

WTM/AB/IVD/ID5/13727/2021-22

SECURITIES AND EXCHANGE BOARD OF INDIA
FINAL ORDER

Under Sections 11(1), 11(4), 11(4A), 11B(1), 11B(2) and 15I of the Securities and Exchange Board of India Act, 1992 read with Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995.

Noticee No.	Name of Noticees	PAN
1.	Mr. Bharat Jayantilal Patel	AAAPP6652R
2.	Mr. Minal Bharat Patel	AACPP5126G
3.	M/s. Pasha Finance Private Limited	AAACP8316P
4.	Mr. Ruchit Bharat Patel	ANDPP9202F
5.	M/s. Pat Financial Consultant Private Limited	AAACP3115E
6.	M/s. Hridaynath Consultancy Pvt. Ltd.	AACCH5285R

(Aforesaid entities are hereinafter individually referred to by their respective name or noticee number and collectively as “the Noticees”.)

In respect of synchronized trading in the matter of Asian Granito India Ltd.

1. SEBI issued a show cause notice dated December 2, 2019 and supplementary show cause notice dated August 5, 2020 (hereinafter both the show cause notices collectively referred to as ‘**SCN**’), calling upon the Noticees to show cause as to why appropriate directions under Sections 11(4) and 11B(1) of the Securities and Exchange Board of India Act, 1992 (hereinafter called as the ‘**SEBI Act, 1992**’) should not be issued and appropriate penalty under Section 15HA readwith Section 11B(2) of SEBI Act, 1992, be not imposed upon them, for alleged violation of Section 12A of the SEBI Act, 1992 and Regulation 3(a), 3(b), 3(c), 3(d) and 4(1), 4(2)(a), 4(2)(g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter called as the ‘**PFUTP Regulations, 2003**’). Noticee no. 1 was also called upon to show cause as to why penalty be not imposed upon him under Section 15A (b) readwith Section 11B(2)

of the SEBI Act, 1992, for alleged violation of Regulation 13(1) and Regulation 13(3), readwith Regulation 13(5) of SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as the '**PIT Regulations, 1992**') (since repealed).

2. The key facts of the investigation as stated in the SCN and the allegations levelled thereon are summarized below:

2.1. The company - Asian Granito India Limited (hereinafter referred to as '**AGIL**') was incorporated in 1995. As per its website, AGIL is in the business of Ceramic Wall & Floor Tile, Glazed Vitrified Tiles, Polished Vitrified Tiles, Composite Marble and Quartz. The shares of AGIL are listed at BSE and NSE.

2.2. The price and volume movement of the scrip of AGIL at BSE and NSE, prior to, during and after Investigation Period (December 15, 2011 to October 09, 2014) is as follows:-

BSE:-

- a. Details of Price and movement at BSE;

Table 1

Period	Dates		Open	Close	Low	High	Total traded shares (Daily Avg.)
Before Investigation Period	15-Sep-2011 to 14-Dec-2011	Price	43.45	37	30.30 (30-Nov-2011)	45.95 (10-Oct-2011)	76,880 (1,326)
		Vol	6,680	33	1 (21-Nov-2011)	10,921 (11-Nov-2011)	
Investigation Period	15-Dec-2011 to 09-Oct-2014	Price	34.05	108.65	21.30 (02-Aug-2013)	121.90 (11-Sep-2014)	1,15,50,658 (16,986)
		Vol	3,092	29,835	1 (22-Dec-2011)	901,483 (12-Feb-2013)	
After investigation period	10-Oct-2014 to 09-Jan-2015	Price	110.00	150.9	101.50 (16-Oct-2014)	172.80 (18-Nov-2014)	46,22,148 (75,773)
		Vol	57,699	28,018	6,999 (22-Dec-2014)	370,788 (22-Oct-2014)	

- b. Patch-wise price and volume movement:

Table 2

Period	Dates		Open	Close	Low	High	Total traded shares (Daily Avg.)
Patch 1 Fall (405 days)	15-Dec-2011 to 20-Aug-2013	Price	34.05	22.05	21.30 (02-Aug-2013)	56.75 (28-Feb-2012)	62,83,062 (15,476)
		Vol.	3,092	557	1 (22-Dec-2011)	901,483 (12-Feb-2013)	
Patch 2 Rise (273 days)	21-Aug-2013 to 09-Oct-2014	Price	25.55	108.65	22.00 (14-Nov-2013)	121.90 (11-Sep-2014)	52,67,596 (19,225)
		Vol.	537	29,835	1 (10-Dec-2013)	751,519 (28-Aug-2013)	

NSE:

c. Details of price & volume movement at NSE:

Table 3

Period	Dates		Open	Close	Low	High	Total traded shares (Daily Avg.)
Before Investigation Period	15-Sep-2011 to 14-Dec-2011	Price	44	36.1	31.15 (30-Nov-2011)	45.55 (26-Oct-2011)	1,03,961 (1,824)
		Vol	3,571	304	6 (09-Nov-2011)	30,330 (11-Nov-2011)	
Investigation Period	15-Dec-2011 to 09-Oct-2014	Price	35.05	109.8	20.55 (02-Aug-2013)	122.55 (11-Sep-2014)	1,06,38,660 (16,317)
		Vol	12,654	90,921	1 (04-Apr-2012)	902,836 (05-Feb-2013)	
After investigation period	10-Oct-2014 to 09-Jan-2015	Price	108.70	150.15	100.50 (17-Oct-2014)	173.00 (19-Nov-2014)	53,81,793 (88,226)
		Vol	71,547	56,949	10,772 (26-Dec-2014)	336,563 (18-Nov-2014)	

d. Patch-wise price and volume movement:

Table 4

Period	Dates		Open	Close	Low	High	Total traded shares (Daily Avg.)
Patch 1 Fall (405 days)	15-Dec-2011 to 20-Aug-2013	Price	35.05	21.65	20.55 (02-Aug-2013)	57.00 (28-Feb-2012)	39,69,459 (10,614)
		Vol.	12,654	522	1 (04-Apr-2012)	902,836 (05-Feb-2013)	
Patch 2 Rise (273 days)	21-Aug-2013 to 09-Oct-2014	Price	25.4	109.8	22.15 (14-Nov-2013)	122.55 (11-Sep-2014)	66,69,201 (23,990)
		Vol.	339	90,921	1 (07-May-2014)	327,475 (03-Sep-2014)	

2.3. During investigation, a group of 16 connected/ related entities (hereinafter referred to as '**Bharat Patel Group**') were identified. Details of the "Bharat Patel Group" and the basis of connection were provided as Annexure to the SCN. The list of said 16 entities, forming Bharat Patel Group, is as under:

Table 5

S.No	Entity Name
1	Bharat Jayantilal Patel ("Bharat")
2	Ruchit Bharat Patel ("Ruchit")
3	Minal Bharat Patel ("Minal")
4	Hardik Bharat Patel ("Hardik")
5	Prashant Jayantilal Patel ("Prashant")
6	Pankaj Jayantilal Patel ("Pankaj")
7	Vanraj/Vinod Shah
8	Ajay kumar Banwarilal Kejriwal
9	Pat Financial Consultants Pvt. Ltd. ("Pat")
10	Acira Consultancy Pvt. Ltd. ("Acira")
11	Gandiv Investment Pvt. Ltd. ("Gandiv")
12	Hridaynath Consultancy Pvt. Ltd. ("Hriday")

13	Pranav Holdings Pvt. Ltd. ("Pranav")
14	Fidelity Multitrade Pvt. Ltd. ("Fidelity")
15	Moneybee Realty Pvt. Ltd. ("Moneybee")
16	Pasha Finance Pvt. Ltd. ("Pasha")

Analysis of Bharat Patel Group's contribution to trading volume during the investigation period:

Trading of Bharat Patel Group.

2.4. Summary of trading by the Bharat Patel Group during the investigation period is tabulated as under:

Table 6

Name of Entity	BSE				NSE			
	Gross Buy	% of Gross Buy to Mkt. Vol.	Gross Sell	% of Gross Sell to Mkt. Vol.	Gross Buy	% of Gross Buy to Mkt. Vol.	Gross Sell	% of Gross Sell to Mkt. Vol.
Pasha Finance Pvt. Ltd.	893198	7.73	422098	3.65	0	0.00	471100	4.43
Hridaynath Consultancy Pvt. Ltd.	615850	5.33	837000	7.25	273659	2.57	117532	1.11
Bharat Jayantilal Patel	603000	5.22	324884	2.81	39468	0.37	1076667	10.12
Pat Financial Consultants Pvt. Ltd.	557311	4.83	860300	7.45	347194	3.26	206100	1.94
Minal Bharat Patel	275000	2.38	284975	2.47	621100	5.84	202301	1.90
Gandiv Investment Pvt. Ltd.	150000	1.30	0	0.00	0	0.00	150000	1.41
Pranav Holdings Pvt. Ltd.	150000	1.30	150000	1.30	0	0.00	0	0.00
Ruchit Bharat Patel	100000	0.87	894798	7.75	794798	7.47	0	0.00
Pankaj Jayantilal Patel	0	0.00	790000	6.84	790000	7.43	0	0.00
Total	3344359	28.96	4564055	39.51	2866219	26.94	2223700	20.90

2.5. It was noted from the above table that 9 entities out of total 16 entities in Bharat Patel Group have traded in the scrip of the AGIL during the investigation period at BSE and 8 out of 16 such entities have traded in the scrip at NSE.

2.6. Bharat Patel Group's contribution to synchronized trade during the Investigation Period is as under:

Table 7

Gross Buy Qty of the Group	Gross Sell Qty of the Group	Total traded qty among the Bharat Patel Group	Sync traded qty by the Bharat Patel Group	Sync Trades as % of total traded qty among the Group	Sync Trades as % of Total market volume	Sum of LTP contribution through sync trades
BSE						
3344359	4564055	2591627	2142281	82.66%	18.55%	-2.65
NSE						
2866219	2223700	1747931	846482	48.43%	7.96%	-2.90

2.7. The entity-wise details of synchronized trades executed by Bharat Patel Group are as under:

Table 8

Buyer Name	Seller Name	Sync. Qty.	% of Sync. Vol. to Mkt. Vol.	No. of Trades	No of days
BSE					
Pasha Finance Pvt. Ltd	Ruchit Bharat Patel	893198	7.73	1	1
Bharat Jayantilal Patel	Hridaynath Consultancy Pvt Limited	602700	5.22	1	1
Pat Financial Consultant Pvt. Ltd	Hridaynath Consultancy Pvt Limited	232000	2.01	11	2
Pat Financial Consultant Pvt. Ltd	Bharat Jayantilal Patel	241662	1.86	11	2
Pat Financial Consultant Pvt. Ltd	Minal Bharat Patel	101999	0.88	1	1
Ruchit Bharat Patel	Bharat Jayantilal Patel	97722	0.85	1	1
Total		2142281	18.55	26	8
NSE					
Minal Patel	Pasha Finance Pvt. Ltd	470950.00	4.43	2.00	1.00
Pat Financial Consultants Pvt. Ltd	Bharat Patel	220000.00	2.07	2.00	2.00
Minal Patel	Gandiv Investment Pvt. Ltd	150000.00	1.41	1.00	1.00
Pat Financial Consultants Pvt. Ltd	Hridaynath Consultancy Private Limited	5532.00	0.05	1.00	1.00
Total		846482	7.96	6	5

2.8. Bharat Patel Group purchased 33,44,359 shares (28.96% of total market volume) and sold 45,64,055 shares (39.51% of total market volume) during the investigation Period at BSE and purchased 2866219 shares (26.94% of total market volume) and sold 22,23,700 shares (20.90% of total market volume) during the Investigation Period at NSE.

2.9. It was observed that Bharat Patel Group repetitively executed synchronised trades for a) 21,42,281 shares (18.55% of the market volume) in 26 trades over 8 trading days at BSE and b) 8,46,482 shares (7.96% of the market volume) over 6 trades on 5 trading days at NSE during the Investigation Period and thus created misleading appearance of trading in the scrip of the company without any intention of change in ownership of the security.

2.10. In view of the above, the SCN alleged that the Noticee No. 1 to 6 by repeatedly executing synchronized trades within the group created a misleading appearance of trading in the scrip of AGIL without any intention of change in ownership of the security and thereby violated the provisions of Section 12A of SEBI Act, 1992 readwith Regulation 3(a), (b), (c), (d), 4(1) and 4(2)(a) and (g) of PFUTP Regulations, 2003.

- 2.11. AGIL in its reply dated June 17, 2015, has provided details of disclosure received from the Bharat Patel Group wherein it was observed that there were various instances of purchase/ sell as given in the following Table which triggered the disclosure requirement and yet disclosures were not provided by Noticee no. 1 to AGIL or the exchange.

Table 9

Date	No of shares held – pre acquisition % holding pre acquisition	% holding pre acquisition	Debit (disposal)	% shares disposed	Credit (acquisition)	% shares acquired	Closing (post acquisition)	% holding post acquisition	Trigger under R.13(1) & (3) of read with R.13(5) of SEBI PIT 1992	Disclosure Status
17-Apr-2013	618799	2.79%	0	0.00%	982826	4.43%	1601625	7.23%	Triggered R .13 (1)	Not disclosed
28-Aug-2013	1231625	5.56%	612000	2.76%	0	0.00%	619625	2.80%	Triggered R .13 (1)	Not disclosed
13-Jun-2014	548095	2.43%	0	0.00%	637000	2.82%	1185095	5.25%	Triggered R .13 (1)	Not disclosed
22-Aug-2014	744188	3.30%	100000	0.44%	0	0.00%	644188	2.85%	Triggered R .13 (1)	Not disclosed

- 2.12. Thus, the SCN further alleges that Noticee no. 1 by the failure to make disclosures when his shareholding crossed 5% and for subsequent changes of 2% or more in the scrip of AGIL, violated Regulation 13(1) and 13(3) read with 13(5) of PIT Regulations, 1992.

3. I note that the Noticees have filed a combined reply dated August 28, 2020. I note that the Noticees were granted an opportunity of personal hearing on March 23, 2021. However, the Noticees failed to avail the opportunity of personal hearing granted to them on the said date. I note that the Noticees had vide their email dated April 7, 2021, requested for another opportunity of personal hearing on the grounds of difficulty in collation of data for filling the reply aggravated by the circumstances created due to lockdown. I note that lockdown measures in Maharashtra were implemented only from April 14, 2021, thus, apparently no rationale could be gathered for the failure by the Noticees to attend the hearing scheduled on March 23, 2021. I note that the hearing was scheduled to be held through audio-visual conference. Further, I note that the first SCN in the matter

was issued in December 2019 and the supplementary SCN was issued in August 2020. The Noticees had already filed a reply dated August 28, 2020, therefore, despite a time of 16 months after the issuance of first SCN, the Noticees were still seeking for an adjournment of the hearing on the ground of inability to collate data for want of time. Being unconvinced by the reasons cited for seeking adjournment and also considering the conduct of the Noticees, no further opportunity of personal hearing was granted to the Noticees.

4. The key contentions raised by the Noticees in their reply dated August 28, 2020 are as under:

4.1. At the outset, we submit that there has been inordinate delay in issuance of SCN. Even though the details of the alleged trades are furnished by SEBI but it is humanely impossible and untenable for us or for any investor to remember and recollect and explain rationale or reasons now in 2020 as to how and why such trades of 2011-12, 2012-13, 2013-14 & 2014-15 were executed.. It is also submitted that the reasons for such could be liquidity requirements, booking of profit or loss, tax planning, availability of better alternative investment or business opportunities. It is also relevant to note that in view of large volume in market and limited human memory it is not possible to exactly give rationale for alleged transaction.

4.2. It is mentioned in the SCN that price movement of AGIL during investigation period was analyzed. The investigation has not disclosed any reasons for splitting investigation period into two patches and for attributing purported wrongdoing by linking everyday movement and fluctuation in prices of shares. The investigation has clearly picked few transactions and conveniently split investigation period in two patches to suit its pre-determined objectives.

4.3. In fact, the investigation has failed or ignored to recognize principle that price is a result of demand and supply of scrips. It is further stated that reasons for doing transactions could be many things including some news about the Company, about industry in which a company operates, specific Government steps which may affect sector or market in short or longer run,

price parity of other scripts such as some other scripts have fallen or risen sharply. Further, a particular price parity favors switch in scripts, liquidity requirement, good profit as intended. The investigation has completely failed to even recognize fluctuation in prices of scrip due to change in earning of the Company. It is also repeated that it is not humanly possible to remember reasons for doing transaction done 7 years back. The transaction was done for any of reasons either mentioned or not known now what was prevalent at that point of time.

4.4. Therefore, spilt of investigation period as done exhibits whims, fancy and wishes of the author of the SCN and to paint distorted picture of fluctuation in prices which is caused by real demand and supply of scrip. SCN is completely erroneous and misleading.

4.5. It is stated that we are independent in respect of our transactions and financially independent. We all are income tax assesses and have large portfolio. It is also pointed out that the alleged trade is minuscule compared to our volume.

4.6. Notwithstanding, what is stated herein above and without prejudice to our rights and contentions, we submit that as regard to your reference to the percentage of volume by Bharat Patel Group, we are unable to comment. We cannot be expected to explain transaction done by others. It would not be out of context to state that if we know Mr. Narendra Modi or had some dealing with them would not mean that he is Bharat Patel Group. It is submitted that our dealing if any with alleged connected entities is in our regular course of business. It is also stated that volume does not mean or indicate any breach and/or violation of any Rules and Regulations of Securities Market or would mean any wrongdoing. Volume depends on many factors like Networth of investor, no of shares held by investor. Therefore, the volume of transactions should not lead to any negative inference of any nature of whatsoever as the total gross buy and sell to the market volume is normal, considering our volumes in other scripts and total volume.

Without prejudice to what is stated herein above we state that Noticee no. 2 & 4 (Minai B. Patel & Ruchit B. Patel) is my wife and son respectively and Noticee no. 3 (Pasha Finance Pvt. Ltd.), 5 (Pat Financial Consultants Pvt. Ltd.) are Companies where I am a Director. They are financially independent. They have their own investment portfolio built over more than 12 years and are independently large taxpayer. There is not bar to "Connected" parties trading. In fact, even negotiated trades between connected parties is not prohibited and are very common.

4.7. Irrespective of the above, it is submitted that it is completely wrong to relate any wrongdoing with volume and to portray prejudice and biased picture as volume depends upon many factors like net worth of trader, traders' conviction about its trade, traders holding in the scripts, free float of shares (non-promoter), volume of particular shares, free float after elimination of large institutions and HNI holder. However, it is totally wrong to attribute any wrong doing to volume of each investor which is subjective and should be compared with his overall volume. We would expect Regulator to be fair, reasonable and objective in its approach. At least, some creditable evidence is expected rather than such bald statements without any reason or justification.

4.8. It is denied that we have repetitively executed synchronized trades within group and the allegation is contrary to facts and as mentioned in SCN. On the one hand it is alleged that we have executed trades repetitively and on other hand, the SCN itself confirms that we have entered into ONLY 8 days of synchronized trades in BSE and 6 days of synchronized trades in NSE only during 1029 days of investigation period i.e. 15/12/2011 to 09/10/2014.

4.9. It is also denied that the said trades had created misleading appearance of trading in the scrip without any intention of change in ownership of the security. The allegation is devoid of truth and evidenced and exhibits prejudiced view against us. The allegation that we have repetitively executed synchronized trade and the said trade had created misleading appearance of trading

without any intention of change in ownership of the security is mechanically pasted from other SCN and without giving any evidence and contrary to the fact that we have executed trades only for 8 days in BSE and 6 days in NSE out of investigation period of 1029 days. Full payment was made and all transactions are resulted into delivery and transferred from/or to Demat Statement and become registered holder and owner of the shares and transaction were done on platform of stock exchange and for consideration in normal course of purchase/ sale of stock and effect of transaction is reflected in audited accounts in respective years.

- 4.10. It is wrong to allege and assume that the transaction is done without any intention to change ownership while our Demat statements clearly show delivery of the same. (Demat Statement enclosed as Annexure- B). The allegation that it created misleading appearance is without any evidence and is misleading. In fact, transaction has been displayed on Bulk deal of stock exchange window when the quantity traded exceeds .5% of share capital of the Company.
- 4.11. It is also stated that there is no prohibition on synchronized trading in securities, so long as the transactions are effected in accordance with the Stock Exchange Mechanism, securities are delivered, and that the transaction has not been effected with manipulative intent to artificially move the price of the stock. It is submitted that all trades and transactions carried on the Stock Exchanges are in fact synchronized. Unless the price and the volume match, the trade or transaction cannot be effected. It is also to be noted that there is no allegation that these trades have manipulated the price of the scrip and/or were done with the intention to manipulate. It is nowhere stated in SCN that alleged synchronized trades has manipulated prices of shares. The SCN does not even alleged that any loss has been caused to any investors in the market. Also is does not even alleged that there was any malafide object, purpose or motive to execute the alleged trades. It is also not even alleged that we were in any manner connected to or acting at behest of the promoter or director of the Company whose shares are being traded. Therefore, no ulterior motive could be attributed to our transactions.

5. I note that the Noticees have not denied/ disputed the 'basis of connection' as brought out by Annexure 3 to the SCN. Therefore, I find that the connection of the Noticees with the Bharat Patel Group entities is undisputed. I also note that the Noticees have not disputed the entity wise details of trades executed by them as mentioned in Annexure 4 of the SCN.
6. The SCN has stated that out of the 16 entities belonging to Bharat Patel Group (whose details were annexed as Annexure 3 to SCN and also mentioned at Table 5 above), nine entities on BSE and eight entities on NSE have traded in the scrip of AGIL during the Investigation Period. The details of the Gross Buy and Gross Sell volume of these entities in the scrip of AGIL during the Investigation Period is as follows:

Table 6

Name of Entity	BSE				NSE			
	Gross Buy	% of Gross Buy to Mkt. Vol.	Gross Sell	% of Gross Sell to Mkt. Vol.	Gross Buy	% of Gross Buy to Mkt. Vol.	Gross Sell	% of Gross Sell to Mkt. Vol.
Pasha Finance Pvt. Ltd.	893198	7.73	422098	3.65	0	0.00	471100	4.43
Hridaynath Consultancy Pvt. Ltd.	615850	5.33	837000	7.25	273659	2.57	117532	1.11
Bharat Jayantilal Patel	603000	5.22	324884	2.81	39468	0.37	1076667	10.12
Pat Financial Consultants Pvt. Ltd.	557311	4.83	860300	7.45	347194	3.26	206100	1.94
Minal Bharat Patel	275000	2.38	284975	2.47	621100	5.84	202301	1.90
Gandiv Investment Pvt. Ltd.	150000	1.30	0	0.00	0	0.00	150000	1.41
Pranav Holdings Pvt. Ltd.	150000	1.30	150000	1.30	0	0.00	0	0.00
Ruchit Bharat Patel	100000	0.87	894798	7.75	794798	7.47	0	0.00
Pankaj Jayantilal Patel	0	0.00	790000	6.84	790000	7.43	0	0.00
Total	3344359	28.96	4564055	39.51	2866219	26.94	2223700	20.90

7. From the above Table it is observed that these entities belonging to Bharat Patel Group who traded in the scrip of AGIL during the Investigation Period have contributed to 28.96% of total market volume through purchases and 39.51% of total market volume through sales at BSE and contributed 26.94% of total market volume through purchases and 20.90% of total market volume through sales at NSE.
8. I note that the SCN has alleged that the Noticees and Gandiv Investment Pvt. Ltd. have repetitively executed synchronised trades (details mentioned at Table 6 above) for a) 21,42,281 shares (18.55% of the market volume) in 26 trades over 8 trading days at BSE and b) 8,46,482 shares (7.96% of the market volume) over

6 trades on 5 trading days at NSE during the Investigation Period and thus created misleading appearance of trading in the scrip of AGIL. I have perused Annexure 4 to the SCN (trade log), which contained details of alleged synchronized trades executed by the Noticees and Gandiv Investment Pvt. Ltd. The extract of Annexure 4 to the SCN is reproduced herewith:

Table 10

Date	Buyer Noticee no.	Seller Noticee no.	Buy Order Time	Sell Order Time	Buy Order(Limit Price)	Sell Order(Limit Price)	Buy Order Volume	Sell Order Volume	Time Difference
10/02/2012	5	2	12:58:27:4417320	12:58:27:7232380	46.65	46.65	102000	102000	00:00:00
14/01/2013	4	1	15:12:49:5688670	15:12:47:3341950	52.75	52.75	100000	100000	00:00:02
12/02/2013	3	4	09:17:55:2100170	09:17:56:5823880	36.6	36.6	894798	894798	00:00:01
15/03/2013	1	6	09:20:41:4648910	09:20:46:8003040	31.35	31.35	605000	605000	00:00:05
05/02/2014	5	6	10:22:32:0564370	10:22:32:8580480	30	30	112000	112000	00:00:00
06/02/2014	5	6	12:49:25:1025100	12:49:25:8149110	31	31	120000	120000	00:00:00
06/02/2014	5	6	12:49:25:1025100	12:49:25:8149110	31	31	120000	120000	00:00:00
06/02/2014	5	6	12:49:25:1025100	12:49:25:8149110	31	31	120000	120000	00:00:00
06/02/2014	5	6	12:49:25:1025100	12:49:25:8149110	31	31	120000	120000	00:00:00
06/02/2014	5	6	12:49:25:1025100	12:49:25:8149110	31	31	120000	120000	00:00:00
06/02/2014	5	6	12:49:25:1025100	12:49:25:8149110	31	31	120000	120000	00:00:00
06/02/2014	5	6	12:49:25:1025100	12:49:25:8149110	31	31	120000	120000	00:00:00
06/02/2014	5	6	12:49:25:1025100	12:49:25:8149110	31	31	120000	120000	00:00:00
06/02/2014	5	6	12:49:25:1025100	12:49:25:8149110	31	31	120000	120000	00:00:00
06/02/2014	5	6	12:49:25:1025100	12:49:25:8149110	31	31	120000	120000	00:00:00
06/02/2014	5	6	12:49:25:1025100	12:49:25:8149110	31	31	120000	120000	00:00:00
10/03/2014	5	1	13:47:37:1427270	13:47:36:4816340	27.5	27.5	110000	110000	00:00:01
10/03/2014	5	1	13:47:37:1427270	13:47:36:4816340	27.5	27.5	110000	110000	00:00:01
10/03/2014	5	1	13:47:37:1427270	13:47:36:4816340	27.5	27.5	110000	110000	00:00:01
10/03/2014	5	1	13:47:37:1427270	13:47:36:4816340	27.5	27.5	110000	110000	00:00:01
10/03/2014	5	1	13:47:37:1427270	13:47:36:4816340	27.5	27.5	110000	110000	00:00:01
10/03/2014	5	1	13:47:37:1427270	13:47:36:4816340	27.5	27.5	110000	110000	00:00:01
10/03/2014	5	1	13:47:37:1427270	13:47:36:4816340	27.5	27.5	110000	110000	00:00:01
10/03/2014	5	1	13:47:37:1427270	13:47:36:4816340	27.5	27.5	110000	110000	00:00:01
10/03/2014	5	1	13:47:37:1427270	13:47:36:4816340	27.5	27.5	110000	110000	00:00:01
10/03/2014	5	1	13:47:37:1427270	13:47:36:4816340	27.5	27.5	110000	110000	00:00:01
10/03/2014	5	1	13:47:37:1427270	13:47:36:4816340	27.5	27.5	110000	110000	00:00:01
10/03/2014	5	1	13:47:37:1427270	13:47:36:4816340	27.5	27.5	110000	110000	00:00:01
11/03/2014	5	1	11:37:14:2098450	11:37:13:1492900	28.15	28.15	104662	104662	00:00:01
04/04/2013	2	Gandhiv Investment Pvt Ltd	09:24:26	09:24:27	38	38	150000	150000	
04/04/2013	2	3	09:36:05	09:36:06	38	38	171100	171100	
04/04/2013	2	3	11:08:56	11:08:57	39	39	300000	300000	
05/02/2014	5	6	11:07:44	11:07:51	30.1	30.1	112000	112000	
06/02/2014	5	6	12:52:59	12:52:59	31	31	5532	5532	
10/03/2014	5	1	13:48:33	13:48:32	27.2	27.2	110000	110000	
11/03/2014	5	1	11:35:20	11:35:19	28.5	28.5	110000	110000	

From the above Table, I find that the orders for the alleged impugned trades were placed by the buyer and the seller at the same time upto the precision of the same second and the order quantity and the order price for each of the 26 trades on BSE and 6 trades on NSE were matching. I note that the order price and order quantity for each of the impugned trades also matches with miraculous precision. This is more than a mere co-incidence. The Noticees have contended that all trades on stock exchange are synchronized and they are not executed unless the price and quantity match. I note that while that may be true for trades amongst unconnected entities, but when connected entities repeatedly place orders at the same time (with hardly a difference of a second) and that too the order quantity and price of a buyer is matched with the same amount of order quantity and price of a seller without any partial order execution, then it is pre-meditated synchronized trade. I note that such synchronized trades create a misleading appearance of trading in the market. Reference may be made to the decision of the Hon'ble SAT in Appeal no. 2 of 2004 in the matter of **Ketan Parekh v/s. SEBI**, decided on July 14, 2006, relevant extract of which is reproduced hereunder:

"20. There are yet another type of transactions which are commonly called synchronised deals. The word 'synchronise' according to the Oxford dictionary means "cause to occur at the same time; be simultaneous". A synchronised trade is one where the buyer and seller enter the quantity and price of the shares they wish to transact at substantially the same time. This could be done through the same broker (termed a cross deal) or through two different brokers. Every buy and sell order has to match before the deal can go through. This matching may take place through the stock exchange mechanism or off market. When it matches through the stock exchange, it may or may not be a synchronised deal depending on the time when the buy and sell orders are placed. There are deals which match off market i.e., the buyer and the seller agree on the price and quantity and execute the transaction outside the market and then report the same to the exchange. These are also called negotiated transactions. Block deals (when shares of a company are traded in bulk) are an instance of trades that match off market. Such trades have always been recognised by the market and also by the Board as a regulator. It has recently issued a circular requiring all bulk deals to be transacted through the exchange even if the price and quantity are settled outside the market. When such deals go through the exchange, they are bound to synchronise. It would, therefore, follow that a synchronised trade or a trade that matches off market is per se not illegal. Merely because a trade was crossed on the floor of the stock exchange with the buyer and seller entering the price at which they intended to buy and sell respectively, the transaction does not become illegal. A synchronised transaction even on the trading screen between genuine parties who intend to transfer beneficial interest in the trading stock and who undertake the transaction only for that purpose and not for rigging the market is not illegal and cannot violate the regulations. As already observed 'synchronisation' or a negotiated deal ipso facto is not illegal. A synchronised transaction will, however, be illegal or violative of the Regulations if it is executed with a view

to manipulate the market or if it results in circular trading or is dubious in nature and is executed with a view to avoid regulatory detection or does not involve change of beneficial ownership or is executed to create false volumes resulting in upsetting the market equilibrium. Any transaction executed with the intention to defeat the market mechanism whether negotiated or not would be illegal. Whether a transaction has been executed with the intention to manipulate the market or defeat its mechanism will depend upon the intention of the parties which could be inferred from the attending circumstances because direct evidence in such cases may not be available. The nature of the transaction executed, the frequency with which such transactions are undertaken, the value of the transactions, whether they involve circular trading and whether there is real change of beneficial ownership, the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the 35 cumulative effect of these that an inference will have to be drawn.”

9. I note that the Noticees have contended that it is wrong to allege and assume that the transaction is done without any intention to change ownership while our Demat statements clearly show delivery of the same. I note that even though there is change in beneficial ownership but the same is merely amongst the Noticees who are connected entities. What the SCN has alleged is that by entering into the impugned synchronized trades, the Noticees have created artificial misleading appearance of trade by conducting transfer of ownership of shares within the connected entities. It has not resulted into any real transfer of ownership to other unconnected entities, rather it was merely a transfer of shares amongst connected entities.
10. I note that the Noticees have contested that the SCN ought to be set aside on the ground of inordinate delay in the issuance of the same. They have expressed their inability in defending allegations over events that have taken place long time ago. Noticees have relied on the decision of the Hon'ble SAT in Appeal no. 154 of 2020– Bharat J Patel & Others Vs. SEBI, decided vide order dated September 8, 2020. I note that in the said case the Hon'ble SAT had emphatically iterated that “whether delay has caused prejudice to the parties would depend on the facts of each case.” I note that the impugned transactions in question, in the instant matter, are as late as of April 2014. I also note that the investigation in the matter was completed in March 2019 and it involved detailed Self-trade analysis, LTP Analysis, Broker and Client Concentration Analysis and discovery and establishment of connection between 16 connected entities of Bharat Patel Group.

Thereafter the first SCN in the matter was issued in December 2019. I note that, the Noticees have merely expressed their inability to defend themselves, without specifically pointing out the prejudice, if any, that has been caused to them due to the purported delay in the issuance of the SCN. The Noticees have failed to state as to what record/ document/ evidence that could not be accessed/ obtained because of the alleged passage of time which has prejudiced their ability to defend themselves. I note that the Noticees were provided with the following documents alongwith the SCN: a) details of the entire trade log with respect to the impugned trades, b) the details of Bharat Patel Group alongwith basis of connection, c) details of price and volume of AGIL on NSE and BSE. I also note that the Noticees have in their possession demat statements for the relevant period which they have produced alongwith their reply. Thus, looking at the material available at the disposal of the Noticees, I find that the Noticees have been provided with and also they have in their possession, all the material that would have been abundantly adequate to facilitate recollection of events and thereby enabling them to form a definite defense to the charges in the SCN. On the other hand, I note that SEBI Act, 1992 and the regulations framed thereunder have got a larger public purpose in the form of investor protection and the regulation and development of the securities market. These purposes would stand defeated if the manipulators are allowed to go scot free just because of delay in initiating action against them. In view of the above facts, I find that no prejudice has been caused upon the Noticees, nor the Noticees have been able to make out a case about the prejudice due to the purported delay in the issue of the SCN.

11. I note that the Noticees have contended that the investigation by SEBI has divided the entire period of investigation into two patches without any rationale and on whims and fancies. I note that the Investigation Period has been divided into two patches for the purposes of analysis of price movement in the scrip of AGIL. This classification is purely for analytical purposes and does not have any bearing on the allegations levelled in the SCN. In fact, the alleged transactions referred to in the SCN, are spread across both the patches of the Investigation Period.

12. The Noticees have contended that even if they are connected but they are independent in respect of their transactions and financially independent. Upon

perusal of the trade log details as annexed with the SCN, it is abundantly clear that the trading pattern of the Noticees indicates connivance and a pre-meditated scheme of synchronized trading. The orders by the buyer and the seller are placed with the precision of a second and the order price and order quantity matches to the last decimal. Such synchrony in trades is more than a co-incidence and that too amongst connected entities. Therefore, I do not agree with the argument of the Noticees that there is connection and no connivance.

13. I note that the Noticees have contended that there is no prohibition on synchronized trading unless the same leads to manipulation in the price of the securities. They have pointed out that the SCN has failed to bring out the impact, if any, that has been caused to the price of AGIL due to the alleged synchronized trading. Before proceeding to examine this contention, it would be appropriate to refer to the provisions of Regulation 2(c), 3(a), 4(1) and 4(2)(a) of PFUTP Regulations, 2003, which are reproduced here:

Definitions

2. (1) In these regulations, unless the context otherwise requires,—

(a).....

(b).....

(c) “fraud” includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include—

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)

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).....

From a perusal of the above provisions of the PFUTP Regulations, 2003, I note that an act committed whether in a deceitful manner or not by a person in connivance with others in order to induce another person to deal in securities

whether or not there is any wrongful gain or avoidance of any loss is termed as 'fraudulent'. Regulation 3(a) prohibits the dealing in securities in fraudulent manner. Regulation 4(1) prohibits any person from indulging in a fraudulent or an unfair trade practice in securities. Regulation 4(2)(a) deems the act of creating false or misleading appearance of trading as 'fraudulent or unfair trade practice'. Thus, the acts specified in Regulation 4(2) are *per se* treated as fraudulent/unfair trade practice in securities without any proof of price manipulation. It is pertinent to note that none of these provisions stipulate that such act necessarily must impact the price of the scrip. I note that the Noticees have indulged into synchronized trading by repeatedly placing orders amongst themselves at the same time (with hardly a difference of a second) and that too the order quantity and price of the buyer is matched with the same amount of order quantity and price of the seller without any partial order execution or order modification. I note that such synchronized trades constituted 18.55% of market volume on BSE and 7.96 % of market volume on NSE during the Investigation Period. Such trades created a misleading appearance of trading in the securities market and thus they were in violation of the provisions of Regulation 3(a) and 4(1) read with 4(2)(a) of PFUTP Regulations, 2003.

14. From the material available on record, it is noted that Noticee no. 1 has expired on May 29, 2021. In this regard, a death certificate dated June 7, 2021 issued by ;Sub-Registrar of Births and Deaths, Municipal Corporation of Greater Mumbai, is available on record.

Directions and monetary penalties:

15. In view of the aforesaid findings and having regard to the facts and circumstances of the case, I, in exercise of the powers conferred upon me under Section 11(1), 11(4), 11(4A), and 11B(1), 11B(2) of SEBI Act, 1992 read with Section 19 of SEBI Act, 1992 and Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, direct as under:

- (i) The Noticee no. 2, 3, 4, 5 and 6, are restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing

in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of one year, from the date of coming into force of this order;

- (ii) The Noticee no. 2 to 6, are hereby imposed with, the penalties, as specified hereunder:

Noticee No.	Name of Noticees	Provisions under which penalty imposed	Penalty Amount (In Rupees)
Noticee no. 2	Mr. Minal Bharat Patel	Section 15HA of SEBI Act, 1992	10 Lakh (Ten Lakh)
Noticee no. 3	M/s. Pasha Finance Private Limited	Section 15HA of SEBI Act, 1992	10 Lakh (Ten Lakh)
Noticee no. 4	Mr. Ruchit Bharat Patel	Section 15HA of SEBI Act, 1992	10 Lakh (Ten Lakh)
Noticee no. 5	M/s. Pat Financial Consultant Private Limited	Section 15HA of SEBI Act, 1992	10 Lakh (Ten Lakh)
Noticee no. 6	M/s. Hridaynath Consultancy Pvt. Ltd.	Section 15HA of SEBI Act, 1992	10 Lakh (Ten Lakh)

- (iii) The Noticees shall remit / pay the said amount of penalties within 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, EFD-1/DRA-4, 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)	

(iv) The proceedings against Noticee no. 1 stand abated in view of the observations made in para 14.

16. 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.

17. This Order comes into force with immediate effect.

18. This Order shall be served on all the Noticees, Recognized Stock Exchanges, Depositories and Registrar and Share Transfer Agents of mutual funds to ensure necessary compliance.

Date: October 20, 2021
Place: Mumbai

Sd/-
ANANTA BARUA
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA