

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA**CORAM: S K MOHANTY, WHOLE TIME MEMBER****ORDER**

**Under Sections 11, 11(4) and 11B (1) of the Securities and Exchange Board of India
Act, 1992**

In respect of:

S. No.	Name of the Noticee	PAN
1.	Bharat Jayantilal Patel	AAAPP6652R
2.	Minal Bharat Patel	AACPP5126G
3.	Hardik Bharat Patel	AHIPP1407H
4.	Ruchit Bharat Patel	ANDPP9202F
5.	Acira Consultancy Private Limited	AAICA9489N
6.	Gandiv Investment Private Limited	AACCG3017C
7.	Pat Financial Consultant Private Limited	AAACP3115E
8.	Hridaynath Consultancy Private Limited	AACCH5285R
9.	Fidelity Multitrade Private Limited	AABCF0017A
10.	Pasha Finance Private Limited	AAACP8316P
11.	Nirshilp Securities Private Limited (now known as Nirshilp Commodities and Trading Private Limited)	AABCN4361M

In the matter of Super Sales India Limited

(The aforesaid entities are hereinafter individually referred to by their respective names/Noticee nos. and collectively as "Noticees", unless the context specifies otherwise)

Background

1. An investigation was conducted by Securities and Exchange Board of India (for convenience "**SEBI**") into the trading activities in the scrip of Super Sales India Limited (for convenience "**SSIL / Company**") for the period of December 15, 2011 to October 09, 2014 (for convenience "**Investigation Period**") for possible violation, if any, of the provisions of Securities and Exchange Board of India Act, 1992 (for convenience "**SEBI Act, 1992**") and rules and regulations made thereunder.
2. The period of investigation was divided into 6 patches. During the course of investigation, the price volume data in the scrip of the *Company* was analyzed. Details of price volume information in the scrip of *SSIL* before, during and after the Investigation Period are tabulated below:

Table no. 1: Price-Volume movement in scrip of SSIL at BSE

Period	Dates		Open	Close	Low	High	Total traded shares (Daily Avg.)
Before Investigation Period	15-Sep-2011 to 14-Dec-2011	Price ₹	189.85	139.55	131.00 (28-Nov-2011)	197.00 (22-Sep-2011)	149,752 (2,496)
		Vol.	24	6,163	13 (13-Dec-2011)	14,434 (22-Sep-2011)	
During Investigation Period							
Patch 1	15-Dec-2011 to 16-Jan-2013	Price₹	134.25	268.25	123.05 (20-Dec-2011)	286.90 (16-Jan-2013)	586,058 (2,212)
		Vol.	12,831	13,165	1 (6 instances)	248,836 (19-Dec-2012)	
Patch 2	17-Jan-2013 to 11-Aug-2013	Price₹	269.20	160.00	160.00 (01-Aug-2013)	269.20 (17-Jan-2013)	730,345 (5,618)
		Vol.	3,361	90	1 (3 instances)	270,509 (21-Feb-13)	
Patch 3	12-Aug-2013 to 12-Mar-2014	Price₹	161.95	459.80	160.60 (30-Sep-2013)	459.80 (12-Mar-2014)	605,895 (5135)
		Vol.	50	6,436	1 (2 instances)	299,771 (05-Mar-2014)	
Patch 4	13-Mar-2014 to 31-Mar-2014	Price₹	480.90	393.00	383.55 (31-Mar-2014)	480.9 (31-Mar-2014)	54,010 (4,155)
		Vol.	2430	614	196 (20-Mar-2014)	27273 (14-Mar-14)	
Patch 5	01-Apr-2014 to 28-Jul-2014	Price₹	392.00	448.00	392.00 (2 instances)	460.00 (12-May-2014)	381,005 (4,763)
		Vol.	3,967	613	33 (06-Jun-2014)	34,370 (18-Jul-2014)	
Patch 6	30-Jul-2014 to 09-Oct-2014	Price₹	443.55	338.65	302.25 (18-Aug-2014)	453 (01-Aug-2014)	132,999 (2,891)
		Vol.	15,812	1,183	10 (11-Aug-2014)	28029 (31-Jul-2014)	
After Investigation period	10-Oct-2014 to09-Jan-2015	Price₹	330.00	300.00	265.00 (17-Dec-2014)	374.70 (13-Oct-2014)	36,747 (693)
		Vol	104	58	4 (10-Nov-2014)	7,022 (24-Nov-2014)	

Table no. 2: Price-Volume movement in scrip of SSIL at NSE

Period	Dates		Open	Close	Low	High	Total traded shares (Daily Avg.)
Before Investigation Period	15-Sep-2011 to 14-Dec-2011	Price ₹	186.15	136	122.00 (28-Nov-2011)	188.50 (19-Sep-2011)	75,853 (1,264)
		Vol	1	253	1 (2 instances)	14,533 (22-Sep-2011)	
During Investigation Period							
Patch 1 Rise	15-Dec-2011 to 16-Jan-2013	Price ₹	133.05	267.90	123.00 (21-Dec-2011)	304.80 (16-Jan-2013)	803,035 (3,113)
		Vol.	488	277,591	1 (3 instances)	277,591 (16-Jan-2013)	
Patch 2 Fall	17-Jan-2013 to 11-Aug-2013	Price ₹	269.00	155.10	155.10 (08-Aug-2013)	278.65 (21-Jan-2013)	467,688 (3,963)
		Vol.	3,281	60	2 (3 instances)	331,569 (14-Mar-2013)	
Patch 3 Rise	12-Aug-2013 to 12-Mar-2014	Price ₹	165.00	460.55	156.10 (04-Sep-2013)	460.55 (12-Mar-2014)	412,608 (4,254)
		Vol.	1,305	8,585	1 (2 instances)	122,424 (05-Mar-2014)	
Patch 4 Fall	13-Mar-2014 to 31-Mar-2014	Price ₹	450.2	390	387.00 (31-Mar-2014)	479.00 (13-Mar-2014)	74,740 (5,749)
		Vol.	1,008	1,364	1 (20-Mar-2014)	36,057 (28-Mar-2014)	
Patch 5 Rise	01-Apr-2014 to 28-Jul-2014	Price ₹	389	449	386.00 (01-Apr-2014)	450.05 (09-May-2014)	284,267 (3,644)
		Vol.	293	388	5 (25-Jun-2014)	35,273 (11-Apr-2014)	
Patch 6 Fall	30-Jul-2014 to 09-Oct-2014	Price ₹	444.45	339.95	319.90 (22-Aug-2014)	449.75 (31-Jul-2014)	142,364 (3,095)
		Vol.	15,622	309	12 (25-Sep-2014)	79,765 (31-Jul-2014)	
After Investigation period	10-Oct-2014 to 09-Jan-2015	Price ₹	335.00	301.5	270.00 (18-Dec-2014)	389.00 (16-Oct-2014)	
		Vol	286	42	2 (22-Oct-2014)	2,387 (27-Oct-2014)	

Findings of Investigation

3. In the course of investigation conducted by SEBI, while analyzing the price and trade movement in the scrip of SSIL, following facts, *inter alia*, came to light:

Regarding Noticees no. 1 to 10

- a) Based on the Know Your Client (for convenience "KYC") details, Unique client code (for convenience "UCC") details, MCA database, Bank statements and off market transfer of equity shares, a group of 20 entities including the Noticee no. 1 to 10 herein were identified as entities bearing connection amongst themselves in one way or the other (hereinafter referred to as "*Bharat Patel Group*").

- b) During the Investigation Period, *Bharat Patel Group* purchased 10,45,142 shares (41.97% of total market volume) and sold 11,00,984 shares (44.21% of total market volume) at BSE. Similarly, *Bharat Patel Group* purchased 12,39,281 shares (56.73% of total market volume) and sold 7,43,677 shares (34.04% of total market volume) during the Investigation Period at NSE.
- c) It was revealed that *Bharat Patel Group* repetitively executed synchronised trades amongst each other in the scrip of *Company* during the Investigation Period. Such trades resulted into creating volumes of 5,48,959 shares (22.04% of the market volume) in 34 trades over 28 trading days at BSE. Similar trading pattern was also observed at NSE wherein trades by *Bharat Patel Group* resulted in creation of volumes of 1,24,587 shares (5.70% of the market volume) over 16 trades on 11 trading days during the Investigation Period.
- d) It was observed that the *Bharat Patel Group* through their aforesaid synchronized trades amongst each in the scrip of *SSIL* created misleading appearance of trading in the scrip of *SSIL* without any intention of change in ownership of the security. Such acts of the *Notices no. 1 to 10* have been alleged to be in breach of provisions of Section 12A (a), (b), (c) of the *SEBI Act, 1992* and regulation 3(a), (b), (c), (d) and regulation 4(1), 4(2) (a) and (g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (for convenience "*PFUTP Regulations, 2003*").

Regarding Noticee no. 11

- e) During Patch 1 (December 15, 2011 to January 16, 2013) of the Investigation Period, the scrip of *SSIL* opened at BSE at ₹134.25 on December 15, 2011, reached a high of ₹286.90 on January 16, 2013 and closed at ₹268.25 on January 16, 2013. During the Patch 1, the scrip of *SSIL* witnessed a price rise of almost 100%, with a net positive Last Traded Price (hereinafter referred to as "**(+) LTP / positive LTP**") contribution of ₹134 and a total market LTP of

₹4236.80. Investigation revealed that, during Patch 1, *Noticee no. 11* while purchasing 2557 shares of the *Company* in 2315 trades, has contributed ₹1519.55 towards the total market positive LTP which constituted 35.87% of contribution to the total market positive LTP of the scrip observed during Patch 1 of the Investigation Period.

f) Investigation further noticed that the *Noticee no. 11* has contributed to the positive LTP in the price of the scrip of *SSIL* during Patch 1 of the Investigation period by adopting the following trading pattern:

- (i) repeatedly placed buy orders above prevailing sell orders rate with negligible buy order quantity;
- (ii) repeatedly matched sell orders that were placed above LTP through market orders with negligible buy order quantity;
- (iii) repeatedly executed self-trades in negligible quantity and thereby manipulated the price of the scrip without any intention of change in ownership of the security.

g) Based on the aforesaid findings, investigation noted that the *Noticee no. 11* was not acting as genuine buyer and through his buy trades, manipulated the price of the scrip of *SSIL* and created misleading appearance of trading in the scrip of the *Company* during Patch 1 of the Investigation Period. Such acts of the *Noticee no. 11* have been alleged to be in breach of provisions of Section 12A (a), (b), (c) of the *SEBI Act, 1992* and regulation 3(a), (b), (c), (d) and regulation 4(1), 4(2) (a), (e) and (g) of *PFUTP Regulations, 2003*.

Show Cause Notice, Hearing and Replies

4. The above findings of the investigation led to the issuance of a common Show Cause Notice dated December 12, 2019 (for convenience “SCN”) to all the 11 *Noticees*, asking them to show cause as to why suitable direction(s) under Section

11(1), 11(4) & 11 (B) of the *SEBI Act, 1992* should not be issued against them for their alleged violations of provisions of *SEBI Act, 1992* and *SEBI PFUTP Regulations, 2003*.

5. I note from the available records that the aforesaid SCN was duly served on all the *Notices*. I note from the reply submitted on behalf of *Noticee no. 1*, that he has expired on 29.05.2021 and in this regard, copy of death certificate issued by Department of Health, Government of Maharashtra, has been submitted to SEBI. Subsequently, in compliance with the principle of natural justice, an opportunity of personal hearing was accorded to the *Notices* intimating them the scheduled date of hearing fixed on September 09, 2021. The hearing notices were duly served on all the *Notices* except *Noticee no. 5* through Speed Post. For *Noticee no. 5*, the hearing notice was served through email dated August 17, 2021. I note that personal hearing was attended by the Authorized representatives (AR) of the *Noticee no. 11* through Webex (video conferencing) and arguments were made by him on the lines of the written replies already filed with SEBI. However, I note that no one appeared on behalf of the other *Notices* nor any further request for adjournment has been received on behalf of such *Notices* although most of these *Notices* have filed their written replies to SEBI. I am of the view that opportunities of personal hearing have been duly provided to all the *Notices*, however, they have chosen to not appear before me for reasons best known to them. Therefore, matter is ripe enough to be proceeded with and disposed of based on merit and on the basis of material available on record, including the written replies to SCN already filed before SEBI on various dates as indicated below: -

Table no. 3: Details of reply filed by the *Notices*

<i>Noticee no.</i>	Date of Reply
<i>Noticee no. 1</i>	Replies dated December 26, 2019, March 17, 2020, June 25, 2020, August 28, 2020, October 14, 2020, November 07, 2020, December 01, 2020, April 07, 2021, September 08, 2021
<i>Noticee no. 2</i>	Replies dated December 26, 2019, March 17, 2020, June 25, 2020, August 28, 2020, October 14, 2020, November 07, 2020, December 01, 2020, April 07, 2021,

	September 08, 2021
<i>Noticee no. 3</i>	Replies dated December 26, 2019, March 17, 2020, June 25, 2020, August 28, 2020, October 14, 2020, November 07, 2020, December 01, 2020, April 07, 2021, September 08, 2021
<i>Noticee no. 4</i>	Replies dated December 26, 2019, March 17, 2020, June 25, 2020, August 28, 2020, October 14, 2020, November 07, 2020, December 01, 2020, April 07, 2021, September 08, 2021
<i>Noticee no. 5</i>	Replies dated April 08, 2021
<i>Noticee no. 6</i>	Replies dated December 27, 2019, March 16, 2020, June 24, 2020, April 08, 2021
<i>Noticee no. 7</i>	Replies dated December 26, 2019, March 17, 2020, June 25, 2020, August 28, 2020, October 14, 2020, November 07, 2020, December 01, 2020, April 07, 2021, September 08, 2021
<i>Noticee no. 8</i>	Replies dated December 24, 2019, March 18, 2020, June 24, 2020
<i>Noticee no. 9</i>	Replies dated December 26, 2019, March 17, 2020, June 25, 2020, August 28, 2020, October 14, 2020, November 07, 2020, December 01, 2020, April 07, 2021, September 08, 2021
<i>Noticee no. 10</i>	Replies dated December 26, 2019, March 17, 2020, June 25, 2020, August 28, 2020, October 14, 2020, November 07, 2020, December 01, 2020, April 07, 2021, September 08, 2021
<i>Noticee no. 11</i>	Replies dated January 13, 2020, February 10, 2020, March 17, 2020, October 13, 2020, April 05, 2021, September 07, 2021, September 14, 2021, September 22, 2021, April 29, 2022

6. I note that *Noticees no. 5, 6 and 8* have not submitted any reply on merit. After perusing the written replies filed by the *Noticees* in response to the allegations made in the SCN (as indicated in the preceding table), I summarize their submissions and arguments as follows:

Common submissions by *Noticees no. 1, 2, 3, 4, 7, 9 and 10*

- a) There is an inordinate delay in issuance of SCN for the trades executed in the years 2011-15 and the same has caused prejudice to the *Noticees* for

justifying their case, as it is difficult for them to recollect the reasons for executing such trades due to limited human memory.

- b) The reasons for doing alleged transactions could be many things including some news about the *Company*, about the industry in which a company operates, specific Government steps which may affect the sector or market in short or long run, price parity with other scrips, etc.
- c) All the alleged trades of the *Noticees* were done on the stock exchange platform and have resulted into delivery. Therefore, the allegation that the alleged trades were executed without any intention of change in ownership of the security, is erroneous.
- d) Regarding the allegation of creating misleading appearance in the scrip of the *Company* is without any evidence. Further, the transactions were displayed on Bulk Deal window of stock exchange and accordingly duly informed to the market.
- e) There is no prohibition on indulging in synchronized trading on the stock exchange platform. Further, the SCN has not alleged that any loss has been caused to any investors in the market by the alleged synchronized trades and at the same time nothing adverse / unusual was found by the surveillance system of the stock exchange during the relevant time of the trades.
- f) It has been stated that *Notices no. 2, 3 & 4* (Minal B. Patel, Hardik B. Patel & Ruchit B. Patel) are wife and sons of *Noticee no. 1* (Bharat Patel) respectively and *Noticee no. 7* (Pat Financial Consultants Pvt. Ltd.) and *Noticee no. 9* (Fidelity Multitrade Pvt. Ltd.) are Companies where *Noticee no. 1* was a Director. All these *Notices* are financially independent and have their own investment portfolio built over more than 12 years and are independent large taxpayers.

- g) *Noticees* have denied that they repetitively executed synchronized trades within the group and submitted that the allegation is contrary to facts mentioned in SCN. They have further contended that on the one hand it is alleged in the SCN that *Noticees* executed trades repetitively and on other hand, the SCN itself confirmed that *Noticees* entered into 23 trades in BSE and 10 trades in NSE during 1029 days of Investigation Period - December 25, 2011 to October 09, 2014.
- h) To further support their contentions and submissions, *Noticees* have referred to and relied upon the following judicial observations of Hon'ble Supreme Court and Hon'ble Securities Appellate Tribunal (hereinafter referred to as "**SAT**"):
- Hon'ble SAT in the matter of *Libord Securities Ltd. vs. SEBI* (Appeal no. 37 of 2008, DoD: March 31, 2008);
 - Hon'ble SAT in the matter of *HB Stockholdings Ltd. vs. SEBI* (Appeal no. 114 of 2012, DoD: August 27, 2013);
 - Hon'ble Supreme Court in the matter of *S. Jacob vs. Director of Geology and Mining* (2008 10 SCC 115);
 - Hon'ble SAT in the matter of *Subhkam Securitties vs. SEBI* ((Appeal no. 73 of 2012);
 - Hon'ble SAT in the matter of *Price Waterhouse vs. SEBI* (DoD: January 10, 2018).
 - Hon'ble SAT in the matter of *Bharat J. Patel and Ors. vs. SEBI* (DoD: September 08, 2020).

Submissions by Noticee no. 11

- i) *Noticee* is not connected to the *Bharat Patel Group* and therefore has no comments to offer in respect of statements made in the SCN pertaining to the said Group.

- j) Arbitrage being its primary business, *Noticee* looks for arbitrage opportunities in the price differences between Exchanges and make miniscule arbitrage profit, which is completely and legally valid. *Noticee* has been doing arbitrage between NSE and BSE in more than 1000 scrips.
- k) *Noticee* was following arbitrage strategy i.e. they buy/sell various scrips on BSE and correspondingly sell/buy on NSE and vice versa to take advantage of the price differential in the two markets. The trades were executed by the *Noticee* at BSE through stock broker (Shailesh Shah Securities Pvt. Ltd.) and trades at NSE were executed through stock broker Nirpan Securities Pvt. Ltd. Both of these stock brokers are *Noticee's* associate/group companies. As soon as any trade gets executed on one Exchange say for example, on NSE, the automated system squares off the opposite trade in other Exchange, i.e., BSE with similar quantity at market rate and immediately and simultaneously cancels the remaining pending order.
- l) *Noticee* has also argued that the SCN has considered trades done only at BSE and did not consider its counter leg on the NSE. Consideration of the trades at BSE in isolation without considering the counter trades at NSE will not represent the correct state of affairs. Therefore, *Noticee* requested consideration of its trades done at both the exchanges as a whole to arrive at a correct conclusion.
- m) *Noticee* has further submitted the details of corresponding orders and trades at NSE for some of the alleged trades of the *Noticee* executed at BSE. *Noticee* has also submitted the details of trades executed in various scrips to further its submission that similar arbitrage strategy was followed by it in various scrips as well on the platform of both the stock exchanges.

n) *Noticee* has, *inter alia*, referred to orders passed by SEBI in the following matters and submitted that after perusing and considering arbitrage trades executed by the *Noticee*, SEBI passed orders in favor of the *Noticee*:

- WTM Order dated March 04, 2020 in the matter of *Seshasayee Paper and Boards Ltd.*;
- WTM Order dated March 30, 2022 in the matter of *Crest Ventures Ltd.*;
- Adjudication Order dated April 27, 2020 in the matter of *Seshasayee Paper and Boards Ltd.*;
- WTM Order dated February 05, 2019 in the matter of *Winsome Yarns Ltd.*;
- Adjudication Order dated July 19, 2019 in the matter of *Winsome Yarns Ltd.*;
- Adjudication Order dated April 28, 2022 in the matter of *Crest Ventures Ltd.*

o) Regarding the allegations pertaining to self-trades, following has been, *inter alia*, submitted by the *Noticee*:

- (i) The Self Trade Prevention Check was introduced by the Exchanges only in the year 2015 and was not available during the Investigation Period. It has further submitted that none of the software systems available at the stock exchange's level during the Investigation Period had the capability to restrict a particular order which may result in a self-trade. Therefore, the orders would match unintentionally at times leading to the broker and counter broker being the same party. It has further been contended by the *Noticee* that on automated and blind mechanism of the exchange such

matching of the trades was beyond *Noticee's* control or knowledge and therefore no adverse inference may be drawn there from.

(ii) Most of the alleged self-trades have occurred because of trades executed on different terminals by different traders.

(iii) Those are accidental self-trades which arise because of the fact that the algorithm has to modify the original orders, because of original orders remaining unexecuted, in order to cut possible losses.

(iv) Even in term of SEBI's policy mere occurrence of self – trades are not *per se* illegal in the absence of any other additional evidence to prove manipulation or intent to defraud.

p) *Noticee* has further relied upon following SEBI orders in the matter of self-trades:

- *Adjudicating Officer's Order no. EAD/AO-NP/JR/47/2017 dated 19.06.2017 in the matter of Unitech Limited;*
- *Adjudication Order No. EAD/NP/JS/AO/21/2017 dated 22.02.2017 in the matter of MIC Electronics Ltd.;*
- *Adjudication Order No. EAD/NP/JS/AO/22/2017 dated 27.02.2017 in the matter of MIC Electronics Ltd.;*
- *Adjudication Order No. EAD-2/DSR/KM/108-115/2014 dated 30.04.2014 in the matter of Gayatri Projects Limited;*
- *Adjudication Order No. EAD-2/AO/143/2013 dated 14.02.2013 in the matter of Wockhardt Limited;*

Consideration of Issues and Findings

7. Considering the findings of Investigation, the allegations levelled against the *Notices* in the SCN based on such findings and the explanations offered by the *Notices* through their written replies to the SCN, I find that the following issues require consideration:

Issue 1: Whether the Noticees no. 1 to 10 are connected and whether the acts of the Noticees no. 1 to 10 during the Investigation Period have resulted in violations of the provisions of Section 12A (a), (b), (c) of the SEBI Act, 1992 and regulation 3 (a), (b), (c), (d) and regulation 4 (1) and 4 (2) (a) and (g) of SEBI (PFUTP) Regulations, 2003?

Issue 2: Whether the acts of trading in the scrip of the Company by the Noticee no. 11 during the Pathc-1 of the Investigation Period have resulted in violations of the provisions of Section 12A (a), (b), (c) of the SEBI Act, 1992 and regulation 3 (a), (b), (c), (d) and Regulation 4 (1) and 4 (2) (a) (e) and (g) of SEBI PFUTP Regulations, 2003?

Issue 1: Whether the Noticees no. 1 to 10 are connected and whether the acts of the Noticees no. 1 to 10 during the Investigation Period have resulted in violations of the provisions of Section 12A (a), (b), (c) of the SEBI Act, 1992 and regulation 3 (a), (b), (c), (d) and regulation 4 (1) and 4 (2) (a) and (g) of SEBI (PFUTP) Regulations, 2003?

8. Before I proceed to deal with the issue on merit, it is noted that some of the Noticees have contended that there has been an inordinate delay in issuance of SCN for the present proceedings which has caused prejudice to the Noticees while defending their case. Noticees have further contended that it is difficult for them to recollect the reasons for executing such trades due to limited human memory. I have perused the contention of the Noticees. I am of the view that the arguments advanced by them by taking the grounds of delay would not help the Noticees. It is a fact that investigations pertaining to price manipulation are typically complex and requires collating of various types of data including trading data and other financial information. In this respect, pursuant to the receipt of joint examination report dated February 24, 2014 by NSE and BSE. SEBI initiated investigation for an Investigation Period of almost 2 years and 10 months (15.12.2011 to 09.10.2014) during which, it had to exchange various communications with the Company, BSE, Depositories and Banks. After completion of the investigation, SEBI has initiated the instant proceedings in respect of the Noticees by issuing the SCN under consideration, on December 12, 2019. I note that a similar issue was also came up for

consideration before the Hon'ble Tribunal in the matter of *Rajendra Aggarwal vs. SEBI (Appeal No 552/2019- DoD – 17.09.2021)* and while rejecting the said contention, following has been held by the Hon'ble Tribunal:

“On issue of delay, we find that the show cause notice was issued in the year 2013 and the trades were executed in 2009. The investigation was against a large number of entities which apparently took time and ultimately notices were issued to 35 entities. Consequently, we do not find any inordinate delay in the issuance of the show cause notice.....”

Similarly, in the instant matter also, only after the receipt of the information from the stock exchanges, wheels of investigation were set in motion and after analyzing the data collected in the course of investigation, SCN was issued after following the due process.

9. Further, none of the *Noticees* has demonstrated before me as to what specific prejudice is caused to him / her /it which is causing hardship in replying to the allegations made against them in the SCN. I would also like to rely upon the following observations of Hon'ble SAT in the case of *Ravi Mohan & Ors. vs. SEBI (SAT Appeal No. 97 of 2014, DoD 16/12/2015)*:

“.....Based on decision of this Tribunal in case of HB Stockholdings Ltd. vs. SEBI (Appeal no.114 of 2012 decided on 27.08.2013) it is contended on behalf of the appellants that in view of the delay of more than 8 years in issuing the show cause notice, the impugned order is liable to be quashed and set aside. There is no merit in this contention, because, this Tribunal while setting aside the decision of SEBI on merits has clearly held in para 20 of the order, that delay itself may not be fatal in each and every case. Moreover, the Apex Court in case of Collector of Central Excise, New Delhi vs. Bhagsons Paint Industry (India) reported in 2003 (158) ELT 129 (S.C) has held that if there no statutory bar for adjudicating the matter beyond a particular date, the Tribunal cannot set aside the adjudication order merely on the ground that the adjudication order is passed after a lapse of several years from the date of issuing notice.....”

10. Considering the foregoing, I am of the view that no unreasonable delay has been committed by SEBI in initiating action in the present matter contrary to the claim made by these *Notices* and therefore, I do not have any hesitation in rejecting the contention of the *Notices* claiming delays and latches as a defense against initiating the extant proceedings against them.

11. I now proceed to deal with the issues for consideration and arguments on merit. The SCN has alleged that the *Noticee no. 1 to 10* were part of *Bharat Patel Group* and have enjoyed connections with each other and the said *inter se* connections were based on common directorship, off market transfers of shares, bank transfers, etc. I note that the Annexure no. 3 of the SCN has listed out the connections of the all the 20 entities involved in the *Bharat Patel Group*. For the sake convenience, details of such connection enjoyed by the *Noticee no. 1 to 10* with each other are tabulated below:

Table no. 4: Details of connection between *Notices*

<i>Noticee No.</i>	<i>Name of Noticee</i>	<i>Basis of Connection</i>
1	Bharat Jayantilal Patel	•Director in <i>Notices no. 7, 9 and 10</i> •Fund movements with <i>Notices no. 2, 3, 4 and 7</i>
2	Minal Bharat Patel	•Director in <i>Notices no. 9 and 10</i> •Fund movements with <i>Notices no. 1 and 7</i>
3	Hardik Bharat Patel	•Director in <i>Noticee no. 7</i> •Fund movements with <i>Notices no. 1 and 7</i>
4	Ruchit Bharat Patel	•Director in <i>Notices no. 7 and 9</i> •Fund movements with <i>Noticee no. 1</i>
5	Acira Consultancy Private Limited	•Fund movements with <i>Notices no. 6 and 7</i> •Off market transfer of shares with <i>Noticee no. 8</i>
6	Gandiv Investment Private Limited	•Fund movements with <i>Noticee no. 5</i>
7	Pat Financial Consultant Private Limited	•<i>Notices no. 1, 3 and 4</i> are directors in <i>Noticee no. 7</i> •Fund movements with <i>Notices no. 1, 2, 3, 5 and 8</i>
8	Hridaynath Consultancy Private Limited	•Fund movements with <i>Noticee no. 7</i> •Off market transfer of shares with <i>Noticee no. 5</i>

Noticee No.	Name of Noticee	Basis of Connection
9	Fidelity Multitrade Private Limited	• <i>Noticees no. 1, 2 and 4</i> are directors in <i>Noticee no. 9</i>
10	Pasha Finance Private Limited	• <i>Noticees no. 1, and 2</i> are directors in <i>Noticee no. 10</i>

12. I note from the table no. 4 above that the *Noticee no. 1 to 10* enjoyed direct connections with each other. For instance, as per the MCA data available on record, I note that *Noticee no. 1* was a common Director in *Noticees no. 7, 9 and 10*. Similarly, *Noticee no. 2* was a common director in *Noticees no. 9 & 10 and Noticee no. 4* was a common director in *Noticees no. 7 & 9*. I also observe from the bank account statements that the *Noticee no. 1* had fund transactions with *Noticees no. 2, 3, 4 and 7*. Similarly, fund transactions were observed between *Noticee no. 7* and *Noticees no. 1, 2, 3, 5 & 8*. As per the materials available on record, I note that *Noticee no. 5 and 8* are connected with each other on the basis of off-market transfers of shares. I also note that apart from the direct connections with each other, *Noticees no. 1 to 10* share indirect connection with each other through other entities of *Bharat Patel Group* by one or the other mechanism.

13. I note that the none of the *Noticees (Noticees no. 1 to 10)* has disputed before me the afore-stated connections observed amongst them. In fact, they have admitted that the afore-stated connections exist between them. In addition to the afore-stated inter se relationships, I note that *Noticees no. 1 to 4* also share blood relationship with each other. As admitted by them, *Noticees no. 2, 3 & 4 (Minal B. Patel, Hardik B. Patel & Ruchit B. Patel)* are wife and sons of *Noticee no. 1 (Bharat Patel)* respectively. I further note that *Noticees* have contended that all of them are financially independent and are independent tax payers. After perusing the aforesaid submissions of the *Noticees*, it is important for me to mention here that the SCN has not alleged the authenticity or genuineness of the connections like fund transactions, off-market transfers of the *Noticees*. Neither the SCN alleges about the irregularity in paying taxes by the *Noticees*. The SCN has alleged the *Noticees* being a

part of the *Bharat Patel Group* which have indulged and executed trades in a synchronized manner that were not genuine in nature and had in turn artificially increased the trading volumes in the scrip of *SSIL* during the Investigation Period. I am also of the view that fund transactions and off-market transfers are the instruments to join the dots which clearly show connection between the *Bharat Patel Group* entities including the *Noticees*. Further, the off-market trades form an important part of a scheme where share purchase and sale is carried out based on delivery outside the stock exchange platform. It is a common knowledge that off market share transactions between two parties can happen only when both the entities are well known and familiar to each other, hence the very act of off market transfer of shares gives rise to a strong presumption of connection between transferor and transferee entities. Further, *Noticees* have also not furnished any credible explanation to defend / justify the off-market transfers executed amongst them.

14. As already noted above, *Noticees no. 5, 6 and 8* have not filed any reply to the SCNs on merit and they have even preferred to abstain from attending the personal hearing, for the reasons best known to them. At this juncture, I find it apt to refer to and rely on the observation of the Hon'ble Securities Appellate Tribunal (for convenience "SAT") in the case of *Sanjay Kumar Tayal & Others v SEBI* (Appeal No. 68 of 2013- DoD- 11.02.2014), wherein the Hon'ble SAT has observed that-
".....As rightly contended by Mr. Rustomjee, learned senior counsel for respondents, appellants have neither filed reply to show cause notices issued to them nor have availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges levelled against them in the show cause notices....."

15. Considering the aforesaid discussions and the fact that there are materials sufficient enough to suggest that strong inter se connections existed amongst the *Noticees no. 1 to 10* which, coupled with the undisputed facts of their trades in the scrip of the *Company* during the relevant period, wherein they have been seen to

have indulged in synchronized trades with each other, it can be stated with confidence that the matching of trades amongst the *Notices no. 1 to 10* did not happen as mere coincidences but was effected intentionally due to the commonality of intent and purpose that existed amongst the *Notices* while dealing in the scrip of *SSIL*. In view of the above and in the absence of any material contrary to the allegations, I find that it can be reasonably concluded that the *Notices no. 1 to 10* were enjoying close connections amongst themselves and belonged to a common group viz. *Bharat Patel Group* in the instant case.

16. I note that in the SCN, the acts of the *Notices no. 1 to 10* of indulging in synchronized trades, thereby creating misleading appearance of trading in the scrip of *SSIL*, have been alleged to be in violations of various provisions of *SEBI Act, 1992* and *PFUTP Regulations, 2003*. Therefore, before moving forward on this issue, it would be proper to visit the afore-stated regulatory provisions alleged as to have been violated in the SCN. The said provisions are produced hereunder for ready reference: -

SEBI Act, 1992

12A. No person shall directly or indirectly –

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

exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

PFUTP Regulations, 2003

3. Prohibition of certain dealings in securities

No person shall directly or indirectly –

a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;

(b) 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.

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;

(e) any act or omission amounting to manipulation of the price of a security [including, influencing or manipulating the reference price or bench mark price of any securities];

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

17. Moving on to the allegations made in the SCN on the trade related aspects, I note that the SCN has alleged that the *Noticees no. 1 to 10* alongwith other entities of the *Bharat Patel Group* have executed synchronized trades in the scrip of *SSIL* during the Investigation Period causing misleading appearance of trading in the scrip of *SSIL* without any intention of effecting change in ownership of the security. Therefore, to begin with, the impact of trades executed by the *Bharat Patel Group* on the volumes of the scrip during the Investigation Period need to be examined before recording any finding pertaining to the alleged violations and the same has been tabulated below:

Table no. 5: Contribution of *Bharat Patel Group* in the scrip of *SSIL*

Gross Buy Qty of Bharat Patel Group	Gross Sell Qty of Bharat Patel Group	Gross Total	Total traded quantity among Bharat Patel Group	Synchronised traded quantity by Bharat Patel Group	Synchronised Trades as % of total traded quantity among Bharat Patel Group	Synchronised Trades as % of Total market volume
BSE						
1,045,142	1,100,984	2,146,126	691,361	548,959	79.40%	22.04%
NSE						
1,239,281	743,677	1,982,958	611,652	124,587	20.37%	5.70%

18. I note from the above table that the *Bharat Patel Group* has engaged in execution of synchronized trades for 5,48,959 shares constituting 22.04% of the total market volume in the scrip of *SSIL* during the Investigation Period at BSE. It is also pertinent to note that the aforesaid volumes of synchronized trading constituted

around 79.40% of the total trades executed by the *Bharat Patel Group* at BSE in the scrip of *SSIL* during the period, meaning thereby a substantial part of their trading was in the form of synchronized trading. Similarly, at NSE, synchronized trades executed by *Bharat Patel Group* in the scrip of *SSIL* during the Investigation Period accounted for 20.37% of the total number of trades executed by the *Bharat Patel Group* and those synchronized trades constituted 5.70% of the total market volumes in the scrip of *SSIL* at that stock exchange. The above clearly shows a huge amount of synchronized trades in the scrip of *SSIL* at both the stock exchanges executed by a certain set of entities who were enjoying close connection with each other that gives rise to strong suspicion on the true intent of the *Bharat Patel Group* (of *Notices no. 1 to 10* have been implicated in the present proceedings) in dealing in the scrip of the *Company*. It is a matter of concern as to whether the high contribution to the volume in the scrip by these 10 *Notices* (*Notices no. 1 to 10*) from the *Bharat Patel Group* was merely a byproduct of their regular trades or such high contribution to the volume by them contains elements of manipulative intent that is suggestive enough to infer that the said trades were executed as part of a scheme orchestrated through the execution of synchronized trades against the established norms of market mechanism.

19. I note that some of the *Notices* (*Notices no. 1, 2, 3, 4, 7, 9 and 10*) have denied the allegations of having executed synchronized trades within the *Bharat Patel Group* on a repetitive basis. To buttress their arguments, such *Notices* have submitted that they had entered into only 23 trades in BSE and 10 trades in NSE during the Investigation Period, which are miniscule in numbers. As noted earlier, although the Investigation by SEBI revealed 20 entities belonging to *Bharat Patel Group* indulging in synchronized trades, based on volumes and gravity of their indulgence, a set of 10 entities who are *Notices* hereunder (*Notices no. 1 to 10*) have been subjected to the instant proceedings. It will therefore be apt to examine those synchronized trades wherein at least one of the counterparty (buyer or seller) is from the group of *Notices no. 1 to 10* and to see the impact of such trades on the

total volumes in the scrip of SSIL during the Investigation Period. Such synchronized trades and their impact on total volumes have been tabulated below:

Table no. 6: Contribution of synchronized trades executed by the *Notices no. 1 to 10* in the scrip of SSIL

Buyer Name	Seller Name	Sync. Qty.	% of Sync. Vol. to Mkt. Vol.	No. of Trades	No of days
BSE					
Pat Financial Consultant Pvt Ltd	Hardik Bharat Patel	14,776	0.59	1	1
Bharat Jayantilal Patel	Pasha Finance Pvt. Ltd.	2,000	0.08	1	1
Bharat Jayantilal Patel	Minal Bharat Patel	29,527	1.19	2	2
Bharat Jayantilal Patel	Hardik Bharat Patel	15,200	0.61	2	2
Bjd Securities Pvt. Ltd	Hridaynath Consultancy Pvt. Ltd.	50	0.00	1	1
Fidelity Multitrade Pvt. Ltd.	Bharat Jayantilal Patel	122,082	4.90	1	1
Hridaynath Consultancy Pvt. Ltd.	Minal Bharat Patel	17,847	0.72	2	2
Hridaynath Consultancy Pvt. Ltd.	Moneybee Realty Private Limited	12,913	0.52	1	1
Hridaynath Consultancy Pvt. Ltd.	Hardik Bharat Patel	34,561	1.39	3	3
Hridaynath Consultancy Pvt. Ltd.	Ruchit Bharat Patel	4,936	0.20	1	1
Minal Bharat Patel	Pasha Finance Pvt. Ltd.	1,471	0.06	5	1
Minal Bharat Patel	Gandiv Investment Pvt. Ltd.	127,798	5.13	4	4
Hardik Bharat Patel	Minal Bharat Patel	8,115	0.33	1	1
Hardik Bharat Patel	Acira Consultancy Private Limited	150,000	6.02	3	3
Hardik Bharat Patel	Ruchit Bharat Patel	3,188	0.13	2	1
Total		5,44,464	21.87	30	25
NSE					
Bharat Patel	Hardik Bharat Patel	45,000	2.06	3	3
Bharat Patel	Ruchit B. Patel	15,000	0.69	1	1
Gandiv Investment Pvt Ltd	Fidelity Multitrade Pvt. Ltd.	622	0.03	2	1
Hridaynath Consultancy Pvt. Ltd.	Minal Bharat Patel	30,000	1.37	2	2
Hridaynath Consultancy Pvt. Ltd.	Hardik Bharat Patel	15,000	0.69	1	1
Moneybee Realty Pvt. Ltd.	Minal Bharat Patel	7,500	0.34	5	1
Moneybee Realty Pvt. Ltd.	Hardik Bharat Patel	10,000	0.46	1	1
Acira Consultancy Pvt. Ltd.	Gandiv Investment Pvt Ltd	1,465	0.07	1	1
Total		124,587	5.70	16	11

20. I observe from the aforementioned table that the *Notices no. 1 to 10* who have been found connected with each other & with other entities of *Bharat Patel Group* have executed synchronized trades with each other as well as with other entities of the *Bharat Patel Group* and in this manner, have contributed substantial volumes in the scrip of *SSIL* both at BSE and NSE. *Notices no. 1 to 10* through their synchronized trades in the scrip of *SSIL* have executed trades for as high as 5,44,464 shares and thereby have contributed 21.87% of the total volumes at BSE. Similarly, synchronized trades of *Notices no. 1 to 10* in scrip of *SSIL* at NSE have contributed to 5.70% of the total volumes in *SSIL* at NSE. I note that *Notices* have argued that the number of synchronized trades were very miniscule and it was difficult for those trades to have adversely impacted the total volumes through such small number of trades. In this regard, it is important to note that though the number of synchronized trades executed by the *Notices* on the exchange platform of BSE and NSE are 30 and 16 respectively, the impact of such trades on the trade volume is substantial, carrying a strong potential for creating misleading appearance of trading in the scrip and thereby these *Notices* have enticed the innocent investors for trading in the scrip. As is evident from the above, the *Notices no. 1 to 10* have executed 30 trades at BSE and 16 trades at NSE and their contribution to the trade volumes of the scrip through such trades was 21.87% and 5.70% of the total volumes in *SSIL* at BSE and NSE respectively. It is difficult to accept that such percentages of increase in trading volumes caused by the synchronized trades executed by these *Notices* can be called negligible or so meagre that they were not capable for creating misleading appearance of trading in the scrip of *SSIL* during the Investigation Period.

21. I note that the *Notices* have made a general contention that the purpose for executing alleged transactions could be many things, including some news about the *Company*, about the industry in which a company operates, specific Government steps which may affect sector or market in short or long run, price parity with other scrips, etc. However, *Notices* have failed to provide any logical and specific

explanation for executing their trades in the scrip of SSIL in such a repetitive manner with their connected entities. Further, the *Noticees* have submitted that there was no intention of manipulation of trades in the scrip and that all the trades executed in the scrip were purely based on their respective independent decisions. In this regard, it is important to mention here that in order to find out the "intention" behind commission of any manipulative/unfair/fraudulent trades/activities, all the attending circumstances have to be considered and taken into account. The Hon'ble SAT in the case of *Ketan Parekh Vs. SEBI (Appeal No. 2 of 2004, DoD: July 14, 2006)*, *inter alia*, held that: "... in order to find out whether a transaction has been executed with the intention to manipulate the market or defeat its mechanism, will depend upon the intention of the parties which could be inferred from the attending circumstances of the cases, because direct evidence in such cases may not be available."

22. In other words, the manipulative intent can be derived from the circumstance/*modus operandi* used by the person and it would generally be case specific. Further, ordinarily the matching of the orders amongst the connected entities cannot be coincidental, therefore, it is necessary to analyze the trading pattern of the *Noticees*. As regards the attending facts and circumstances of the instant case, the trading pattern adopted by the *Noticees* along with the other *Bharat Patel Group* entities, while executing the alleged 'Synchronized Trades' in the scrip of SSIL have been examined in the following paragraphs.

23. I note from the Annexure 4 of the SCN wherein order / trade logs of the relevant trades have been provided to the *Noticees*, that the time difference between placing of the buy order and the sell orders placed by the *Noticees* were ranging from 01 seconds to 54 seconds. In this regard, a few illustrations of such trades are tabulated below:

Table no. 7: Few synchronized trades of the *Notices no. 1 to 10* in the scrip of *SSIL*

Sr. No	Trade Date	Buyer Name	Seller Name	Buy Order Time	Sell Order Time	Difference in time of Buy and Sell Order	Whether buy and sell order quantity were identical
1	15.01.2013	BHARAT JAYANTILAL PATEL	PASHA FINANCE PVT. LTD.	15:06:53	15:06:48	00:00:05	Yes
2	21.02.2013	FIDELITY MULTITRADE PVT. LTD.	BHARAT JAYANTILAL PATEL	09:22:49	09:22:53	00:00:04	Yes
3	04.04.2013	HARDIK BHARAT PATEL	ACIRA CONSULTANCY PRIVATE LIMITED	09:46:24	09:46:27	00:00:03	Yes

24. I observe from the order log details that in all the aforesaid instances, the difference between buy order time and sell order time was less than a minute. For instance, on 15.01.2013, a sell order was placed by *Noticee no. 10* at 15:06:48, which got matched to a buy order placed by *Noticee no. 1* immediately within 5 seconds i.e. at 15:06:53. I also note from the order logs that the buy order quantity as well as the sell order quantity in all the alleged trades of the *Notices no. 1 to 10* were identical. Further, the prices at which the buy orders and the sell orders have been placed are also identical. Thus, within a few seconds of the buy/ sell order being placed on the terminal by the *Notices*, the order got matched exactly at the same price and quantity which finally caused the execution of a trade. Such unusual manner of matching of orders placed by the connected entities having the identical price and quantity placed within a period of few seconds, clearly demonstrates the pre-medicated mindset and intention of the *Notices*.

25. The trading pattern and placement of orders that got matched with selected parties, clearly point out that the transactions were consciously carried-out in such synchronized manner to ensure that the orders placed by the connected entities got matched and executed among the *Notices* on several occasions, which in the absence of any plausible explanation are sufficiently indicative of the fact that there

was a prior meeting of minds with respect to these transactions and these trades were not executed by these *Noticees* in the normal course of trading. After analyzing the trading pattern followed by the *Noticees*, it is revealed that most of the trades executed by them have resulted in synchronized trading i.e. the time difference between placement of order by the buyer and the seller were within one minute and the order rate as well as order quantity of buy side and sell side were identical, which in the facts of the matter strongly points out that such synchronized trades were not executed in the normal course of dealing in securities and rather were executed with some ulterior objective against the established norms of market mechanism.

26. It is the contention of the *Noticees* that the trading was done on-market and during the trading on an exchange platform which keeps anonymity of parties to a trade, it is not possible to know that the shares sold by them are the same shares bought by the other persons connected to them and vice versa. In this regard, on the face of it, the aforesaid submission may appear to be attractive and impressive, however, on a closer scrutiny of the facts of the matter, it is observed that a large number of trades were executed amongst all the *Noticees*, within close proximity of time of placing of the orders. Execution of trades over a period of time on a frequent basis within a close set of entities who are found to have been enjoying direct or indirect connection cannot be viewed as a mere coincidence but would lead to a compelling inference that the said synchronized trades would not have been possible without prior meeting of minds. Further, from the details of the trades executed and given the electronic trading system of the stock exchanges, I do not think that such large number of synchronized trades could have been executed by way of matching of orders repeatedly between the same set of related entities unless the trading system was being abused. The *Noticees* along with the other *Bharat Patel Group* entities had indulged in synchronized trades in the scrip of SSIL on more than one day. Synchronized trades of the *Noticees* along with the other *Bharat Patel Group* entities constitute 22.40% of the market volume at BSE and 5.70% of the

market volume at NSE which is certainly found to be a significant size of trades and these trades cannot be ignored or called as mere chance, hence the contention of the *Noticees* that no fault can be found with respect to the alleged trades merely for the reason that these trades were executed on the exchange platform, is devoid of merit as the pattern and frequency of such trades clearly suggest that the execution of these trades between similar set of entities were not mere coincidence but more than that.

27. The *Noticees* have further submitted that no investor was put to loss and they did not make any ill-gotten gains. However, such a submission of the *Noticees* has no merit, as the SCN proceeds on the charge of *Noticees* indulging in synchronized trades thereby creating artificial volume in the scrip of *SSIL* and it neither contains any allegation of price manipulation nor of making any ill-gotten gains in the scrip of *SSIL* thereby causing any loss to the innocent investors. It is therefore incumbent upon the *Noticees* to refute the charges levelled against them in the SCN with supportive evidence justifying their acts of indulgence in synchronized trades. In the absence of any such rebuttal from the *Noticees*, mere submission that no loss was caused to the investors and no gain was made to the *Noticees* would not be a defense worth considering at this stage.

28. The pattern of synchronized order placement followed by the *Noticees* as pointed out earlier, clearly indicate that there was a prior arrangement amongst the *Noticees* and the synchronized transactions were carried out with the intention that the orders to be placed by the *Noticees* should match with the orders of other *Noticees* of *Bharat Patel Group*. The trading pattern adopted by the *Noticees* also shows that the time difference between buy and sell orders was approximately close to or less than a minute and in my view, the same can't be held to be a mere chance for more than 40 such instances of trades executed by the *Noticees*.

29. I note that the *Noticees* have referred to and relied upon various judicial judgements of the Hon'ble Supreme Court of India and the Hon'ble SAT. After perusing the said judgments, I am of the opinion that except for one of those

judgements, the facts and circumstance of all other matters are completely different from the facts of the present proceedings. The only case wherein the facts and circumstances can be found to be similar relates to the decision of Hon'ble SAT in the matter of *Bharat J. Patel and Ors. vs. SEBI* (DoD: September 08, 2020). After perusing the said case, I note that the Hon'ble SAT had, *inter alia*, allowed the appeals in the above referred matter as the alleged trades in the referred matter were executed in the year 2012 and the SCN was issued after 7 years from the dates of execution of the trades. However, in the present matter, as already mentioned above (while dealing the argument of delay), the SCN was issued after 5 years from the date of the last alleged trade (2014). Further, reasons pertaining to the time taken by SEBI to complete the Investigation in the matter have also been recorded by me at paragraphs 8-10 of this Order.

30. In this respect, I find it more appropriate to refer and rely upon the findings of the Hon'ble Tribunal in the matter of *Rajendra Aggarwal vs SEBI* (DoD 17.09.2021 in Appeal no. 552 of 2019), wherein while dealing with the similar contention of appellants therein, following has been held by the Hon'ble Tribunal:

" 13. On issue of delay, we find that the show cause notice was issued in the year 2013 and the trades were executed in 2009. The investigation was against a large number of entities which apparently took time and ultimately notices were issued to 35 entities. Consequently, we do not find any inordinate delay in the issuance of the show cause notice..... In any case, such delay in the delivery of the judgment does not cause any prejudice to the appellants."

31. In view of the above, I find that the contention of the *Noticees* claiming that the present SCN should be disposed of in their favour on the ground of delays and latches in initiating proceedings against them is not sufficient. Therefore, the matters relied upon by the *Noticees* will not be of much help to the *Noticees* to evade the outcome of this proceedings. Further, regarding the allegation of synchronized trades, I would like to refer to decision of the SAT in the matter of *Grishma Securities*

Pvt. Ltd vs. SEBI (Appeal No 117 of 2010, DoD: August 04, 2010), wherein the Hon'ble Tribunal observed the following:

"We have perused the details of the structured / synchronized trades executed by the two appellants and find that the order put by them in the trading system which eventually resulted in trades not only matched to the second but even the price and quantity of the traded scrip was the same. Synchronized trades per se are not illegal and they have been sanctified by the respondent Board as per its circular dated September 14, 1999 provided the trades are executed in the manner specified therein. Synchronized trades, however can be executed with a view to manipulate the price or the volumes of the traded scrip or both or with some other ulterior purpose and whether a synchronized trade has been executed with a manipulative intent or not will have to be gathered from the intention of the parties for which there would seldom be any direct evidence. Their intention will have to be gathered from the surrounding circumstances including the pattern of trading, the frequency of the trades and their volumes, the explanation furnished by the parties and the brokers. Even the day traders cannot have the same counter party every time."

32. Also, the Hon'ble SAT in the matter of *Magnum Equity broking Ltd. Vs SEBI*, (Appeal No. 393 of 2015, DoD: November 28, 2016) noted the following:

"Synchronized trades in the history of the securities market have always been shunned for the simple reason that they create a misleading appearance of artificial volume in a particular scrip by giving the public the impression that a lot of trading activity is being conducted with respect to that scrip, making it seem like a good investment opportunity. Such artifices, if allowed to grow in number in the market, hurt the sanctity of market mechanism and hinder the ongoing constant process of the market righting and restoring itself."

33. Further, the Hon'ble Supreme Court of India in their order dated April 26, 2013 in the matter of *N. Narayanan Vs. Adjudicating Officer, SEBI*, have laid down that *"Prevention of market abuse and preservation of market integrity is the hallmark of Securities Law. Section 12A read with Regulations 3 and 4 of the Regulations 2003*

essentially intended to preserve 'market integrity' and to prevent 'Market abuse'. The object of the SEBI Act is to protect the interest of investors in securities and to promote the development and to regulate the securities market, so as to promote orderly, healthy growth of securities market and to promote investors protection. Securities market is based on free and open access to information, the integrity of the market is predicated on the quality and the manner on which it is made available to market. 'Market abuse' impairs economic growth and erodes investor's confidence. Market abuse refers to the use of manipulative and deceptive devices, giving out incorrect or misleading information, so as to encourage investors to jump into conclusions, on wrong premises, which is known to be wrong to the abusers. The statutory provisions mentioned earlier deal with the situations where a person, who deals in securities, takes advantage of the impact of an action, may be manipulative, on the anticipated impact on the market resulting in the creation of artificiality".

34. In view of the foregoing, I find that the materials on record are sufficient enough to come to record a finding that the Noticees no. 1 to 10 were involved in synchronized trades on more than one day in the scrip of SSIL, which have perceptibly created a misleading appearance of trading in the scrip. Therefore, I am of the opinion that the Noticees no. 1 to 10 have indulged in creation of artificial volume and in creation of misleading appearance of trading in the scrip of SSIL and thereby have acted in violation of the provisions of Section 12A (a), (b), (c) of the SEBI Act, 1992 and regulation 3 (a), (b), (c), (d) and regulation 4 (1) and 4 (2) (a) and (g) of SEBI (PFUTP) Regulations, 2003.

Issue 2: Whether the acts of trading in the scrip of the Company by the Noticee no. 11 during the Patch-1 of the Investigation Period have resulted in violations of the provisions of Section 12A (a), (b), (c) of the SEBI Act, 1992 and regulation 3 (a), (b), (c), (d) and Regulation 4 (1) and 4 (2) (a) (e) and (g) of SEBI PFUTP Regulations, 2003?

35. I note that during the Patch 1 (December 15, 2011 to January 16, 2013) of the Investigation Period, the scrip of SSIL opened at BSE at ₹134.25 on December 15, 2011, reached a high of ₹286.90 on January 16, 2013 and closed at ₹268.25 on January

16, 2013 thereby registering an increase of almost 100% with a net positive LTP of ₹134 and a total market LTP of ₹4236.80. As pointed out earlier in this Order, the main allegation against the *Noticee no. 11* in the SCN is that by executing manipulative trades during the *Patch-1* of the Investigation Period, the *Noticee no. 11* has contributed to the positive LTP in the scrip of *SSIL*. Therefore, in order to find out as to whether the trades executed by the *Noticee no. 11* during the *Patch-1* had impacted and contributed to the LTP of the scrip of *SSIL* during the said *Patch-1* of the Investigation Period, so as hold *Noticee no. 11* guilty of violations of provisions as alleged in the SCN, the trades executed by it during the said period require to be examined as per the table below:

Table no. 8: LTP contribution by *Noticee no. 11* in the scrip of *SSIL* during Patch 1

Buyer Name	All trades			LTP diff > 0			LTP diff < 0			LTP diff = 0		% of Positive LTP to Total Market Positive LTP
	LTP impact ₹	QTY traded	No of trades	LTP impact ₹	QTY traded	No of trades	LTP impact ₹	QTY traded	No of trades	QTY traded	No of trades	
<i>Noticee no. 11</i>	464.55	3843	3349	1519.55	635	520	-1055.00	651	514	2557	2315	35.87
Market Total	128.45	586058	11861	4236.80	107563	2553	-4108.35	259997	2617	218498	6691	100.00

36. From the trades presented in above table, it is noted that during the Patch 1 of the Investigation period the *Noticee no. 11* has executed 3349 trades and out of these 3349 trades, the SCN alleges that through 520 trades he had contributed a total positive LTP of ₹1519.55 which constituted 35.87% of the total market positive LTP. I also observe that such positive LTP of ₹1519.55 was contributed by the *Noticee no. 11* from its trading in only 635 shares which is just 0.10% of the total shares traded (586058 shares) in the scrip of *SSIL* during the Patch 1 of the Investigation Period. The aforesaid trading behavior wherein *Noticee no. 11* has contributed to more than 35% of total positive market LTP by executing 0.1% of the total trades in the scrip of *SSIL* during the said period, raises strong doubt about the intent and logic behind the trading pattern adopted by the *Noticee no. 11*.

37. I note that the SCN has alleged that the *Noticee no. 11* had contributed to positive LTP by executing buy side trades in the scrip of *SSIL* through following three modes, details of which are discussed in subsequent paragraphs:

- a) LTP contribution by repeatedly placing buy order at the rate above the prevailing sell order rate and buy order quantity being less than sell order quantity;
- b) LTP contribution by repeatedly matching sell orders placed above LTP through market orders with negligible buy quantity
- c) LTP contribution by repeatedly executing self-trades.

A. LTP contribution by repeatedly placing buy order at the rate above the prevailing sell order rate and buy order quantity being less than sell order quantity

38. I note that SCN has alleged that the *Noticee no. 11* had contributed to positive LTP by way of repeatedly placing buy orders at a rate above the prevailing sell order rates, wherein buy order quantities placed by the *Noticee no. 11* were less than sell order quantities of the counterparties. In this regard, I note that out of 520 positive LTP trades executed by the *Noticee no. 11*, in 260 trades (involving 271 shares), buy order rates were placed above the sell order rates and further, in 205 such instances, the buy order quantities placed by the *Noticee no. 11* were lesser than the corresponding sell order quantities. Few instances of such order pattern are tabulated as follows:

Table no. 9: Few instances of LTP contribution by Noticee no. 11 in the scrip of SSIL

Sr. No.	Date	Order Type	Order No	Order Time	Order Qty	Order Price ₹	Trade time	Trade Qty.	Trade Price ₹	Diff in LTP (in ₹)
1	25/09/2012	Buy	14000252053272	10:19:46	1	198.30	10:19:46	1	198.00	15.95
		Sell	13000200000144	10:17:22	8	198.00				
2	04/10/2012	Buy	18000129025390	10:20:47	1	204.25	10:20:47	1	204.00	13.95
		Sell	22000101023829	09:50:17	5	204.00				
3	31/12/2012	Buy	11000061007894	09:28:11	1	238.30	09:28:11	1	238.00	13.00
		Sell	14000091008667	09:27:40	25	238.00				
4	13/12/2012	Buy	21000084004616	09:26:49	1	239.25	09:26:49	1	239.00	11.95
		Sell	20000093019224	09:26:23	200	239.00				
5	25/09/2012	Buy	14000252053335	10:45:29	1	199.15	10:45:29	1	199.00	8.45
		Sell	21000195064704	10:42:14	15	199.00				

39. I note that the aforementioned trades wherein the buy order rates were placed above the sell order rates and buy order quantities placed were less than the sell order quantities, have caused LTP contribution of ₹448.20 (10.58% of total market positive LTP) during the Patch 1 of the Investigation Period. On further analysis of the 260 trades in which the buy order rates were placed above the sell order rates, it was noticed that in 137 trades involving purchase of 140 shares that contributed to LTP of ₹322.10 (7.60% of total market positive LTP), the buy orders were placed after the sell orders were placed which were already available in the system and wherein the buy order quantities were lesser than sell order quantities in all the instances. For instance, at sr. no. 2 in the aforesaid table, vide order no. 18000129025390, Notice no. 11 placed buy order at 10:20:47 for 1 share at price ₹190.10 while sell order no. 22000101023829 was available at ₹204.00 for 5 shares at 09:50:17. Subsequently, Notice no. 11 updated buy order price to ₹204.25 at 10:20:47 without change in quantity. The buy and sell order matched at ₹204.00 and LTP of ₹13.95 was established. The aforesaid patterns of placing orders for one quantity at a price higher than LTP and the prevailing sell order price, raises strong suspicion on the intention of the Noticee no. 11.

B. LTP contribution by repeatedly matching sell orders placed above LTP through market orders with negligible buy quantity

40. The SCN has also alleged that the Noticee no. 11 has contributed to positive LTP by way of repeatedly matching sell orders placed above LTP through market orders with negligible buy quantity. Few instances of such market orders of Noticee no. 11 that contributed to the LTP are tabulated below:

Table no. 10: Few instances of LTP contribution by Noticee no. 11 through market orders in the scrip of SSIL during

Sr. No.	Date	Order Type	Order No	Order Time (LM)	Order Qty (LM)	Order Price (LM)	Trade time	Trade Qty.	Trade Price ₹	Diff in LTP (in ₹)
1	30/12/2011	Buy	15000112003591	09:17:56.7072610	1	0.00	09:17:56	1	155.00	17.00
		Sell	11000107009064	09:16:34.9761250	15	155.00				
2	12/12/2012	Buy	15000093040427	09:48:15.7476540	1	0.00	09:48:15	1	236.90	9.85

		Sell	13000077001763	09:21:42.1975590	30	236.90				
3	05/03/2012	Buy	15000111024554	09:47:08.6072780	1	0.00	09:47:08	1	154.95	9.45
		Sell	12000120005946	09:28:02.2540700	10	154.95				
4	05/07/2012	Buy	19000284234649	14:41:34.5259990	1	0.00	14:41:34	1	177.80	6.80
		Sell	20000253309055	14:38:20.1148050	40	177.80				
5	05/07/2012	Buy	14000297163157	15:29:32.4922500	2	0.00	15:29:32	2	173.00	4.00
		Sell	20000253315671	15:22:03.6549370	15	173.00				

41. I note from the trade / order logs that there were 91 trades for 191 shares wherein the *Noticee no. 11* placed market buy order at a lower quantity to match the already placed sell order quoting a price higher than the LTP and matching of such orders resulted in contributing to the positive LTP of ₹215.80 in the scrip of *SSIL* (5.09% of total market positive LTP). For instance, at sr. no.1 in the aforementioned table, vide order no. 15000112003591 placed at 09:17:56, *Noticee no. 11* placed a buy order at market price for 1 share despite sell order no. 11000107009064 for 15 shares placed at 09:16:34 being already available in the trading system. The matching of these two orders contributed to positive LTP in the scrip of *SSIL* by ₹17.00. Similarly, at sr. no. 3 in the aforementioned table, vide order no. 15000111024554 placed at 09:47:08, *Noticee no. 11* placed buy order at market price for 1 share despite sell order no. 12000120005946 for 10 shares placed at 09:28:02 already being available for matching. The matching of these two orders contributed ₹9.45 to the positive LTP of the scrip of *SSIL*. Such a pattern of chasing the sell orders through placing market buy orders for miniscule quantities, has *prima facie* demonstrated the malafide intention of the *Noticee no. 11* to increase the price of the scrip of *SSIL* by indulging in such peculiar trade practices.

C. LTP contribution by repeatedly executing self-trades

42. In the SCN, it has also been alleged that by repeatedly executing self-trades, *Noticee no. 11* has contributed to positive LTP in the scrip of *SSIL* during the Investigation period. Therefore, to begin with, the details of such trades executed by the *Noticee no. 11* and their impact on the LTP of price of scrip of *SSIL* during the Investigation Period are tabulated below:

Table no. 11: Impact of self-trades by *Noticee no. 11* on the price of scrip of *SSIL*

Buyer Name	All Trades			LTP Diff. > 0			LTP Diff. < 0			LTP Diff. = 0		% of Positive LTP to Total Mkt. Positive LTP
	Sum of LTP ₹	Sum of Qty.	No. of trades	Sum of LTP ₹	Sum of Qty.	No. of trades	Sum of LTP ₹	Sum of Qty.	No. of trades	Sum of Qty.	No. of trades	
Nirshilp	208.45	156	153	371.20	88	85	-162.75	60	60	8	8	8.76
Total Market	128.45	586058	11861	4236.80	107563	2553	-4108.35	259997	2617	218498	6691	100.00

43. I note from the above table that *Noticee no. 11* through self-trades in the scrip of *SSIL* has contributed ₹371.20 (8.76%) to the positive LTP during the Investigation Period. I note from the table above, that through its 85 self-trades, the *Noticee no. 11* has traded in 88 shares of *SSIL* which were barely 0.015% of the total number of shares (586058) of *SSIL* traded during the Investigation Period. Few of such instances of self-trades executed by *Noticee no. 11* that contributed to positive LTP are as under:

Table no. 12: Few instances of self-trades by *Noticee no. 11* in scrip of *SSIL*

Sr. No.	Date	Order Type	Order No	Order Time (LM)	Order Qty (LM)	Order Price (LM)	Trade time	Trade Qty.	Trade Price	Diff in LTP (in ₹)
1	01/10/2012	Buy	13000142006289	10:15:05.3093120	1	205.65	10:15:05	1	205.65	19.55
		Sell	15000143000093	10:11:49.7179630	1	205.65				
2	18/07/2012	Buy	12000148060390	13:24:44.0185310	1	0.00	13:24:44	1	172.95	17.20
		Sell	11000125295286	13:21:29.3481850	1	172.95				
3	10/09/2012	Buy	20000097024247	10:05:05.3396270	1	200.95	10:05:05	1	200.95	16.95
		Sell	11000075009796	10:02:48.3289870	1	200.95				
4	25/05/2012	Buy	20000087022239	09:59:51.1796380	1	147.75	09:59:51	1	147.75	15.75
		Sell	20000087013688	09:40:22.5210660	1	147.75				
5	25/07/2012	Buy	13000085017223	10:04:27.8563630	1	169.70	10:04:27	1	169.70	14.60
		Sell	17000088010173	09:52:14.5701730	1	169.70				

44. I note that the *Noticee no. 11* has repeatedly placed buy and sell orders of small quantities (mostly 1 share at a time) that resulted in execution of self-trades and creation of positive LTP in the scrip of *SSIL*. For instance, at sr. no. 3 in the above table, *Noticee no. 11* placed buy order at ₹200.95 for 1 share vide order no. 20000097024247 at 10:05:05 on September 10, 2012, which got matched with its own sell order placed by it vide order no. 11000075009796 for 1 share at 10:02:48. Such a

matching orders resulting in self-trades contributed ₹16.95 to LTP in the scrip of SSIL.

45. In its reply and submissions, I note that the *Noticee no. 11* has strongly relied upon the basic nature of its profession as an arbitrageur in the securities market to argue that the above cited trades in single shares at higher LTPs and also the self-trades executed by it have been purely executed in due course of its arbitraging activities, and that it had no specific interest in the scrip of SSIL or any motive to influence the price of any particular scrip. *Noticee no. 11* has further submitted that during the relevant period it has also traded in 1000 other scrips on BSE and NSE. It has also contended that as soon as any trade gets executed on one Exchange say for example, on NSE, the automated system squares off the opposite trade in other Exchange, i.e., BSE with similar quantity at market rate and also and simultaneously cancels the remaining pending orders. *Noticee* has also argued that the SCN contains trades done only at BSE and did not consider the counter leg of its trades executed on the NSE. The trades at BSE should not be considered in isolation without considering the counter trades at NSE as the same will not represent the correct state of affairs. Therefore, the *Noticee* has requested for consideration of its trades done at both the exchanges as a whole, to arrive at a correct conclusion about its trades. In this regard, I note that the *Noticee no. 11* has submitted the following with respect to the trades executed in scrip of SSIL across the market:

Table no. 13: Total trades executed by *Noticee no. 11* in scrip of SSIL across exchanges

Exchange	Buy Qty	Avg. Buy Rate (₹)	Buy Amount (₹)	Sell Qty	Avg. Sell Rate (₹)	Sell Amount (₹)
BSE	7773	200.19	15,56,095.90	8102	196.46	15,91,719.15
NSE	8071	195.28	15,76,123.35	7742	200.76	15,54,288.80
Grand Total	15844	197.69	31,32,219.25	15844	198.56	31,46,007.95

46. I take note of the *Noticee's* submission that it traded in shares of SSIL, amongst more than 1000 other scrips, as a part of its "NSE-BSE arbitrage strategy", which

involves buying/selling of various scrips on BSE and correspondingly selling/buying of those scrips on NSE and vice versa, to take advantage of the price differential in the two markets. An automated algorithm-based trading system is used to capture small price differentials in the scrip on each exchange, and accordingly placed orders based on best bid or ask price available on each stock exchange and was ultimately squaring off trades on the NSE upon execution of one leg of the trade on BSE, and vice-versa. In this regard, I also note that *Noticee no. 11* has demonstrated that it had executed reverse trades at NSE for the corresponding trades executed at BSE that are alleged in the SCN. Details of some of such trades are tabulated below:

Table no. 14: Few instances of Arbitrage trades executed by *Noticee no. 11* in scrip of SSIL across exchanges

Trade Date	Order No	Order Time	Trade No	Trade Time	Buy Qty	Buy Rate	Buy Amt	Sell Qty	Sell Rate	Sell Amt	Exchange
25/09/2012	1400025205327 2	10:19:46	1014	10:19:46	1	198	198				BSE
25/09/2012	2012092560364864	10:19:28	60285696	10:19:46				1	198.95	198.95	NSE
04/10/2012	1800012902539 0	10:20:47	1002	10:20:47	1	204	204				BSE
04/10/2012	2012100460218794	10:20:35	60316375	10:20:35				1	204.95	204.95	NSE
31/12/2012	1100006100789 4	09:28:11	1001	09:28:11	1	238	238				BSE
31/12/2012	2012123160118625	09:27:40	60045917	09:28:10				1	238.85	238.85	NSE

47. I observe from the aforementioned table that *Noticee no. 11* had taken the opposite position at NSE for the alleged trades executed at BSE in the scrip of SSIL

almost at the same point of time. For instance, on 04.10.2012, *Noticee no. 11* entered into a sell trade for 1 share quantity in the scrip of SSIL around 10:20:35 am at NSE at a price of ₹204.95 immediately after 12 seconds i.e. at 10:20:47, *Noticee no. 11* entered into a buy trade for 1 share quantity in the scrip of SSIL at BSE at price of ₹204. Similar trading pattern has been observed in other trades executed by *Noticee no. 11* in the scrip of SSIL.

48. With regard to its contention of adopting similar trading pattern in other scrips as well, during the course of hearing, *Noticee no. 11* was advised to submit such trades in other scrips as well. In this regard, *Noticee no. 11* has submitted similar arbitrage strategy followed by it in various other scrips. Some of such trade details are tabulated below:

Table no. 15: Few instances of Arbitrage trades executed by *Noticee no. 11* in other scrips

Scrip Name	Order No	Trade Date	Trade Time	Buy Qty	Buy Rate	Buy Amount	Sell Qty	Sell Rate	Sell Amount
ABB LTD	23000145168608	25/09/12	12:34:07				1	779.35	779.35
ABB LTD	2012092502601446	25/09/12	12:34:07	1	782.00	782.00			
AMARA RAJA	14000202008145	25/09/12	09:21:39				1	209.85	209.85
AMARA RAJA	2012092500268957	25/09/12	09:21:39	1	209.00	209.00			
A2Z MAINTENANCE	13000207188221	25/09/12	12:09:48	1	71.30	71.30			
A2Z Maintenance	2012092502367552	25/09/12	12:09:48				1	71.15	71.15
AARTI DRUGS	15000155069887	25/09/12	11:43:59	1	153.60	153.60			
AARTI DRUGS	2012092500233439	25/09/12	11:44:00				1	154.30	154.30
CANARA BANK	16000230076003	25/09/12	15:15:38				1	434.85	434.85
CANARA BANK	2012092504256996	25/09/12	15:15:39	1	435.40	435.40			
GULF OIL CORPOR	12000158070389	25/09/12	10:27:20	1	91.40	91.40			
GULF OIL CORPOR	2012092501367471	25/09/12	10:27:20				1	91.80	91.80
CRISIL	14000252023354	25/09/12	09:40:32	1	925.0	925.00			

LIMITED					0				
CRISIL LIMITED	2012092500279637	25/09/12	09:40:32				1	928.80	928.80
J&K BANK	21000195226688	25/09/12	15:04:52				1	917.00	917.00
J&K BANK	2012092521899534	25/09/12	15:04:53	1	913.05	913.05			
RELIANCE INDUST	2012092541529658	25/09/12	12:36:17				1	442.60	442.60
RELIANCE INDUST	2012092541567788	25/09/12	12:36:18	1	442.35	442.35			
CANFIN HOME	2012092501325198	25/09/12	10:24:10	1	107.50	107.50			
CANFIN HOME	11000187033139	25/09/12	10:24:11				1	107.90	107.90

49. The submissions made by the *Noticee no. 11* have been carefully considered. There is no dispute over the profession of the *Noticee no. 11* and it is accepted on records that it was following arbitrage strategy to buy at one stock exchange and sell at another exchange in various scrips during the relevant period of time. It may not be appropriate to fully rule out its explanations in so far as their trading in single shares and at higher LTPs are concerned. The submissions are not devoid of any merit that in course of trading as an arbitrageur, it had taken both buy and sell sides of the trade resulting in self-trades. It has been submitted that once the order is placed, it is normally not possible to get one's buy order matched deliberately with his own sell order or vice versa. *Noticee* has also submitted that the SCN has not found out any connection between it and the other 10 *Noticees* who are part of this proceedings as a coherent connected group and therefore, it would not be proper to view its trades with same lens as in the case of the trades of *Noticees no. 1 to 10*. Based on the material, it can't be stated that *Noticee no. 11* has traded as part of a larger scheme to manipulate the price of the scrip or to create misleading appearance in the scrip. Moreover, as seen in the case of the rest of the 10 *Noticees*, they have all worked in tandem under a pre-conceived plan to execute synchronized trades and to create misleading appearance in the scrip of *SSIL*.

50. Based on the above, the argument of the *Noticee no. 11* that it was working as an arbitrageur cannot be ignored. Nevertheless, even if I give benefit of doubt to the *Noticee no. 11* for the alleged abnormal trading pattern followed by it and for the

self-trades which are inimical to the integrity of the securities market based on its representations about its nature of job, I can't be oblivious to the fact that the *Noticee no. 11* has traded in an irresponsible and artificial manner thereby throwing away market prudence to the wind and in the process, has generated artificial volume and created misleading appearance of trading in the scrip, apart from causing a rise in the LTP of the scrip. I also note that the Hon'ble SAT in the case of *HJ Securities Pvt Ltd vs. SEBI (DOD-11/05/2012)*, have held that simply because the number of such self-trades is not large by itself cannot justify execution of self-trades. However, keeping the nature of profession and the explanations offered by the *Noticee no. 11*, and the fact that there is no allegation against the *Noticee no. 11* that it acted as part of any pre-designed scheme acting in concert with *Noticees no. 1 to 10*, and after taking a holistic assessment of the case made out by the *Noticee no. 11* including the factors that the it followed similar arbitrage strategy in other scrips as well during relevant point of time, such trades strictly cannot be held as manipulative trades executed under a scheme or devise as alleged by the SCN.

51. It is also brought to my notice that SEBI has come out with a policy decision to deal with self-trades, which lays down that in order to find someone guilty of self-trades under the *PFUTP Regulations, 2003*, it is essential to find out that there is an intention of manipulation behind such self-trades. The policy indicates that accidental/unintentional self-trades should not be subjected to *PFUTP Regulations, 2003* as mere occurrence of self-trades would not be considered *per se* illegal in the absence of any other additional evidence to support manipulation or intention to defraud. The aforesaid policy thus, suggests that in the matters of self-trades, an assessment has to be made as to whether the said trades were intentional or unintentional on the basis of supporting evidences such as the manipulative intent, the volume transacted, illiquidity of the scrip etc. Provisions of *PFUTP Regulations, 2003* prescribe that dealing in securities shall be deemed to be a fraudulent transaction or an unfair trade practice if it involves an element of fraud and may also include entering into a transaction in securities without any intention of

performing it or without an intention of effecting any change of ownership of such a security. Since self-trades do not result in transfer of beneficial ownership, the same gets covered within the sweep of *PFUTP Regulations, 2003*. However, mere occurrence of self-trades cannot be *suo-moto* considered as illegal in the absence of any other corroborative evidence to prove manipulation of price or volume or intent to defraud, as normally seen in cases of synchronized trades or trades executed as part of a pre-designed scheme. Therefore, in the matters of self-trades, first an assessment has to be made as to whether such trades were executed with any intention or executed in an unintentional manner on the basis of the supporting evidence, and the market manipulation if any, caused by indulging in such self-trades should be ascertained from the available facts and circumstance in which such trades were executed. In view of the above, in the absence of any evidence demonstrating that the impugned self-trades were executed intentionally to manipulate the market, mere accidental/unintentional self-trades should not be hit by the mischief under the *PFUTP Regulations 2003*.

52. I note that the allegations against *Noticee no. 11* have been made in the SCN on the basis of execution of self-trades and miniscule trades in the scrip of *SSIL* and no other material is made available to me to indicate that such self-trades were manipulative in nature and/or have resulted into creation of false or misleading appearance of trading in the scrip in the securities market or have been executed for manipulating the price/volume of the scrip. At this stage, I observe that the attending facts and circumstances of the case of *Noticees no. 11* are not sufficient enough to prove the violations against it, as alleged in the SCN.

53. In view of the aforesaid discussion, I find force in the submissions and explanation advanced by the *Noticee no. 11* that the execution of such trades and self-trades was accidental, unintentional and consequential to the trading practice normally followed by it for arbitraging activities in shares of different companies including the scrips of *SSIL*. The materials available on record are not sufficient enough to hold that the above noted trades executed by the *Noticees no. 11*, could

have created artificial volume and/or manipulated the market or could have disturbed the market equilibrium in the said scrip. Therefore, I hold that the act, conduct and trading behavior of *Noticee no. 11* may not fall strictly within the ambit of provisions of *SEBI Act, 1992* and *PFUTP Regulations 2003*, however, considering the volume of its trades and the *modus operandi* followed by *Noticee no. 11* while trading in the scrip of the *Company* which possessed the potentiality to threat market integrity and distort the price discovery in the said scrip, justice would be met by warning the *Noticee no. 11* to be extremely careful in future and to observe due diligence so as to remain compliant with law and procedure while trading in the securities market.

54. To summarise, I note that materials on record are sufficient to arrive to a finding that the *Notices no. 1 to 10* were involved in synchronized trades on more than one day in the scrip of *SSIL* and had deliberately created misleading appearance of trading in the scrip of *SSIL*. Therefore, I am constrained to hold that the *Notices no. 1 to 10* were not acting as genuine market participants and had no *bona fide* intention to trade in the shares of *SSIL*, hence by their acts of executing synchronized trades in the scrip of *SSIL* in a repeated manner, they have violated provisions of Section 12A (a), (b), (c) of the *SEBI Act, 1992* and regulation 3 (a), (b), (c), (d) and regulation 4 (1) and 4 (2) (a) and (g) of *SEBI (PFUTP) Regulations, 2003*. However, considering the fact that the *Noticee no. 1* has expired (as mentioned at paragraph number 5 of this Order), the instant proceeding stands abated only against the *Noticee no. 1* and accordingly, the SCN issued against the *Noticee no. 1* is disposed of without any further action.

Directions

55. In view of the aforesaid discussions and findings with respect to the violations of provisions of *SEBI Act, 1992* and *SEBI PFUTP Regulations, 2003* by the *Noticee no. 1 to 10* as found established, I in exercise of powers conferred upon me under Sections 11(1),11(4),11B(1) read with Section 19 of the *SEBI Act, 1992*, in order to protect the interest of investors and the integrity of the Securities Market and to

meet the ends of justice, hereby restrain the *Notices no. 2 to 10* from accessing the Securities Market and further prohibit them from buying, selling or otherwise dealing in securities, directly or indirectly in any manner, for the period as directed below:

Name of the Noticee	(Period in years / months)
Minal Bharat Patel	03 months
Hardik Bharat Patel	03 months
Ruchit Bharat Patel	03 months
Acira Consultancy Private Limited	03 months
Gandiv Investment Private Limited	03 months
Pat Financial Consultant Private Limited	03 months
Hridaynath Consultancy Private Limited	03 months
Fidelity Multitrade Private Limited	03 months
Pasha Finance Private Limited	03 months

56. It is clarified that during the period of restraint, the existing holding of securities of the aforesaid *Notices* including units of mutual funds, shall remain frozen.

57. It is clarified that obligation of the aforementioned *Notices*, 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, can take place irrespective of the restraint/prohibition imposed by this Order, in respect of pending transactions, if any. Further, all open positions, if any, of the aforesaid *Notices* in the F&O segment of the stock exchange, are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.

58. Further, *Noticee no. 11* is hereby warned to be careful in future while dealing in securities market.

59. The Order shall come into force with the immediate effect.

60. A copy of this Order shall be forwarded to all the *Notices*, all the recognized Stock Exchange, depositories and registrar and transfer agents for ensuring compliance with the above directions.

-Sd-

DATE: APRIL 29, 2022

S. K. MOHANTY

PLACE: MUMBAI

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA