In this regard, the Noticee no. 5 has submitted that the investigation department failed to appreciate the fact that their firm had placed 2 stop loss buy orders in the system and not the ordinary buy orders i.e. the limit orders. The Noticee no. 5 has submitted that stop loss orders are totally different from market order, limit order, IOC order (immediate or cancel order). A stop loss order can get activated only when the market price of the relevant security reaches or crosses a threshold price. Until then, the stop loss orders doesn't enter the market and remain in the stop loss order book which does not reflect on trading screen. The Noticee has submitted that when the firm placed 2 stop loss buy orders, they were of the opinion that the price of the scrip could not cross the resistance level i.e. Rs. 334/- and in case it crosses, they would immediately cover their short position so that they could save their money from big losses. Further, that their intention was very clear while placing the stop loss buy orders that they wanted to curb their losses in case any adverse happens. Noticee has submitted that their buy orders were conditional and would execute only in the circumstance when their sell order already executed and the scrip touches the trigger price of the stop loss orders. Further, that in market, every investor has his own opinion and perception as an investor sells a scrip after it increases at multiple fold and at the same time other investor find an opportunity to grab the shares to make profit. Here, decision of both the investors may be right or wrong and the

seller would lose and buyer will earn in case the price of the scrip increases therefrom and vice versa. The Noticee has submitted that their decision to create short position in scrip was wrong that is why they suffered losses. However, that their intention was not to create artificial volume at higher prices to get better settlement prices.

- (v) With regard to the submissions made by Noticee no. 5, I note that Noticee no. 5 had placed two sell orders of 1,00,000 shares for Rs. 334 (Limit Order) when the last traded price was Rs.328.20. Thereafter, Noticee placed two stop loss buy orders of 1,00,000 shares for Rs. 334.10 when the last traded price was Rs.328 and Rs. 327.70. I note that Noticee no. 5 has submitted that their decision to create short position in scrip was wrong that is why they suffered losses. In this regard, I find the purpose of placing of such stop loss orders by the Noticee is normal market practice. However, the Noticee has failed to explain as to why they had placed a large sell order volume of 2,00,000 shares at a price much higher than the LTP when there were no buyers for such volume at that price in the market. This is evident from the fact that the orders, which were placed at 14:40 pm, were pending for more than 40 minutes before being executed at 15:22 pm. In this regard, I note that Noticee no. 5 was not the only one to place a large sell order of 2,00,000 shares at a price much higher than the LTP at 14:40 pm on June 29, 2017. Noticee no. 5 had placed matching buy and sell orders with Noticees no. 2, 3 and 4 on June 29, 2017, wherein, they had all placed same buy and sell volume of 2,00,000 shares at around the same time i.e. 14:39 to 14:52 pm with negligible time gap between buy and sell orders of the Noticees. Further, Noticee no. 5 along with Noticees no. 2, 3 and 4 had all placed buy orders and sell orders at a range of Rs. 334 to 334.10. Hence, it cannot be a mere coincidence that the 4 Noticees including Noticee no. 5 placed such matching buy and sell orders which were all also executed around the same time among themselves and constituted 66.11% of the total traded volume in the market during that time. Thus, I find the submission of the Noticee no. 5 that they had no intention to create artificial volume at higher prices as untenable. It is evident from the above pattern of placing orders that the

Noticee no. 5, along with other Noticees, were acting as a group for the purpose of manipulating the price of the shares of Biocon Ltd. in the cash segment in order to increase the settlement price in the futures of Biocon Ltd.

- (vi) I note that the Noticee no. 5 has tried to distinguish himself from the other Noticees by contending that they had no position in the futures segment on June 29, 2017 in the scrip of Biocon Ltd. Be that as it may, I find that it cannot be mere coincidence that the pattern of placing orders by Noticee no. 5 is identical to that of Noticees no. 2, 3 and 4. Therefore, even though Noticee no. 5 has not taken any position in the futures segment, from the trading pattern it is evident that there was meeting of mind with the other Noticees. This is further corroborated by the fact that Mr. Vipul Jain, who during the investigation period was a partner of Noticee no. 5 had later become the partner of one Sand Enterprises, which had entered into financial transactions with Noticee no. 6 just months after the execution of the alleged trades. I note that the financial transaction between Sand Enterprises and Noticee no. 6 was executed on January 08, 2018, i.e. about 6 months after the alleged trades, and that Vipul Jain became a partner of Sand Enterprises only in 2019. However, I find that the connection between the Noticee no. 5 and Noticee no. 6 though not conspicuous during the investigation period is not far from suspicion given the financial transactions that occurred few months post the alleged trades. In view of the above, I find that Noticee no. 5 is connected with the other Noticees from its trading pattern which is further reinforced from its financial transactions with Noticees no. 6.
- (vii) Further, the Noticee has submitted that two entities namely Kotak Mahindra Mutual Fund A/c Kotak Equity Arbitrage Fund and Kotak Securities Ltd had purchased huge quantities of shares before the trades of the Noticees got executed and the same has been ignored in the SCN. In this regard, I note that the pattern of placing orders, that is, the price at which the buy and sell orders were placed, the volume of shares, the time of placing orders and

time difference in placing buy and sell orders, which is common factor among Noticees no. 2, 3, 4 and 5 as detailed in the above para, is not the case with Kotak Mahindra Mutual Fund A/c Kotak Equity Arbitrage Fund and Kotak Securities Ltd. The common pattern of placing orders is what has distinguished the Noticees from other buyers and sellers. In view of the above, I find the Noticee no. 5's contention of seeking as to why Kotak Mahindra Mutual Fund A/c Kotak Equity Arbitrage Fund and Kotak Securities Ltd have been ignored in the SCN, as untenable.

31. Order log analysis of Noticee no. 6 (Minesh Jormalbhai Mehta):

- (i) The order log analysis of Noticee no. 6 in the last half an hour on June 29, 2017 as alleged in the SCN, is as under:

(Table :17)

Buy order Number	Buy order time	Buy order Price Rs.	Buy order Qty	Sell order number	sell order time	Sell order Qty	Sell order Price Rs.
1000000004521481	2017-06-29 15:22:14.556702	336.2	50000	1000000004524175	2017-06-29 15:22:22.153396 (Original)	50000	331.30 (332.80 Last traded price)
					2017-06-29 15:22:25.58667 (Cancel)	23862	
				1000000004528177	2017-06-29 15:22:33.404816	23000	330.95 (330.25 Last traded Price)
					2017-06-29 15:22:41.561142 (Cancel)	23000	
				1000000004533196	2017-06-29 15:22:46.507736	23000	328.6 (329.45 Last traded price)
					2017-06-29 15:22:53.829376	6448	
				1000000004648792	2017-06-29 15:29:08.041733	7310	326.55 (327.10 Last traded price)

- (ii) From the above table, it was observed that Noticee no. 6 placed buy order for 50,000 shares at 15.22:14 at Rs.336.20 which was above the LTP of Rs. 332.50. Noticee no. 6 had placed sell order of these shares at Rs. 331.30 which was below the last traded price Rs. 332.80 (same were cancelled and again placed at below LTP).

- (iii) The SCN alleged that Noticee no. 6 had placed buy order of 50,000 shares at Rs. 336.20 when the last traded price was Rs. 332.5 which contributed to positive LTP and net LTP of the scrip. Further, after seven seconds of placing the buy order, Noticee no. 6 placed sell order of 50,000 shares at Rs. 331.30 when the last traded price was Rs. 332.50. Further, it was alleged that the sell order placed by Noticee no. 6 was cancelled after few seconds, but before he cancelled the order, 26,000 shares were already traded and thereafter, again he placed sell order of 23,000 shares below the last traded price and eventually sold all the 50,000 shares below the last traded price. Thus, it was alleged that Noticee no. 6 deliberately placed buy order at prices higher than LTP to increase the price of the scrip and sold those shares below the LTP for creation of volume or holding the price. It was alleged that the other 5 Noticees had already placed significant quantity of sell orders at Rs. 334-334.10 and upon Noticee no. 6 placing the buy order for 50,000 shares for Rs. 336.20 (when LTP was Rs. 332.50), the said orders of the other Noticees, who had placed buy orders at Rs. 334-334.10, matched with each other and accordingly, all large buy and sell orders placed by other Noticees got executed at 15:22:14. Since, the Noticee no. 6 had taken long position in futures in the scrip of Biocon Ltd. during last half an hour, it was alleged that Noticee no. 6 has manipulated the settlement price to get benefit in futures segment where he had taken long position in the futures of Biocon Ltd.
- (iv) In this regard, the Noticee no. 6 has submitted that the price of Biocon Ltd. increased gradually from Rs.327.40 to Rs.328.75 at 15:20:00 i.e. a gradual positive trend of Rs. 1.35 in a time span of 20 minutes. As the trend was just mildly positive he did not transact in Biocon Ltd. in either CM or F&O segment. However suddenly thereafter the price of Biocon Ltd. started increasing at a much faster rate and during the period of 15:20:00 to 15:22:13 i.e. till the time he placed buying order there was a positive LTP movement of Rs. 3.65 as a result of which the price of Biocon Ltd. reached 332.40. The Noticee has submitted that it is therefore evident that there was

a steep positive trend of Rs. 3.65 within a span of 2 minutes and 13 seconds that triggered his decision to place a buy order of 50,000 shares at 15:22:14. Further, Noticee no. 6 has submitted that this price fluctuation appeared to give him a window of opportunity to make small profit by executing trades in the scrip of Biocon Ltd. through his pre-determined jobbing strategy of momentum trading where he followed the trend already established in the markets. Since the established trend was positive, he placed buy order.

- (v) Noticee no. 6 has submitted that he had placed the buy order at 15:22:14 for 50,000 shares at a limit price of Rs. 336.20 and that it is common knowledge that when there is an increasing trend there is a possibility of price increasing beyond the limit price so as a safety measure a price few rupees higher is entered as limit price to allow the trades to take place. Therefore, though the LTP was Rs. 332.5 at the time of his order placement the Noticee submitted that he placed an order at 336.20 to ensure that he is able to buy all 50,000 shares. Noticee no. 6 has submitted that he was operating a jobbing desk and therefore his trades were executed at a very fast speed. In the current case after he purchased the shares the price reached 334.40, but then the trend reversed and price started falling. It reached 332.80 at 15:22:22, which was a fall of Rs. 1.60 in a span of 8 seconds. As a result he immediately placed a sell order of 50,000 shares with a limit price of 331.30, which was again Rs. 1.5 lower than the LTP when he placed the order. Noticee has submitted that a distant LTP is used to place orders to ensure that the trade goes through. However, since the price movement was very fast only 26,128 shares got sold. The price then went below Rs. 331.30 and as a result he could not sell balance shares at the same price. After waiting for 4 seconds he cancelled the pending quantity or order placed at Rs. 331.30. Thereafter the Noticee submits that he tried to exit the balance position by placing sell order for 23,000 shares at Rs. 330.95 at 15:22:33, but the price had gone even lower so he had to cancel the order at 15:22:42 after waiting for 9 seconds. Noticee has submitted that this was a dire attempt to try and reduce the losses in a failing market, which failed. Since the price was falling further he was constrained to place an order for 23,000 shares at a reduced price of Rs. 328.60 at 15:22:46. Further, that he could sell only 16,522

shares in the price range of Rs. 329.30 to 328.60 and was still left with 7,310 shares. Finally, he had to place an order for sale of shares 7,310 shares at 15:29:08 at Rs. 326.55 to exit his position which got executed between Rs. 327.85 and Rs. 326.55. Further, Noticee no. 6 has submitted that he has executed 113 buy transactions which have matched with 78 parties and 137 trades which have matched with 38 parties. The Noticee has submitted that the SCN records that of his trading of 1,00,000 shares (50,000 buy and 50,000 sell) 28,183 have matched with other Noticees and hence, it is an admitted position that the other Noticees were actively trading in much larger quantity than he did and there was always a possibility of his trades matching with them. However, that since only 28% trades matched with other Noticees, he has submitted that 72% of the trades matched with persons who are not Noticees to the SCN and therefore, the allegation of being connected other Noticees does not arise. Further, the Noticee has submitted that this is supported from the observation in SCN that 66.11% of the trades were carried out by Noticees to the SCN and still his matching with other Noticees was only 28%.

- (vi) With regard to the submissions made by Noticee no. 6, I note that Noticee no. 6 had placed buy order of 50,000 shares at Rs. 336.20 when the last traded price was Rs. 332.5 which contributed to positive LTP and net LTP of the scrip. Further, after seven seconds of placing the buy order Noticee no. 6 placed sell order of 50,000 shares at Rs. 331.30 when the last traded price was Rs. 332.50. Firstly, with regard to the placing of orders by the Noticee, I note that the Noticee no. 6 has tried to buy shares at a higher price than the LTP and thereafter, was trying to sell the shares at a price lower than the LTP. It is reasonable to presume that everyone trades in the stock market for the purpose of making profit and certainly not for making loss. However, from the buy and sell orders placed by the Noticee no. 6, it appears that the Noticee is neither trying to make any profit nor is he trying to stop his losses. Even if it is accepted that he was buying at higher price than LTP to ensure that his buy orders are executed, there is no reason why he would then sell the shares at a price lower than the LTP, when he could have simply sold it

at LTP and avoided further loss. This shows that these were non-genuine trades. Further, with regard to the buy order of 50,000 shares placed by Noticee no. 6, I find that large volumes of pending sell orders placed by the other Noticees would have been visible and known to Noticee no. 6 before placing his orders and hence, there was no requirement for Noticee no. 6 to place buy orders at 336 when there were large volumes of sell orders pending at Rs. 334. I note that the sell orders placed by the other Noticees were pending for over 40 minutes and thereafter, Noticee no. 6 placed a buy order that triggered all the orders placed by the other Noticees, which then primarily got executed among themselves as there were no other buyers and sellers in the market with the volume at which the Noticees had placed.

- (vii) I note that the other Noticees no. 1 to 5 had already placed significant quantity of sell orders and stop loss buy orders at Rs. 334-334.10. Therefore, upon Noticee no. 6 placing buy orders for 50,000 shares for Rs. 336.20 (when LTP was Rs. 332.50), the said order was matched with the sell order of 2 Noticees among others at the price of Rs. 334 and this established the price of the scrip at Rs. 334. Due to this, all large buy and sell orders placed by other Noticees got executed at 15:22:14 with each other. Hence, I note that Noticee no. 6 had placed buy orders above the LTP so that the sell orders placed by the other 5 entities, which were also above LTP, could be matched and executed among each other. It is evident that Noticee no. 6 had placed his buy orders much above the LTP at 336.20 so that the buy and sell orders of the other Noticees no. 1 to 5 which were placed at Rs. 334-334.10 could get triggered and executed among each other, as there is no other rationale for Noticee no. 6 in placing his buy orders above LTP and sell order below LTP. Therefore, the contention of the Noticee that other Noticees were actively trading in much larger quantity than he did, is untenable, as I find that he has played a significant role in setting the price that triggered the trades of the other Noticees that were pending. I find that the Noticee's role or part in the group was to place such high orders that would trigger the other Noticees orders in the market. Hence, this clearly shows that there was meeting of minds between the Noticees, as the Noticees no. 1 to 5 had placed significant quantities of sell and buy orders,

which remained pending for over 40 minutes and got executed among themselves due to the buy order placed by Noticee no. 6 for Rs. 336.20, which had raised the market price for the orders of Noticees no. 1 to 5 to get executed. In view of the above, I find the above submissions of Noticee no. 6 that this was part of his routine jobbing business as untenable as his role in the fraudulent scheme with the other Noticees is evident.

32. From the aforesaid findings regarding the trades of the Noticees and holistic examination of order log analysis of the Noticees, I note that 5 noticees i.e. Noticees no. 1, 2, 3, 4 and 5 have acted as group and placed orders in a certain distinguishable pattern, which is as follows:

- i) **Price Range:** Noticees no. 1 to 5 placed sell orders and stop loss buy orders at a range of Rs. 334 to Rs. 334.10, while the last traded price at the time of placement of these orders was Rs. 327 to Rs. 328
- j) **Volume:** Noticees no. 2, 3, 4 and 5 had all placed sell orders for total 2,00,000 shares each.
- k) **Time:** Noticees no. 1 to 5 had placed buy and sell order around the same time between 14:39:00 to 14:51:00 on June 29, 2017

33. Therefore, from the above analysis it is observed that the Noticees no 1 to 5 placed sell orders and stop loss buy orders at a range of Rs. 334 to Rs. 334.10, while the last traded price at the time of placement of these orders was Rs. 327 to Rs. 328. These orders were placed by Noticees no. 1 to 5 at around the same time i.e. between 14:39:19 and 14:52:12 and would get executed once the price reached Rs. 334. Therefore, for the purpose of ensuring that the price reached Rs. 334, I note that Noticee no. 1 at around the time of 15:21:53 started continuously placing buy orders for 300 shares above the LTP. Thereafter, at 15:22:14 Noticee no. 6 played an important role in the group by placing a buy order of 50,000 shares at Rs. 336.20, when the last traded price was Rs. 332.50. I note that the said buy order of Noticee no. 6 for 50,000 shares at Rs. 336.20 matched with the Noticee no. 5 for 20,000 shares at Rs. 334 and with Noticee no. 3 for 8,183 shares at Rs. 334, among other sellers. Upon the aforesaid orders getting matched and executed, the price of the shares at Rs. 334 was established.

Upon the price of the share being established at Rs. 334, the sell orders and stop loss buy orders of Noticees no. 1 to 5 that were placed between Rs. 334 to Rs. 334.10 got executed at 15:22:14 primarily among themselves. The details of the trades of each Noticee, that got executed with other Noticees at 15:22:14 on June 29, 2017, are as under:

(Table 18)

Noticee (Buyer)	Name	Traded Quantity	Matched (Seller)	Noticee Name	Matched Quantity	Matched percentage
Gangwal Kumar	Sunil	4,00,255	AKG Securities and Consultancy Limited		1,00,000	23.13
			Gangwal Sunil Kumar		1,00,000	23.13
			Mohd Faisal		95,256	22.03
			Paramount Incorporation		80,000	18.51
Total					3,75,256	86.80

Noticee (Buyer)	Name	Traded Quantity	Matched (Seller)	Noticee Name	Matched Quantity	Matched percentage
AKG Securities And Consultancy		2,00,000	Paramount Incorporation		1,00,000	50
			Mohd Faisal		96,561	48.28
Total					1,96,561	98.28

Noticee (Buyer)	Name	Traded Quantity	Matched (Seller)	Noticee Name	Matched Quantity	Matched percentage
Mohd Faisal		2,00,000	Vihit Investment		1,00,000	50
			Gangwal Sunil Kumar		99,882	49.94
Total					1,99,882	99.94

Noticee (Buyer)	Name	Traded Quantity	Matched (Seller)	Noticee Name	Matched Quantity	Matched percentage
Paramount Incorporation		2,00,000	Vihit Investment		1,00,000	50
			Gangwal Sunil Kumar		99,918	49.96
Total					1,99,918	99.96

Noticee (Buyer)	Name	Traded Quantity	Matched (Seller)	Noticee Name	Matched Quantity	Matched percentage
Vihit Investment		2,00,000	AKG Securities Consultancy Limited	And	1,00,000	50
			Gangwal Sunil Kumar		99,800	49.9
Total					1,99,800	99.9

34. From the above, it is observed that at 15:22:14, the orders of the Noticees primarily matched with each other and in miniscule amounts with other entities, as there were no other entities who had placed such large volumes of buy and sell orders. Hence, it is evident that the buy order placed by Noticee no. 6 for 50,000 shares at Rs. 336.20 at 15:22:14, had led to the price of the share being established at Rs. 334, which led to the execution of all the buy and sell orders placed by Noticees no. 1 to 5. Thus, the fraudulent scheme of the Noticees to manipulate the price of the shares of Biocon Ltd. in the last half an hour on June 29, 2017 at NSE is evident. I find that each Noticee has played its part by either placing large buy and sell orders in a similar pattern or by increasing the last traded price of the scrip by placing buy orders at prices higher than the LTP. Further, I note that the buy and sell orders of the Noticees have been placed in such a manner that there is no scope for the Noticees to profit from such trades if executed and in this regard, the Noticees have cited reasons such as internet issues, technical errors, error by the broker, mistaken trade etc. for placing orders at such prices. Hence, I find that there is a clear pattern among the Noticees to establish that there was a meeting of minds among the Noticees, which acted as a group, for the purpose of increasing the price of the scrip of Biocon Ltd. in the cash segment in the last half an hour of trading on NSE cash segment on June 29, 2017. Further, the purpose of increasing the price of Biocon Ltd. in the cash segment by the Noticees, irrespective of whether they made losses or miniscule profit, is clear from the fact that Noticees no. 2, 3, 4 and 6 had taken long position in the futures market for which the settlement price was dependent upon the VWAP of the scrip of Biocon Ltd. in the cash segment during the last half an hour. The details of the losses suffered and miniscule profit made by the Noticees in the cash market for the purpose of manipulating the price of the scrip of Biocon Ltd., is as given below:

Table 19: Profit and loss generated by 5 Noticees on June 29, 2017 in the shares of Biocon Ltd.

Noticee Name	Gr Buy Vol	Gr Sell Vol	Gr Buy Value	Gr Sell Value	Profit/Loss
AKG Securities and Consultancy Limited	200000	200000	66795847	66810000	14152
Mohd faisal	200000	200000	66820000	66800000	-20000
Vihit Investment	200000	200000	66810000	66820000	10000
Paramount Incorporation	200000	200000	66819995	66800000	-19995
Gangwal Sunil Kumar	432300	432300	144336832	144295228	-41604

35. From the above table, I note that 3 out of the aforesaid 5 Noticees have incurred losses in the cash market and the other two have made miniscule profit. Therefore, I find that the Noticees have manipulated the price in the scrip of Biocon Ltd. in the cash segment, at the cost of making losses and miniscule profit in the cash market, as Noticees no. 2, 3, 4 and 6 would profit from the long position taken in the futures market. Even though Noticees no. 1 and 5 have not taken any position in the futures market, their connection and involvement in the group has been established from the pattern of trading with Noticees no. 2, 3, 4 and 6 and further reinforced by the connection of Noticee no. 1 with Noticees no. 2 and 6 and Noticee no. 5 with Noticee no. 6, through financial transactions.

36. Further, the involvement of Noticee no. 1 in the manipulation is further elucidated by the allegation in the SCN that Noticee no. 1 had entered into self-trades which created artificial/fictitious volume in the market and also false and misleading appearance of trading in the scrip at the exchange. Details of the self-trades executed by the Noticee no. 1 are given as under:

Table 20: Self trades of Gangwal Sunil Kumar in the shares of Biocon Ltd. on June 29, 2017

Noticee Name	Broker name	NSE			
		Self-Trade Qty.	No. of Self Trades	No. of days	% of Self Traded Qty. to Market Vol.
Gangwal Sunil Kumar	JM Financial Services Limited	100000	13	1	5.16

37. It was observed that Noticee no. 1 had entered into 13 self-trades for 1,00,000 shares (5.16% of the market volume), which was significant. The self-trades entered by Noticee no. 1 is alleged to have created false and misleading appearance of trading in the scrip without the intention of change of ownership of shares at NSE. Noticee no. 1 is alleged to have created artificial volume by executing self-trades in last half an hour at higher price which in turn increased the VWAP of the scrip of Biocon Ltd. in the futures market. In this regard, Noticee no. 1 has submitted that he had placed stop loss order with price limit with two brokers viz. RK Global and Vardhamanglobal. The Noticee submitted first stop loss order was to trigger on execution of sale order price of Rs. 334.05 with stop loss price of Rs. 334/- and second stop loss order was to trigger on execution of sale order at a price of Rs. 334.10 with stop loss price of Rs. 334.05. However, both the orders got triggered at the identical time. Hence a stop loss sell order of Rs. 334.05 placed with one broker got matched with a buy limit order placed at a price of Rs. 334.05 with another broker. The Noticee has submitted that two separate orders were placed at around 14:40 pm which got matched at around 15:22 by the auto drawn system of the Stock exchange. Further, the Noticee has submitted that the execution of said self-trades were unintentional and also that the matching of self-trades had happened at the then prevailing market price.

38. With regard to the submissions made by the Noticee no. 1, I note that the Noticee no. 1 had entered into 13 self-trades for 1,00,000 shares in the last half an hour on June 29, 2017, which constituted 5.16 percent of the market volume. I note that the Noticee has submitted that first stop loss order was to trigger on execution of sale order price of Rs. 334.05 with stop loss price of Rs. 334/- and second stop loss order was to trigger on execution of sale order at a price of Rs. 334.10 with stop loss price of Rs. 334.05. However, both the orders got triggered at the identical time and hence, a stop loss sale order of Rs. 334.05 placed with one broker got matched with a buy limit order placed at a price of Rs. 334.05 with another broker. With regard to this submission by Noticee no. 1, I find that Noticee has placed the buy and sell order with a miniscule difference in the price. I note that it is not normal market behaviour to place such a sale and buy order as it is apparent that both buy and sell order would have gotten executed at the same

time. Hence, it is evident that Noticee no. 1 had entered sell and buy orders in such a manner for the purpose of creating false and misleading appearance of trading in the scrip. Further, I note that it is not a case of one or two instances but Noticee no. 1 had entered into 13 such self-trades. In view of the above, I find the submissions of Noticee no. 1 that the execution of self-trades were unintentional as untenable.

39. I also note that Noticee no. 2 has relied upon the observations of the Hon'ble Apex Court and Hon'ble Tribunal, in the case of *R. K. Global vs. SEBI (SAT Order)*, *Narendra Ganatra vs SEBI SAT*, *Sterlite Industries (India) Ltd vs. SEBI (SAT Order)*, *Parsoli Corporation vs. SEBI (SAT Order)*, *Ram Sharan Yadav vs. Thakur Muneshwar Nath Singh (SC Order)*, *Gorkha Security Services vs, Govt of NCT of Delhi & Ors (SC Order)*, *Royal Twinkle Star Club Pvt. Ltd. vs SEBI (SAT Order)* for contending that strict proof is required for a serious charge of "fraud". In this regard, I note that most of the cases are not relevant to the facts and circumstances of the present proceedings. As regards the relevance placed on some of the case laws with reference to the standard of proof, I find that the standard of proof in matters of fraud arising out of violation of the SEBI Act or the provisions of the Regulations framed thereunder, is the test of preponderance of probability, as has been clearly laid down in the following recent judgments of the Hon'ble Supreme Court, wherein, it was held that:

SEBI Vs. Kishore R. Ajmera (2016) 6 SCC 368

".....While the screen based trading system keeps the identity of the parties anonymous it will be too naive to rest the final conclusions on said basis which overlooks a meeting of minds elsewhere. Direct proof of such meeting of minds elsewhere would rarely be forthcoming. The test, in our considered view, is one of preponderance of probabilities so far as adjudication of civil liability arising out of violation of the Act or the provisions of the Regulations framed thereunder is concerned. Prosecution under Section 24 of the Act for violation of the provisions of any of the Regulations, of course, has to be on the basis of proof beyond reasonable doubt.

The conclusion has to be gathered from various circumstances like the 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 fact that the broker himself has initiated the sale of a particular quantity of the scrip on any particular day and at the end of the day approximately equal number of the same scrip has come back to him; that trading has gone on without settlement of accounts i.e. without any payment and the volume of trading in the illiquid scrips, all, should raise a serious doubt in a reasonable man as to whether the trades are genuine.” (emphasis supplied)

SEBI Vs. Rakhi Trading Pvt. Limited (MANU/SC/0096/2018)

“We are fortified in our conclusion by the judgment of this Court in Securities And Exchange Board of India v. Kishore R. Ajmera, though it is a case pertaining to brokers, wherein it has been held at paragraph 25:

“25. The SEBI Act and the Regulations framed thereunder are intended to protect the interests of investors in the Securities Market which has seen substantial growth in tune with the parallel developments in the economy. Investors’ confidence in the capital/securities market is a reflection of the effectiveness of the regulatory mechanism in force. All such measures are intended to pre-empt manipulative trading and check all kinds of impermissible conduct in order to boost the investors’ confidence in the capital market. The primary purpose of the statutory enactments is to provide an environment conducive to increased participation and investment in the securities market which is vital to the growth and development of the economy. The provisions of the SEBI Act and the Regulations will, therefore, have to be understood and interpreted in the above light.”

In this case it was also held that 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 the provision of the Regulations is concerned.”
(emphasis supplied)

40. I have considered the submissions of the Noticee no. 2 and the various judgments relied upon by the Noticee no. 2 to substantiate his arguments that there is not enough evidence to hold him in violation of manipulating the scrip of Biocon Ltd.

In this regard, I find that sufficient evidence has been put forward, as discussed, in the above paras for each of the Noticees including Noticee no. 2 and how they have as a group, resorted to price manipulation in the scrip of Biocon Ltd. by placing large buy and sell orders at a higher price than the LTP and by placing matching buy and sell orders with other Noticees in a distinguishable pattern in order to manipulate the price of Biocon Ltd. shares in the cash market and earn a better settlement price in the futures segment.

41. In view of the aforesaid findings, I find that the aforesaid scheme of “marking the close” devised by the Noticees enabled Noticees no. 2, 3, 4 and 6 who had taken long positions in the Biocon Ltd. futures during 15:00:00 hrs to 15:30:00 hrs on June 29, 2017 to increase their profit arising out of their long positions. Further, I find that the Noticees acted in concert to manipulate the settlement price in order to enable Noticees no. 2, 3, 4 and 6, to make wrongful gains from their long position in futures. Therefore, I find that Noticees no. 1 and 5 had engaged in price manipulation to establish a higher settlement price in the scrip of Biocon Ltd. on June 29, 2017 and have thereby violated Section 12 A (a) of SEBI Act 1992 and Regulation 3 (b), 4(1), 4(2)(a) & (e) of the PFUTP Regulations. I also find that Noticee no. 1 has entered into self-trades for the purpose of creating false and misleading appearance of trading in the scrip and has thus, also violated Regulation 4(2) (g) of the PFUTP Regulations. Further, I find that Noticees no. 2, 3, 4 and 6 have engaged in price manipulation to establish a higher settlement price in the scrip of Biocon Ltd. and made wrongful gains from their long positions in future segment of Biocon Ltd. and have thereby, violated Section 12A (a) of SEBI Act 1992 and Regulation 3 (b), 4(1), 4(2)(a) & (e) of PFUTP Regulations.

Calculation of Profit made by the Noticees:

42. SCN alleges that Noticees no. 2, 3, 4 and 6 had taken long position in futures in the scrip of Biocon Ltd. expiring on June 29, 2017 during the last 30 minutes of trading on June 29, 2017, the details of which are as given below:

Table: 21 – Details of trading in the Futures Segment

Noticee	B/F position	Buy Qty Till	Position Till	Buy Qty from	Sell Qty from	Position at	Buy Qty from	Sell Qty from	Position At
---------	--------------	--------------	---------------	--------------	---------------	-------------	--------------	---------------	-------------

Name	on June 29, 2017	15:00:00	15:00:00	15:00:00 to 15:22:13	15:00:00 to 15:22:13	15:22:13	15:22:14 till 15:30:00	15:22:14 till 15:30:00	15:30:00
Minesh Jormalbhai Mehta	0	10800	10800	457200	10800	457200	43200	19800	480600
Vihit Investment	0	0	0	324000	0	324000	0	0	324000
Mohd Faisal	0	0	0	196200	0	196200	0	109800	86400
AKG Securities And Consultancy Limited	1800	0	1800	0	0	1800	25200	1800	25200
Total	1800	10800	12600	977400	10800	979200	68400	131400	916200

43.I note that the LTP of Biocon Ltd. scrip at 15:00:00 on June 29, 2017 was Rs. 327.40. Due to the manipulation of the scrip of Biocon Ltd. in the cash segment by the Noticees in the last half an hour i.e. 15:00:00 to 15:30:00, the settlement price in the futures market of Biocon Ltd. scrip on June 29, 2017 rose to Rs. 332.15. As a result, the Noticees no. 2, 3, 4 and 6 made a profit in the long position taken by them in the futures segment in the scrip of Biocon Ltd. In this regard, as per SCN square-off gains made/loss suffered by the Noticees is as under:

Table 22: Square-off earned / suffered by the Noticees

Noticee no.	Noticee Name	Buy Qty	Buy Value (Rs. In Lakhs)	Sell Qty	Sell Value (Rs. In Lakhs)	Net Buy Posn	Net Buy Value (Rs. in Lahs)	Settlement value of futures posn @ Rs. 332.15(Rs. in Lakhs)	Square-Off Earned/Suffered (Rs. In Lakhs) @ Settlement Price of Rs. 332.15
		A	B	C	D	E = A-C	F= B-D	G=E * 332.15	H=F-G
2	Vihit Investment	324000	1066.28	0	0	324000	1066.28	1076.16	9.87
3	Mohd Faisal	196200	645.45	0	0	196200	645.45	651.67	6.23
4	AKG Securities And Consultancy Limited	25200	83.66	0	0	25200	83.66	83.70	0.04

6	Minesh Jormalbhai Mehta	511200	1687.71	30600	101.48	480600	1586.23	1596.31	10.08
Total		1056600	3483.1	30600	101.48	1026000	3381.62	3407.84	26.22

44.I note that the SCN while calculating the square-off gains/losses made by the Noticees had not considered the sale quantity of Noticees no. 3 and 4 in the last half an hour. Accordingly, I have considered the sale quantity of Noticees no. 3 and 4 in the last half an hour for calculating the square off gains/losses and hence correct calculation of the square-off gains/losses made by the Noticees no. 2, 3, 4 and 6, who were holding long positions in the futures of Biocon Ltd. expiring on June 29, 2017, is as given below:-

Table 23: Square-off earned / suffered by the Noticees

Noticee no.	Noticee Name	Buy Qty	Buy Value (Rs. In Lakhs)	Sell Qty	Sell Value (Rs. In Lakhs)	Net Buy Posn	Net Buy Value (Rs. in Lahs)	Settlement value of futures posn @ Rs. 332.15(Rs. in Lakhs)	Square-Off Earned/Suffered (Rs. In Lakhs) @ Settlement Price of Rs. 332.15
		A	B	C	D	E = A-C	F= B-D	G=E * 332.15	H=F-G
2	Vihit Investment	324000	1066.28	0	0	324000	1066.28	1076.16	9.87
3	Mohd Faisal	196200	645.45	109800	364.7	86400	280.75	286.98	6.23
4	AKG Securities And Consultancy Limited	27000	89.45	1800	5.97	25200	83.47	83.70	0.23
6	Minesh Jormalbhai Mehta	511200	1687.71	30600	101.48	480600	1586.23	1596.31	10.08
Total		1058400	3488.89	142200	472.15	916200	3016.73	3043.15	26.41

45.From the above table, I note that the aforesaid 4 Noticees made square-off profit of Rs. 26.41 lakhs from their long positions in the Biocon Ltd. futures expiring on June 29, 2017. As discussed in the aforesaid paras, I note that the Noticees entered into manipulative trades on June 29, 2017 in NSE cash market in the shares of Biocon Ltd. mainly during 15:00 hrs to 15:30 hrs which impacted the

settlement price of the futures contracts of Biocon Ltd. The Noticees traded in the cash market to establish a higher settlement price for futures of Biocon Ltd., in violation of securities laws and thus, Noticees no. 2, 3, 4 and 6 have made wrongful gains from their long positions in the futures market. Since, the alleged manipulative trades by the Noticees were carried out during the period from 15:00 to 15:30 hrs on June 29, 2017, I note that the trades of the Noticees during that period were excluded from the calculation of the revised settlement price in order to eliminate the impact of the manipulation by the Noticees. Therefore, I note that the last traded price of Biocon Ltd. scrip at 15:00:00 i.e. Rs. 327.40 has been taken as the revised settlement price as it reflected the market traded price of the scrip without the price impact of the manipulative trades of the Noticees. Since, the actual settlement price of futures contract of Biocon Ltd., on June 29, 2017, was Rs. 332.15, I note that the Noticees impacted the settlement price of the scrip by Rs. 4.75 per share by manipulating the traded price of the scrip (i.e. Rs. 332.15 - Rs. 327.40).

46. As per SCN, the square-off gains/losses made from the long positions of the Noticees at a price of Rs. 327.40 (settlement price - if the Noticees had not manipulated the market) against the actual settlement price of Rs. 332.15 is as under:

Table 24: Analysis of trade gains earned by the Noticees

(value in lakhs)

Noticee no.	Noticee Name	Net Long in futures (as on June 29, 2017)	Net Buy Value of the long posn)	Sett value at sett. price of Rs. 332.15 (in Rs)	Square-off gain / loss @ Rs. 332.15	Sett. Value at revised sett. price of Rs. 327.40 (in Rs)	Square-off gain / loss @ Rs. 327.40	Diff in Square-off gain / loss (in Rs
		A	B	C		E=A-C	F= B-D	G=E*332.15
2	Vihit Investment	324000	1066.28	1076.16	9.87	1,060.78	-5.50	15.37
3	Mohd Faisal	196200	645.45	651.67	6.23	642.36	-3.09	9.32
4	AKG Securities And	25200	83.66	83.70	0.04	82.50	-1.16	1.20

	Consultancy Limited							
6	Minesh Jormalbhai Mehta	480600	1586.23	1596.31	10.08	1,573.48	-12.75	22.83
Total		1026000	3381.62	3407.84	26.22	3,359.12	-22.50	48.72

47.I note that the SCN had given the incorrect formula in the second row of the aforesaid table, which has now been rectified and the correct formula has been given in the Table no. 25 below. I note that the SCN while calculating the square-off gains/losses made by the Noticees had not considered the sale quantity of Noticees no. 4 and 6 in the last half an hour. Accordingly, I have considered the sale quantity of Noticees no. 4 and 6 in the last half an hour for calculating the square off gains/losses and hence, the profit of Noticees no. 4 and 6, as shown in the above table, has been corrected and a corrected comparison of the square-off gains/losses made from the long positions of the Noticees at a price of Rs. 327.40 (settlement price - if the Noticees had not manipulated the market) against the actual settlement price of Rs. 332.15 is given below:

Table 25: Analysis of trade gains earned by the Noticees

(value in lakhs)

Noticee no.	Noticee Name	Net Long in futures (as on June 29, 2017)	Net Buy Value of the long posn)	Sett value at sett. price of Rs. 332.15 (in Rs)	Square-off gain / loss @ Rs. 332.15	Sett. Value at revised sett. price of Rs. 327.40 (in Rs)	Square-off gain / loss @ Rs. 327.40	Diff in Square-off gain / loss (in Rs
		A	B	C	D=C-B	E	F= B-E	G=D+F
2	Vihit Investment	324000	1066.28	1076.16	9.87	1,060.78	5.50	15.37
3	Mohd Faisal	196200	645.45	651.67	6.23	642.36	3.09	9.32
4	AKG Securities And Consultancy Limited	27000	89.45	89.67	0.23	88.40	1.05	1.28

6	Minesh Jormalbhai Mehta	511200	1687.71	1697.79	10.08	1,673.67	14.04	24.12
Total		1058400	3488.89	3515.29	26.41	3,465.20	23.69	50.10

48. From the above table, I note that if the Noticees had not manipulated the settlement price, they would have made square-off losses of Rs. 23.69 Lakhs. Further, that due to their manipulation, they have made square off gains of Rs. 26.41 Lakhs. Therefore, it has been alleged in the SCN that the Noticees have made wrongful gains Rs. 50.10 Lakhs through their manipulative trades.

49. In this regard, I note that Noticee no. 6 has denied that he has made profits of Rs. 10.08 lakhs and submitted that SEBI has not considered the factual situations. The Noticee no. 6 has submitted that Rs. 10.08 lakhs is merely the price difference between buy and sell value. That the trades are subject to several costs and charges and the SCN also ignores the loss of close to Rs. 2,00,000/- in cash market segment for purchase and sale of 50,000 shares to Biocon Ltd. Noticee no. 6 has also submitted that assuming for a moment without accepting that the trades of 6 Noticees were manipulative, the closing price ought to have been derived by considering other trades while ignoring trades of the 6 Noticees. That if such a calculation method was adopted the closing price would have still been 330.30 as the residual volume of 429091 shares resulted in a turnover of Rs. 14,17,26,494.2 ($141726494.2/429091 = 330.30$). However, that the SCN arrives at a price of Rs. 327.45, which was the price at 15:00:00. Accordingly, the Noticee no. 6 has submitted that based on the result of working in the above factors, the difference in closing price, after ignoring the trades of all the Noticees, would only be Rs. 1.85 and not Rs. 4.75 as arrived in the SCN. Therefore, the gain, if any, made by the Noticee no. 6 would have been only Rs. 8,89,110 (1.85×480600) and not Rs. 22.83 lakhs (4.75×480600).

50. I note that in the calculation submitted by the Noticee no. 6, mentioned above, the Noticee no. 6 has calculated the last 30 minutes' average price and subtracted the effect of trades executed between the alleged group entities to come to their calculation of the fair price for the shares during the investigation period. In this

regard, I note that the impact of the trades of the group entities on the price of the scrip of Biocon Ltd. in the last half an hour of trading in the NSE cash market on June 29, 2017, as discussed in previous paras, would not be limited to the volume of shares only traded amongst the group entities. As discussed in previous paras, the Noticees, especially Noticee no. 6, contributed to the price rise in the scrip of Biocon Ltd. on the NSE cash market by artificially establishing a higher price in the scrip by placing orders at a high price when sell orders at lower prices for the requisite quantity was available in the system. As a result of the higher price, the Noticee nos. 2, 3, 4 and 6 were able to make profit in the futures of Biocon Ltd. in the NSE futures market. The SCN does not in any way mention that these buy orders placed by the Noticees in the cash market were executed with other Noticees only. I also note that during the investigation period the Noticees had traded with entities other than the group of the Noticees. Therefore, I note that limiting the calculation of ill-gotten gains to only the volume of shares traded amongst the Noticees would not be correct since the fraudulent trades of the Noticees were also executed with entities outside the group of the Noticees. Therefore, the calculation submitted by the Noticee no. 6 is not tenable. Had the buy orders at high prices not been placed by the Noticee no. 1 and 6, the higher price would not have been established and consequently, trades of Noticees with other entities and the trades of the entities amongst themselves would not have taken at such higher price. Thus, the whole trading in the shares of the Biocon Ltd. after 3:00 pm to 3:30 pm was impacted by the manipulation of the Noticees and needs to be ignored for the purpose of calculation of disgorgement amount. In view of the same, I agree with the observation in the SCN that the LTP of the Biocon Ltd. scrip at 15:00:00 i.e. Rs. 327.40 would reflect the market traded price of the scrip without the price impact of the manipulative trades of the Noticees. Thus, I agree with the calculation that the Noticees have reduced their losses by Rs. 22.50 lakhs through their manipulative trades. Accordingly, I find the contention made by the Noticee no. 6 is untenable and that the amount of Rs. 4.75 per share is the difference in closing price, after ignoring the trades of all the Noticees, and thus, the gain made by the Noticee no. 6 would be Rs. 22.83 lakhs, as alleged in the SCN.

51. With respect to the calculation of the notional gain/loss made in the cash market, as contended by Noticee no. 6, I note that the disgorgement amount proposed in the SCN does not take into account the loss made by the Noticees in the cash market. Therefore, the contention of the Noticees in this regard is not tenable. Otherwise also, I find that a manipulator cannot be allowed to set off the loss suffered by him in manipulating the market. I find that allowing a manipulator to set-off the losses suffered by him while causing manipulation from the disgorgement amount, would amount to allowing insurance for losses to manipulator. The intention of law in this regard is very clear and unambiguous. Explanation to Section 11B, as inserted vide Securities Laws (Amendment) Act, 2014, clearly provides that:

“Explanation. - For the removal of doubts, it is hereby declared 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.”

A perusal of the aforesaid explanation reveals that the factors to be taken into account while arriving at a disgorgement amount are: profit made or losses averted. The explanation does not allow setting off of any losses suffered against such profit made or loss averted. Therefore, I find the contentions of the Noticee no. 6 that calculation of disgorgement amount should also take into consideration the amount of losses suffered by him in the cash market, as untenable.

52. Further, I note that Noticee no. 4 has submitted that through illustration in the SCN it is alleged that if they had not manipulated the settlement price, they would have made square up losses of Rs. 1.16 lakhs. I note that it has been alleged that that due to manipulation by the noticees, Noticee no. 4 has made a square up gain of Rs. 23,000/-. The Noticee no. 4 has submitted that if they really intended to make the wrongful gains by manipulating the settlement price in the futures market on June 29, 2017 then the long position taken up by them after 15:22:00 for 25,200 shares at Rs.332/- would have been actually taken at much lower rate before 15:00:00 and if that is the case the situation would have been completely different and they really would have made the wrongful gains. The Noticee no. 4 has submitted that as alleged in the SCN, if the settlement price was not

manipulated by Noticees then it would have been somewhere around Rs. 327.40 and the illustration in the SCN shows the notional gain made by the Noticee no. 4 as Rs. 1.20 lakhs. The Noticee has submitted that the same is not possible as they purchased 25,200 shares at Rs. 332/- and if the situation portrayed by SEBI is correct then the price would have never reached above Rs. 328 and they would have purchased the shares not at Rs. 332/-, but at somewhere between Rs. 327-328 and if that has been the case the question of notional gain show in SCN by SEBI does not arise at all.

53. With regard to the submission made by Noticee no. 4 that if they really intended to make the wrongful gains by manipulating the settlement price in the futures market on June 29, 2017 then the long position taken up by them after 15:22:00 in 25,200 shares @ 332 would have been actually taken at much lower rate before 15:00:00, I find that the same is untenable as the investigation did not seek to find out the highest possible profit that the Noticee could have made in any given circumstances. I find that the allegations in the SCN are based on the actual profit made or losses avoided by the Noticees by manipulating the scrip of Biocon Ltd. in the cash market in order to profit from the long position taken in the futures market. Hence, the contention that the Noticee could have made higher profit if that was the intended purpose, is untenable and cannot be accepted in order to thwart the actual profit made/losses avoided by the Noticee from its manipulative trades. Further, the Noticee no. 4 has also contended that the notional gain would not have arisen if they had not manipulated the settlement price, as the price would have never reached above Rs. 328 and they would not have purchased at Rs. 332, but at somewhere between Rs. 327-328. However, as discussed in para 50 above, I find the observation in the SCN that the LTP of the Biocon Ltd. scrip at 15:00:00 i.e. Rs. 327.40 would reflect the market traded price of the scrip without the price impact of the manipulative trades of the Noticees, to be correct. Therefore, since the actual settlement price of Biocon Ltd. futures contract on June 29, 2017, was Rs. 332.15, I note that the Noticees impacted the settlement price of the scrip by Rs. 4.75 per share by way of manipulating the traded price of the scrip (i.e., Rs. 332.15 - Rs. 327.40). Hence, I find that the disgorgement amount is arrived at by calculating the amount of shares of Biocon Ltd.,

purchased by each of the Noticees in futures market, with a profit of Rs. 4.75 per share, which is the price difference from the impact on the settlement price due to the manipulation of settlement price by the Noticees with the market traded price of the scrip without the price impact of the manipulative trades of the Noticees. In view of the above, I find the contention of the Noticee no. 4 that the notional gain does not arise if they had not manipulated the settlement price, as untenable.

54. Further, I note that Noticee no. 2, with regard to taking long position in futures in the scrip of Biocon Ltd., has submitted that the price in F&O segment in scrip of Biocon Ltd. at around 03:15 pm on June 29, 2017 appeared to be lower than the corresponding price in cash segment and considering the open interest rate prevalent at that time, they put buy order in F&O segment. The Noticee no. 2 has submitted that this is a natural and normal market practice particularly, when it is an expiry day. In this regard, as discussed in paras 26 to 41, I find that Noticee no. 2 along with the other Noticees engaged in price manipulation to establish a higher settlement price in the scrip of Biocon Ltd. in the futures market on June 29, 2017. Hence, the purpose or intention of Noticee no. 2 in taking long position in the futures market in Biocon Ltd. on June 29, 2017 has been made clear. Hence, for the reasons mentioned in paras 26 to 41, I find the aforesaid contention of the Noticee no. 2 is untenable.

55. In view of the above, I find that due to the manipulation by the Noticees, Noticees no. 2, 3, 4 and 6 have made square off gains of Rs. 50.10 Lakhs, as mentioned in Table 25 above, by violating the provisions of SEBI Act and PFUTP Regulations. As noted in paras 44 and 47 above, the correct and revised data with regard to Noticee no. 4 has now been provided in Tables 23 and 25 above. Accordingly, the wrongful gains made by the Noticees is Rs. 50.10 lakhs. I note that SCN alleges that Noticees had entered into manipulative trades in violation of the provisions of SEBI Act and PFUTP Regulations and thus, created misleading appearance of trading in the shares of Biocon Ltd. However, except for inference of loss suffered by the investors in general, SCN does not identify any particular investor or any specific group of investor who have suffered losses due to manipulation by the Noticees. In view of the above, I find that Noticees no. 2, 3, 4 and 6 are liable for

disgorging the amount of wrongful gains made by them, as have been calculated and mentioned in Table 25 in para 47, above.

56. Further, I find that violations committed by Noticees also renders them liable for imposition of penalty under Section 15HA of the SEBI Act, 1992 which provides as under:

“Penalty for fraudulent and unfair trade practices.

15HA. *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. I note that while imposing penalty under Section 15HA of the SEBI Act, 1992 the factors enumerated in Section 15J are to be taken into consideration. Section 15J of the SEBI Act, 1992 provides as under:

“Factors to be taken into account while adjudging quantum of penalty.

15J. *While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or 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.*

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

58. I find that the material available on record does not indicate the amount of loss caused to specific investors or group of investors, as a result of the default by the Noticees or that default by the Noticees is repetitive in nature. However, wrongful

gains made by the Noticees, are being directed to be disgorged by this order. However, in terms of Section 15HA of the SEBI Act, 1992, a minimum penalty of Rupees Five lakh has to be mandatorily imposed on the Noticees.

59. I note that the Noticees have acted as a group and had entered into these trades in the cash segment for the purpose of securing a higher settlement price in the futures market where Noticees no. 2, 3, 4 and 6 had taken long position in the last half an hour on June 29, 2017. I find that such manipulative and fraudulent trading must be dealt with, in accordance with the provisions of laws which prohibits such activities, to ensure that the market integrity is not undermined. Having regard to all the aforesaid facts and circumstances including the nature of violations and conduct of the Noticees, I find that issue of directions under Sections 11(1) and 11B of the SEBI Act, 1992, are called for in the present matter.

DIRECTIONS:

60. In view of the foregoing, I, in exercise of the powers conferred upon me in terms Sections 11B(1), 11B(2), 11(4) and Section 11(4A) read with of Section 19 of the SEBI Act, 1992 and Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, hereby issue the following directions:

- a) Noticees no. 1, 2, 3, 4, 5 and 6 are restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities in any manner whatsoever, either directly or indirectly, for a period of 02 (Two) years from the date of coming into force of this Order;
- b) Noticees no. 2, 3, 4 and 6 are directed to disgorge the respective amounts, as mentioned in Column G of Table 25 in para 47 above, along with an interest at the rate of 12% per annum from June 29, 2017 till the date of actual payment. The said amount shall be remitted by Noticees no. 2, 3, 4 and 6 to Investor Protection and Education Fund (IPEF) referred to in Section 11(5) of the SEBI Act, 1992. An intimation regarding the payment of said disgorgement amount directed to be paid

herein, shall be sent to "The Division Chief, IVD-ID3, Securities and Exchange Board of India, SEBI Bhavan II, Plot no. C-7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai -400 051".

- c) Noticees no. 1, 2, 3, 4, 5 and 6 are hereby imposed with, under Section 15HA of the SEBI Act, 1992, penalty of Rs. 10 lakh each and are directed to pay their respective penalties within a period of forty-five (45) days, from the date of receipt of this order;

The Noticees shall remit / pay the said amount of penalties through either by way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, or through 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 Chairman/ Members -> PAY NOW. In case of any difficulties in online payment of penalties, the said Noticees may contact the support at portalhelp@sebi.gov.in. The demand draft or the details/ confirmation of e-payment should be sent to "The Division Chief, IVD-ID3, Securities and Exchange Board of India, SEBI Bhavan II, Plot no. C-7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai -400 051" and also to e-mail id:- tad@sebi.gov.in in the format as given in table below:

Case Name	
Name of Payee	
Date of Payment	
Amount Paid	
Transaction No.	
Payment is made for: (like penalties/ disgorgement/ recovery/ settlement amount/ legal charges along with order details)	

61. During the period of restraint existing securities of the Noticees including the units of mutual funds, shall remain frozen. Further, the obligation of the Noticees, restrained/prohibited by this Order, in respect of settlement of securities, if any,

purchased or sold in the cash segment of the recognized stock exchange(s), as existing on the date of this Order, are allowed to be discharged irrespective of the restraint/prohibition imposed by this Order. Further, all open positions, if any, of the Noticees, restrained/prohibited in the present Order, in the F&O segment of the recognised stock exchange(s), are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.

62. This Order comes into force with immediate effect.

63. A copy of this order shall also be sent to all the Noticees, recognized Stock Exchanges, the relevant banks, Depositories and Registrar and Transfer Agents of Mutual Funds to ensure that the directions given above are strictly complied with.

Sd/-

Place: Mumbai

ANANTA BARUA

Date: May 05, 2021

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA