

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

Under Sections 11, 11B and 11(4) of the Securities and Exchange Board of India Act, 1992 read with Regulation 11 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003

In respect of :

S. No.	Name	PAN
1	Jigar Praful Ghogari	ASFPG8598L
2	Kiran Bhiku Bhanaes	AQUPB0853G
3	Janak Chimanlal Dave	AEPPD9110D
4	Dilipkumar Pukhraj Jain	AACPJ5643C
5	Bhupesh Harischandra Rathod	AACPR3785K
6	Kishan Balaram Shigvan	BAWPS1264D
7	Kiran Madhusudan Sheth	ALJPS1874Q
8	Shree Shagun Financial Services (SSFS)	ABTFS0353F
9	Oliwonders Financial Services Pvt. Ltd. (OFSP)	AABCO2030J
10	Neevan Capital Markets Pvt. Ltd. (NCMPL)	AACCN7650G
11	Jatin Shah	AACPS6128D
12	Bhavesh Pabari	AKGPP8679N
13	Hemant Sheth	ANOPS8607E
14	Prem Parikh	ALHPP3489N
15	Ankit Sanchaniya	BLNPS3316L
16	Jinal Apurval Rawal	ATHPR5041C

In the matter of Polytex India Limited, Gemstone Investments Limited and KGN Enterprises Limited.

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1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI'), conducted an examination of trading in the scrips of Polytex India Limited ("PIL" or "Polytex") {for the period – 13.04.2012 to 17.12.2012}, KGN Enterprises Limited ("KGN") {for period – 27.12.2011 to 17.12.2012} and Gemstone Investments Limited ("Gemstone") {for the period – 18.04.2012 to 17.12.2012}, all listed at the BSE Limited (BSE). SEBI observed a huge rise in traded volumes and prices of these scrips as given in the following Table:

Table 1

Serial No.	Name of Scrip	Examination Period	Price Variation (based on closing price) in ₹	High - low traded volume during the period
1.	Polytex India Limited	April 13, 2012 to December 17, 2012	136.5 to 252 (87% rise)	1,688 to 2,94,476
2.	Gemstone Investments Ltd	April 18, 2012 to December 17, 2012	9 to 19.7 (122% rise)	810 to 25,84,018
3.	KGN Enterprises Limited	December 27, 2011 to December 17, 2012	186.55 to 807.45 (333% rise)	11 to 2,53,764

2. Pursuant to such examination, SEBI vide an ad interim ex-parte Order dated May 10, 2013 (“the interim order”), restrained certain persons/entities, namely, Jigar Praful Ghoghari, Kiran Bhiku Bhanas, Janak Chimanlal Dave, Jinal Apurval Rawal, Dilipkumar Pukhraj Jain, Bhupesh Harischandra Rathod, Kishan Balaram Shigvan, Kiran Madhusudan Sheth, Shree Shagun Financial Services (“SSFS”), Oliwonders Financial Services Pvt. Ltd. (“OFSPL”) and Neevan Capital Markets Private Limited (“NCMPL”) i.e. Noticees 1 to 11, from accessing the securities market and further prohibited them from buying, selling or dealing in securities in any manner whatsoever, till further directions. The interim order alleged that the above persons/entities prima facie violated the provisions of section 12A(a), (b) and (c) of the Securities and Exchange Board of India Act, 1992 (“the SEBI Act”) and regulations 3(a), (b), (c) and (d) and 4(1), 4(2)(a), (b), (e) and (g) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (“the PFUTP Regulations”) while dealing in the aforesaid scrip. The interim order gave opportunity to all the eleven persons/entities to file their objections, if any, within twenty one days from the date thereof. After giving opportunity to file replies and personal hearing, SEBI, vide Order dated January 07, 2014, confirmed the interim directions against the aforementioned eleven persons/entities, while the detailed investigation in the matter was in progress.
3. Based on the investigation, SEBI decided to initiate several types of enforcement proceedings in the matter, including impounding of the unlawful gains made by the suspected persons / entities in order to prevent such persons/ entities from diverting the funds and to safeguard the interests of securities market. Accordingly, SEBI took urgent preventive steps of impounding and retaining the proceeds by way of an *interim* measure and passed an Impounding Order dated August 20, 2015, against sixteen entities, which included eleven persons / entities against whom interim and confirmatory orders were passed and five other entities i.e. Noticees 12 to 16.

4. On the basis of the investigation, a common Show Cause Notice (SCN) dated December 30, 2016 was issued to **Jigar Praful Ghoghari, Kiran Bhiku Bhanaes, Janak Chimanlal Dave, Jinal Apurval Rawal, Dilipkumar Pukhraj Jain, Bhupesh Harischandra Rathod, Kishan Balaram Shigvan, Kiran Madhusudan Sheth, SSFS, OFSPL, NCMPL, Jatin Shah, Bhavesh Pabari, Hemant Sheth, Prem Parikh and Ankit Sanchaniya** (hereinafter collectively referred to as the "noticees"). Jigar Praful Ghoghari, Kiran Bhiku Bhanaes, Janak Chimanlal Dave, Jinal Apurval Rawal, Dilipkumar Pukhraj Jain, Bhupesh Harischandra Rathod, Kishan Balaram Shigvan, Kiran Madhusudan Sheth and Jatin Shah having carried out manipulative trades jointly in the market, are also referred to as the 'trading noticees' and SSFS, OFSPL, NCMPL, Bhavesh Pabari, Hemant Sheth, Prem Parikh and Ankit Sanchaniya, having financed the trading members, are referred to as 'financing noticees' in the paras below.
5. In the SCN, it was *inter alia* alleged that :-
- 1) Based on the bank statements and KYC documents, noticees were found to be connected;
 - 2) From the bank statements of these noticees for the period 01/12/2011 to 17/12/2012, it is observed that the trading noticees have received Rs. 157.14 crore from the SSFS, Rs. 5.16 crore from OFSPL and Rs. 0.63 crore from NCMPL;
 - 3) The funds received by the noticees were directly transferred to stock brokers against their pay in obligations, indicating that the funds were received for trading;
 - 4) The noticees acted as front entities of the Parikh-Pabari group which indirectly traded in the market in violation of the SEBI order dated February 2, 2011;
 - 5) Noticees executed synchronized trades amongst themselves, which resulted in creation of artificial volume in the market;
 - 6) Noticees executed self-trades and reversal trades amongst themselves which resulted in creation of artificial volumes in the market;
 - 7) Noticees also significantly influenced the price in the scrips by contributing to positive Last Traded Price (LTP);
 - 8) The noticees had traded substantially amongst themselves, created artificial volume in the market and also contributed to the positive LTP and thus they manipulated the price - volume in the scrip of PIL, KGN and Gemstone, making an unlawful profit amounting to ₹4.18 crores;
 - 9) Thus the noticees were show caused as to why appropriate directions in terms of sections 11 and 11B of the SEBI Act, 1992 including disgorgement of unlawful gains should not be passed against them for the violations alleged to have been committed by them.

6. The common SCN was not initially served on Jigar Praful Ghoghari, Janak Chimanlal Dave, Jinal Apurval Rawal, SSFS and NCMPL. None of the noticees submitted reply to the SCN. Considering the facts of the case, an opportunity of personal hearing was granted to the noticees on August 21, 2017. The notice of personal hearing was served on all the noticees by Hand Delivery and Newspaper publication.
7. Mr. Vikash Bengani (hereinafter referred as the “AR”) appeared on behalf of all the 16 noticees and made the following preliminary submissions :-
- (i) As another 11B proceeding in the scrip of Polytex is listed for hearing on November 13, 2017, he requested that the two SCNs / proceedings be merged;
 - (ii) As the details of profit calculation was not provided to him, the same may be provided;
 - (iii) The copies of the documents showing reasons for not accepting the recommendation of the Investigating Officer and initiating 11B proceedings against the aforesaid 16 entities by an addendum to the investigation report was sought. This aspect is dealt with separately in this order elsewhere;
 - (iv) As NCMPL and OFSPL are struck off from the MCA list, the proceedings against them should be dropped;
 - (v) Citing the principle of double jeopardy, he stated that simultaneous proceedings U/s. 11B and Adjudication proceedings against all the noticees on the same transactions are not maintainable.
8. All the noticees submitted their replies to the SCN. The Noticees submitted similar /identical replies and hence common issues / grounds have been identified and grouped together and summarized below. Trading noticees, namely; Jigar Praful Ghoghari, Kiran Bhiku Bhanas, Janak Chimanlal Dave, Jinal Apurval Rawal, Dilipkumar Pukhraj Jain, Bhupesh Harischandra Rathod, Kishan Balaram Shigvan, Kiran Madhusudan Sheth and Jatin Shah inter alia submitted that :-
- a) Calculation of ill-gotten profits not clarified;
 - b) Need for Addendum to the Investigation Report and office note approving action under Section 11B not furnished. Trade and order log for the period 2009 to 10.05.2013 not provided;
 - c) Requisite documents were not supplied, which is in violation of the Principles of Natural Justice;
 - d) Disputed the connection on the basis of KYC documents, common address, mobile numbers and email IDs etc;
 - e) KYC documents not legible;

- f) Received funds from financing noticees purely for business purposes;
- g) Financing noticees are not debarred entities/persons and even receiving funds from a debarred entity is not a crime. No proof to show that the amount received was utilized for the purpose of trading;
- h) Investigating officer found no adverse inference from the trading done by suspected entities;
- i) Investigating officer recommended revocation of direction;
- j) The mechanism to stop Self Trade was put in place by Stock Exchanges only from October 7, 2015;
- k) SEBI policy on self-trade, dated May 16, 2017 also relevant in the present case;
- l) A few instances of self-trades in themselves would not ipso facto, amount to an objectionable trade;
- m) Regarding synchronized and reversal trades, the Investigating officer had also not drawn any adverse inference, as the volume of such trades compared to the market volume is very low which could not disturb market equilibrium;
- n) No adverse inference drawn by Investigating officer on the basis of first trade, NHP, off market transfer in the scrip of Polytex;
- o) Illegal profit is wrongly calculated;
- p) Suspected entities have actually suffered loss during the investigation period;

Additional submission by Financing Noticees :-

- a) In the same matter as proceedings against the directors in their individual capacity have been initiated separately, the present proceedings U/s 11B should be dropped against the companies;
- b) Relying on the judgment of MP Vora Shares & Securities Pvt. Limited Vs SEBI (Hon'ble SAT order dated August 22, 2012), wherein the Hon'ble SAT held that without giving any reason a Designated Member cannot differ from the Designated Authority, it was submitted that in the present matter, the Whole Time Member (WTM) deviated from the recommendation of the Investigating officer without giving any reason;
- c) No trades were executed by company, thus no violation of PFUTP Regulations is maintainable against the companies;
- d) In the same matter, through an Interim order dated May 10, 2013, WTM, SEBI directed initiation of Adjudication proceedings against Bhavesh Pabari, Hemant Sheth, Prem Parikh and Ankit R Sanchaniya for non-compliance of SEBI order dated February 2, 2011. Thus following the principles of Double Jeopardy, the present proceedings, should be dropped;
- e) Transfer of funds to the trading noticees for business purpose is not a crime;

- f) Directors of companies were never stopped from doing business other than relating to the securities market.

Consideration

9. The first submission made by the AR is regarding merger of the two proceedings/SCNs. In this regard, it is observed that the present proceedings/SCN, is against 16 entities whereas the second proceedings/SCN is against ten entities. In the two SCNs, there are only five common noticees namely; Shagun Financial Services, Bhavesh Pabari, Hemant Sheth, Prem Parikh and Ankit Sanchaniya. It is also observed that the present SCN is for three scrips PIL, KGN and Gemstone whereas the second SCN is only for PIL. It is also relevant to mention that in the present SCN, the Investigation Period in the scrip of PIL is April 13, 2012 to December 17, 2012 whereas in the second SCN, the Investigation Period is October 12, 2010 to December 30, 2011. Thus, the two SCNs are arising out of two different Investigation. Since my jurisdiction in the present quasi-judicial proceeding is limited to adjudication of the allegations contained in the subject SCN, it was not considered appropriate to merge the present proceedings with another SCN which is not before me.
10. The second plea taken by all noticees is regarding non-furnishing of documents and violation of principles of natural justice. At the outset, I note that 9 out of 16 noticees failed to appear and furnish information to the Investigating officer when called upon by issuing of summons. Further, I note that SEBI had furnished Investigation Report and its annexures, SCN and all documents relied upon in the SCN, to the noticees. SEBI had given an opportunity of inspection to all the noticees. During the personal hearing, the AR of the noticees requested for the calculation of profit details and the same was furnished to him. AR has also raised a request to provide the office note of WTM on the investigation report. It is relevant to state that the noticees cannot insist that the WTM of SEBI is bound by the inferences and proposals of the Investigating Authority (IA). The Noticees are not justified in questioning the authority of the WTM for deviating from the IA's proposal. The documents that from the basis of the allegation in the SCN, having been provided, it is imperative on the side of the noticees that they defend the allegations without deviating away from the issue. I note that the present proceedings were duly approved by the Competent Authority as prescribed in the Delegation of Powers of SEBI.
11. The third plea taken by eleven noticees who figured in the interim order is regarding the recommendation of investigating officer which was for revocation of interim direction issued vide confirmatory order dated January 7, 2014. In this regard, it is noted from the records that the investigation report was considered by WTM and he accordingly directed investigating officer to look into the possibility of

quantification of gains in the alleged manipulative trades and consider if there were circumstances under which Section 11B proceedings under SEBI Act for debarring the Noticees may be continued. As directed, on a further analysis for quantification of gains, the investigation officer found that eight noticees have made unlawful gains of Rs. 3,05,99,174 in the matter. Bearing in mind all the facts of the case along with the magnitude of profit made by the noticees, investigating officer changed his recommendation to proceedings under section 11B of SEBI Act, 1992 along with Adjudication proceedings. It is also pertinent to note that the investigating officer had initially not completely absolved the nine trading noticees but recommended Adjudication proceedings against them. Considering the totality of facts and circumstances of the case, the Competent Authority also held that only Adjudication proceedings in the matter may not suffice and approved proceedings under section 11B of SEBI Act, 1992 along with Adjudication proceedings.

12. Some of the noticees, especially the financing noticees have raised the plea of inflicting of double punishment i.e. proceedings U/s 11B and Adjudication, for the same offence. In this regard, it is relevant to mention that the order of Hon'ble SAT in the matter of M/s Shree Gayatri Shares and Services Pvt. Ltd. Vs. SEBI (Appeal no. 187 of 2009, dated November 4, 2009) wherein similar issue was raised in appeal and Hon'ble SAT held that:-

“It appears that the only ground on which the impugned order is now sought to be challenged is that the Board have issued directions under section 11B of the Securities and Exchange Board of India Act, 1992 (for short the Act) debarring the appellant from accessing the securities market could not initiate adjudication proceedings as that would amount to penalizing the appellant twice for the same wrong. This is not so. The Act specifically empowers the Board to issue direction to any person associated with the securities market with a view to protect the interest of the investors and market. The appellant was found indulging in manipulative trades and was, therefore, debarred from accessing the securities market for a period of 2 years. For the same wrong doing, the Act empowers the Board to impose monetary penalty as well by initiating adjudication proceedings. In this view of the matter, we find nothing wrong with the Board initiating proceedings for the imposition of monetary penalty. There is thus no merit in this ground of challenge.”

13. Having dealt with the preliminary and common contentions of the noticees, I now proceed to deal with the allegation in the SCN and submissions of the noticees which relate to the said allegations. In the SCN, it is charged that on the basis of KYC documents, funding and bank statements, thirteen noticees were found to be connected to each other as shown below:-

Table 2

SN	Name of Entity	PAN	Connection details
1	Kiran Bhikhu Bhanaes	AQUPB0853G	<ul style="list-style-type: none"> • Common land line no.:- Chirag Jariwala*, Jigar Ghogari and Kiran Bhikhu Bhanaes - 40229880. • Kiran Bhanaes had received funds from Shree Shagun Financial Services (SSFS)*, Oliwonders Financial Services Pvt. Ltd. (OFSP)* and Jigar Ghogari.
2	Jigar P Ghoghari	ASFPG8598L	<ul style="list-style-type: none"> • Common address: Jigar Ghogari, Prem Parikh* and OFSP* - H No 140k Cavel Cross Lane No 7 3rd Floor 6 Gai Wady Kalbadevi Road, Mumbai, Maharashtra, India, 400002. • Common Mob. no. : Chirag Jariwala*, Jigar Ghogari. - 9920134780. • Common Land line no. : Chirag Jariwala*, Jigar Ghogari and Kiran Bhikhu Bhanaes - 40229880. • Common Mob. no.: Dilip Jain and Jigar Ghogari - 9870895035. • Common E-mail ID : Chirag Jariwala*, and Jigar Ghogari.- BIGFINS1@GMAIL.COM / KANAKSHAGUN@GMAIL.COM/ SSF2AN0J0046@JAADOOMAIL.COM/ CHIRAG_BHAI@YAHOO.COM • Common E-mail ID: Jigar Ghogari and Bhavesh Pabari* - BHAVESH_PABARI2005@YAHOO.COM. • Common E-mail ID : Jigar Ghogari and Prem Parikh* and Chirag Jariwala* - PARIKHPREM@GMAIL.COM / PARIKHPREM@YAHOO.COM • Jigar Ghogari received funds from SSFS*, OFSP* • Jigar Ghogari had given funds to Kishan Shigvan, Jinal Rawal, Kiran Bhanaes, Kiran Sheth, Janak Dave, Dilip Jain and Bhupesh Rathod.
3	Dilip Pukhraj Jain	AACPJ5643C	<ul style="list-style-type: none"> • Common Mob. no.: Dilip Jain and Jigar Ghogari - 9870895035. • Dilip Jain had received funds from SSFS* and Jigar Ghogari.
4	Kishan Balaram Shigvan	BAWPS1264D	<ul style="list-style-type: none"> • Kishan Shigvan had received funds from SSFS*, OFSP* and Jigar Ghogari.

5	Janak C Dave	AEPPD9110D	<ul style="list-style-type: none"> • Janak Dave had received funds from SSFS*, OFSPL* and Jigar Ghogari.
6	Bhupesh Rathod	AACPR3785K	<ul style="list-style-type: none"> • Bhupesh Rathod had received funds from SSFS* and Jigar Ghogari.
7	Jinal Rawal	ATHPR5041C	<ul style="list-style-type: none"> • Jinal Rawal had received funds from SSFS*, OFSPL*, Jigar Ghogari and Janak Dave.
8	Kiran Madhusudan Sheth	ALJPS1874Q	<ul style="list-style-type: none"> • Common E-mail ID: Kiran Sheth and Hemant Sheth - DEVHEMANT@REDIFFMAIL.COM. • Common address: Kiran Sheth and Hemant Sheth* - H No 113/115 3rd Floor above Ratanlal Barfiwala Shop Bhuleshwar Road, Mumbai, Maharashtra, India, 400002. • Kiran Madhusudan Sheth and Hemant Madhusudan Sheth both have common middle name. • Kiran Sheth had received funds from SSFS*, Neevan Capital Markets Pvt. Ltd. (NCMPL)* and Jigar Ghogari.
9	Hemant Madhusudan Sheth		
10	Jatin Shantilal Shah	AACPS6128D	
11	Shree Shagun Financial Services (SSFS)	ABTFS0353F	<ul style="list-style-type: none"> • Provided funds to various entities as mentioned above. • SSFS is partnership firm of Bhavesh Pabari & Hemant Sheth. • Prem Parikh & Ankit Sanchaniya are the director of OFSPL. • Bhavesh Pabari & Prem Parikh are the director of NCMPL.
12	Oliwonders Financial Services Pvt. Ltd. (OFSPL)	AABCO2030J	
13	Neevan Capital Markets Pvt. Ltd. (NCMPL)	AACCN7650G	
14	Prem Parikh	ALHPP3489N	
15	Ankit Sanchaniya		
16	Bhavesh Pabari		

* They are the Pabari- Parikh group entities as defined in SEBI order dated February 2, 2011. Bhavesh Pabari and Hemant Sheth are partners of SSFS, Prem Parikh and Ankit Sanchaniya were directors of OFSPL and Prem Parikh & Bhavesh Pabari were directors of NCMPL.

14. SCN further alleged, from the bank statements of the noticees for the period 01/12/2011 to 17/12/2012, that the noticees had received Rs. 157.14 crore from the SSFS, Rs. 5.16 crore from OFSPL and Rs. 0.63 crore from NCMPL. The flow of funds are further represented in tabular format:-

Table 3

SN	Particulars	Funds details
1	Shree Shagun Financial Services	SSFS a/c. no. '911020040956496 <ul style="list-style-type: none"> • Jigar Ghogari recd Rs. 39.72 cr and paid back Rs. 21.19 cr • Janak Dave recd. Rs. 18.08 cr & paid back Rs. 2.32 cr • Jinal Rawal recd Rs. 24.26 cr & paid back Rs. 1.40 cr • Kiran Bhanes recd Rs. 27.97 cr & paid back Rs. 5.01 cr • Kiran Sheth recd Rs. 8.37 cr & paid back Rs. 0.12 cr • Animesh Patel recd Rs. 6.61 cr & paid back Rs. 3.33 cr • Jatin Shah recd Rs. 4.67 cr • Kishan Shigvan recd Rs. 16.58 cr & paid back Rs. 0.25 cr • Dilip Jain recd Rs. 7.27 cr & paid back Rs. 0.85 cr • Bhupesh Rathod recd Rs. 3.61 cr & paid back Rs. 0.52 cr
2	Oliwonders Financial Services Pvt. Ltd.	<ul style="list-style-type: none"> • Jigar Ghogari recd Rs. 2.43 cr & paid back Rs. 0.20 cr • Jinal Rawal recd Rs. 1.59 cr & paid back Rs. 0.09 cr • Kiran Bhanes recd Rs. 0.15 cr • Kishan Shigvan recd Rs. 0.37 cr • Janak Dave recd Rs. 0.62 cr
3	Neevan Capital Markets Pvt. Ltd.	<ul style="list-style-type: none"> • Jigar Ghogari recd Rs. 0.20 cr • Kiran Sheth recd Rs. 0.43 cr
4	Jigar Ghogari	Observed from SSFS a/c. no. '911020040956496 <ul style="list-style-type: none"> • Jigar Ghogari recd Rs. 39.72 cr & paid back Rs. 21.19 cr. Jigar Ghogari a/c. no. '910010002119761 <ul style="list-style-type: none"> • OFSPL paid Rs. 2.43 cr & recd Rs. 0.20 cr • Kiran Bhanesh recd Rs. 0.29 cr • Janak Dave recd Rs. 0.08 cr • Animesh Patel recd Rs. 0.21 cr & paid Rs. 0.2 cr • Jinal Rawal recd 0.05 cr • Neevan Capital Markets paid Rs. 0.2 crore Jigar Ghogari a/c. no. :911020043354844 <ul style="list-style-type: none"> • OFSPL recd Rs. 0.11 cr & paid back Rs. 2.43 cr • Animesh Patel paid Rs. 1.30 cr • Jinal Rawal recd Rs. 3.17 cr & paid Rs. 0.78 cr • Kiran Bhanesh recd. Rs. 2.01 cr • Kiran Sheth recd Rs. 0.85 cr • Janak Dave recd Rs. 0.76 cr • Dilip Jain recd Rs. 0.53 cr • Bhupesh Rathod recd Rs. 1.42 cr & paid back Rs. 0.09 cr • Kishan Shigvan recd Rs. 2.31 cr

15. In response to the same, the Noticees have not produced any satisfactory material/documents to dispute the inferences regarding their relationship / connection. Some of the Noticees like Jigar Praful Ghogari have stated that the KYC document furnished to them was illegible and at most of the places the mobile numbers are different. I note that none of the noticees have denied the veracity of the KYC documents furnished to them. As far as the legibility of the scanned copy of KYC is concerned, I note that all noticees were given an opportunity of inspection of documents and are now precluded from raising these objections at this stage. None of the noticees have produced any KYC document contrary to the documents furnished to them. Some noticees have denied their mobile numbers but failed to give a plausible reason for having shown the mobile number in their KYC document with the Stock Broker and other intermediaries. Further, none of the noticees have disputed the fund transfers in their account.
16. I have analysed the KYC documents of trading noticees and noted that trading done by these noticees was not commensurate with their income disclosed in the KYC documents as elaborated below :-
- A. Jinal Rawal in his KYC to Bhavik Rajesh Khandhar Shares and Stock Brokers Pvt. Ltd, had declared his annual income between Rs. 10-25 Lakhs. However, the investigation observed that he received an amount of Rs. 24.76 crore from SSFS, an amount of Rs. 1.59 crore from OFSPL and Rs. 3.17 crore from Jigar Ghogari.
 - B. Similarly, Jigar Ghogari in his KYC document with Parasram Holding Pvt. Limited, Alankit Assignments Ltd, Fairwealth Securities had shown his annual income to be between Rs. 1-5 Lakhs. In contrast to his income, Jigar Ghogari received Rs. 39.72 crores from SSFS and 2.43 crore from OFSPL.
 - C. Kishan Shigvan in his KYC document with Investmentor Limited, had declared that his annual income is between Rs. 1-5 Lakhs, whereas he received 2.31 crore from Jigar Ghogari and 37 Lakhs from OFSPL.
 - D. Janak Dave stated in his KYC with Parasram Holding Pvt. Limited and PRL Stock and share Brokers Pvt. Limited, that his annual income is between Rs. 1-25 Lakhs, but he received Rs. 18.08 crores from SSFS and Rs. 76 Lakhs from Jigar Ghogari.
 - E. Dilipkumar Pukraj stated in his KYC with Investmentor Limited, that his annual income is between Rs. 1-5 Lakhs, but he received Rs. 7.27 crores from SSFS and Rs. 53 Lakhs from Jigar Ghogari.

- F. Kiran Bhanaes declared in his KYC with SPJ securities Limited and Investmentor Limited, that his annual income is between Rs. 1-10 Lakhs, but he received Rs. 27.97 crores from SSFS and Rs. 2.01 crores from Jigar Ghogari.
- G. Jatin Shah stated in his KYC with Inventure Growth Securities Limited, that his annual income is between Rs. 10-25 Lakhs, but he received Rs. 4.67 crores from SSFS.
- H. Kiran Seth stated in his KYC with SPJ Securities Limited, that his annual income is between Rs. 5-10 Lakhs, but he received Rs. 8.37 crores from SSFS and Rs. 85 lakhs from Jigar Ghogari.
- I. Bhupesh Harishchandra Rathore stated in his KYC with SPJ securities Limited, that his annual income is between Rs. 1-5 Lakhs, but he received Rs. 3.61 crores from SSFS and Rs. 1.42 lakhs from Jigar Ghogari.
17. There is hardly any correlation between the financial standing of the financing noticees and the amount of finance extended :-
- A. Bhavesh Pabari stated in his KYC with DDAV Securities Private Limited, that his annual income is between Rs. 1-5 Lakhs, but in contrast to his disclosd annual income, as a partner of SSFS along with the second partner Hemant Sheth, funded Rs. 157.14 crores to trading noticees.
- B. Hemant Sheth stated in his KYC with UTI Securities Limited and Fair Wealth that his annual income is between Rs. 5-25 Lakhs, but in contrast to his annual income, as a partner of SSFS along with the second partner Bhavesh Pabari, funded Rs. 157.14 crores to trading noticees.
- C. Prem Parikh stated in his KYC with SPJ Securities Private Limited, that his annual income is between Rs. 1-5 Lakhs, but in contrast to his annual income, as a director of OFSPL and NCMPL, a private limited compnay, funded Rs. 5.16 crores and 63 lakhs respectively to trading noticees.
- D. OFSPL was a private limited company having authorised and paid up capital of 1 Lakh incorporated on September 23, 2009. As per the RoC filings, the company had not held any AGM and the company had never filed its balance sheet, since its incorporation, but funded Rs. 5.16 crore to the trading noticees.
- E. Similary, NCMPL was a Private limited company having authorised and paid up capital of 1 Lakh incorporated on April 15, 2008. As per the RoC filings, the company had held its last AGM on September 30, 2009 and the company had last filed its balance sheet on March 31st, 2009, but funded Rs. 63 lakhs to the trading noticees.
- F. Both of these companies are presently 'struck off' from the RoC list.

18. All the trading noticees have taken a plea that “*receiving fund from M/s Shree Shagun Financial Services and Olivonders Financial Services Pvt. Ltd was purely business transactions. They were not debarred entities/person and even receiving fund from a debarred entity is not a crime. The funds received from M/s Shree Shagun Financial Services and Olivonders Financial Services Pvt. Ltd were nothing to do with the transactions executed in the above said scrips.*” None of the noticees have produced any proof of underlying business transactions in respect of which the funds were transferred or received. Considering the financial position of the trading noticees and the absence of other proof, I am inclined to infer that all the funds were transferred and received for trading in the scrip.
19. Noticees have also raised the issue that the entities/person were not debarred and receiving fund from a debarred entity is not a crime. I note that vide SEBI order dated February 2, 2011, Bhavesh Pabari, Prem Parikh, Ankit Sanchaniya and Hemant Sheth were debarred from accessing the securities market and further prohibited from buying selling or dealing in securities in any manner whatsoever. In my view, in order to circumvent the said directions, these four noticees used the trading noticees (namely Jigar Praful Ghoghari, Kiran Bhiku Bhanaes, Janak Chimanlal Dave, Jinal Apurval Rawal, Dilipkumar Pukhraj Jain, Bhupesh Harischandra Rathod, Kishan Balaram Shigvan, Kiran Madhusudan Sheth and Jatin Shah) as front entities to trade in the three scrips. This is nothing but indirectly dealing in securities in contravention to the SEBI direction and trading entities allowed themselves to be used by the four entities.
20. In the SCN, it is also alleged that Noticees executed synchronized trades, self-trades and reversal trades amongst themselves, which resulted in creation of artificial volume in the market. Further Noticees also significantly influenced the price in the scrips by contributing to positive Last Traded Price (LTP). In response to the same, all the noticees have relied upon the recommendations of the investigating officer in which he had at some instance recommended that no adverse inference should be drawn for some trades carried out by the noticees. I note that in the Addendum to the investigation report, the investigating officer has recommended that no action has been proposed against noticees in the scrip of KGN. Apart from the instances quoted by the noticees, investigation report also contains the following observations:-
- In the scrip of Gemstone-***
- *Clients Jigar Ghogari, Dilip Jain, Kiran Bhanaes, Jinal Rawal and Kishan Shigvan created artificial volume in the scrip by way of reversal trades and synchronized trades.*
- In the scrip of PIL-***
- *It was observed that Jigar Ghogari, Dilip Jain, Jinal Rawal, Kishan Shigvan, Kiran Bhikhu Bhanaes and Kiran Sheth contributed significantly to the creation of artificial volume through synchronized trades.*

- It was observed that Jigar Ghogari, Dilip Jain, Jinal Rawal, Kishan Shigvan, Kiran Bhikhu Bhanaes, Bhupesh Rathod, Janak Dave and Kiran Sheth contributed significantly to the creation of artificial volume through reversal trades.
- During LTP analysis it was observed that Dilip Jain, Kishan Shigvan, Jinal Rawal, Jigar Ghogari, Kiran Bhanaes, Janak Dave, Bhupesh Rathod, Kiran Sheth and Jatin Shah had contributed significantly to the positive LTP in the scrip during investigation period.

21. Therefore, clearly the investigation alleged synchronized and reversal trades in the scrip of Gemstone and synchronised, reversal and LTP manipulation in the scrip of PIL. Thus, investigation report fairly contains both the charges for certain type of manipulations as mentioned above and ‘no adverse inference’ recommendation for certain type of manipulation, like in the scrip of Gemstone “No adverse inference has been drawn based on analysis of Self trades, off market share transfer, First trade, New High Price (NHP), New Low Price (NLP) and Last Traded Price (LTP) against suspected entities?”. Thus I do not agree with the submission of the noticees that for executing synchronized and reversal trades, the Investigating officer had also not drawn any adverse inference against them. The specific instances of manipulation in the scrip of Gemstone and Polytex is dealt with in the paragraphs below.

Manipulation in the scrip of Gemstone:-

22. During the period of investigation, BSE Sensex moved from 17392.39 to 19244.42 registering an increase of 1852.03 points (10.65 %), while, the price of the scrip in BSE moved from Rs. 9.10 to Rs. 20.65 registering an increase of Rs. 11.55 (126.92%). The scrip closed at Rs. 0.38 at BSE on January 19, 2015. During the investigation period, Dilipkumar Jain, had highest contribution of 15.92% in gross buy side and 16.06% in gross sell side. The noticees had bought 56.98% of the market volume and sold 45.52% of the market volume. From the SCN, it is observed that the trading noticees’ carried out synchronized trades upto 20.92% of the traded quantity among themselves which was 6.32% of the total market volume and LTP contribution by synchronized trades was Rs. 4.11. The following trade details shows the data on the total trades and synchronized trades by the suspected entities.

Table 4

Gross Buy Qty of Noticees	Gross Sell Qty of Noticees	Gross Total	Total Traded Qty among the Noticees	Sync Traded Qty by Noticees	Sync Trades as % of total traded Qty among the Noticees	Sync Trades as % of total market volume	Sum of LTP at sync trades
5,87,02,907	4,68,90,862	10,55,93,769	3,11,59,239	6,519,033	20.92	6.32	4.11

23. Thus it is alleged in the SCN that Noticees had executed synchronized trades amongst themselves which resulted in creation of artificial volume in the market. Taking into account the creation of artificial volume of more than 1% of market volume as buyer and/or seller with each other, following five entities have been shortlisted in the SCN; 1) Dilip Jain, 2) Kiran Bhanaes, 3) Kishan Shigvan, 4) Jigar Ghoghari and 5) Jinal Rawal:

Table 5

Buy Client Name	Sell Client Name	Sum of LTP diff. (INR)	No. of Trades	Synchroni zed Qty.	% of Synchronized Vol. to Mkt. Vol.	No of days
Kiran Bhanaes	Dilipkumar Jain	0.2	33	1097363	1.065	9
Jigar Ghoghari	Dilipkumar Jain	-0.34	30	658776	0.639	15
Kiran Bhanaes	Kishan Shigvan	0.65	22	540500	0.524	5
Kiran Sheth	Kishan Shigvan	-0.3	15	463105	0.449	6
Dilipkumar Jain	Jigar Ghoghari	0.55	16	419893	0.407	7
Jigar Ghoghari	Kiran Bhanaes	0.3	13	292000	0.283	4
Kiran Bhanaes	Jigar Ghoghari	0	15	257100	0.249	3
Rawal Jinal	Kishan Shigvan	0	9	238327	0.231	6
Kishan Shigvan	Rawal Jinal	0.9	11	234210	0.227	5
Dilipkumar Jain	Janak Dave	0.2	7	223145	0.217	5
Dilipkumar Jain	Kiran Sheth	0.05	6	191362	0.186	3
Kishan Shigvan	Kiran Bhanaes	0.75	7	187300	0.182	3
Rawal Jinal	Kiran Bhanaes	0.1	6	181206	0.176	2
Jigar Ghoghari	Kishan Shigvan	0	10	178774	0.173	3
Kishan Shigvan	Dilipkumar Jain	0.1	12	161891	0.157	4
Rawal Jinal	Jigar Ghoghari	0.15	7	160000	0.155	3
Rawal Jinal	Dilipkumar Jain	0.05	12	152529	0.148	8
Kiran Sheth	Dilipkumar Jain	-0.25	4	127000	0.123	2
Kishan Shigvan	Jigar Ghoghari	0.2	6	121500	0.118	2
Dilipkumar Jain	Kiran Bhanaes	-0.1	6	105000	0.102	2
Janak Dave	Kiran Bhanaes	0.05	5	87500	0.085	3
Rawal Jinal	Janak Dave	0	7	80500	0.078	1
Dilipkumar Jain	Kishan Shigvan	0.2	5	72745	0.071	4
Janak Dave	Jigar Ghoghari	0.15	3	68475	0.066	1
Jatin Shah	Dilipkumar Jain	0	1	50000	0.049	1
Janak Dave	Dilipkumar Jain	0.2	2	40000	0.039	1
Kiran Bhanaes	Rawal Jinal	0	1	28300	0.027	1
Bhupesh Rathod	Dilipkumar Jain	0	2	25402	0.025	2
Kishan Shigvan	Janak Dave	0.1	2	25100	0.024	1
Kiran Sheth	Kiran Bhanaes	0	1	18755	0.018	1
Kiran Sheth	Jigar Ghoghari	0.15	1	14900	0.014	1
Rawal Jinal	Kiran Sheth	0	1	8875	0.009	1

Kishan Shigvan	Kiran Sheth	0	1	5000	0.005	1
Bhupesh Rathod	Rawal Jinal	0.05	1	1000	0.001	1
Kishan Shigvan	Bhupesh Rathod	0	1	1500	0.001	1
Total		4.11	281	6519033	6.323	118

24. It is also revealed that suspected entities had executed reversal trades amongst themselves which resulted in creation of artificial volume in the market. Taking into account the creation of artificial volume of more than 2% of market volume as buyer and/or seller with each other, following entities have been shortlisted; 1) Dilip Jain, 2) Kiran Bhanaes, 3) Kishan Shigvan, 4) Jigar Ghoghari and 5) Jinal Rawal :-

Table 6

Entity (1)	Entity (2)	Entity (1) sell to Entity (2) buy	Entity (1) buy to Entity (2) sell	Reversal Qty	% of reversal Qty w.r.t. mkt vol	No. of Instances
Jigar Ghogari	Dilip Jain	2,032,081	2,259,923	2032081	1.97	129
Jigar Ghogari	Bhupesh Rathod	78,698	99,500	78698	0.08	17
Jigar Ghogari	Jatin Shah	199,389	51,500	51500	0.05	3
Jigar Ghogari	Janak Dave	70,000	155,090	70000	0.07	7
Jigar Ghogari	Kiran Sheth	174,300	118,380	118380	0.11	9
Jigar Ghogari	Kiran Bhanaes	770,938	778,074	770938	0.75	60
Jigar Ghogari	Jinal Rawal	1,422,061	897,828	897828	0.87	54
Jigar Ghogari	Kishan Shigvan	451,240	577,174	451240	0.44	35
Dilip Jain	Bhupesh Rathod	455,135	263,565	263565	0.26	37
Dilip Jain	Jatin Shah	1,452,459	571,099	571099	0.55	37
Dilip Jain	Janak Dave	558,816	455,684	455684	0.44	28
Dilip Jain	Kiran Sheth	612,620	551,221	551221	0.53	54
Dilip Jain	Kiran Bhanaes	2,057,834	1,135,168	1135168	1.10	66
Dilip Jain	Jinal Rawal	1,381,498	1,171,422	1171422	1.14	79
Dilip Jain	Kishan Shigvan	552,452	368,024	368024	0.36	41
Bhupesh Rathod	Jatin Shah	133,000	214,155	133,000	0.13	8
Bhupesh Rathod	Jinal Rawal	203,691	102,803	102,803	0.10	18

Bhupesh Rathod	Kishan Shigvan	63,088	33,000	33,000	0.03	6
Jatin Shah	Jinal Rawal	550	98,750	550	0.00	2
Janak Dave	Kiran Sheth	11,600	56,000	11600	0.01	4
Janak Dave	Kiran Bhanaes	100,000	491,608	100000	0.10	6
Janak Dave	Jinal Rawal	153,500	195,159	153500	0.15	12
Janak Dave	Kishan Shigvan	25,100	81,000	25100	0.02	2
Kiran Sheth	Kiran Bhanaes	68,968	94,755	68968	0.07	9
Kiran Sheth	Jinal Rawal	485,216	160,093	160093	0.16	25
Kiran Sheth	Kishan Shigvan	344,810	1,146,636	344810	0.33	29
Kiran Bhanaes	Jinal Rawal	707,580	525,915	525915	0.51	16
Kiran Bhanaes	Kishan Shigvan	375,302	706,000	375302	0.36	48
Jinal Rawal	Kishan Shigvan	1,098,796	1,079,137	1,079,137	1.05	61
Total		16,040,722	14,438,663	12,100,626	11.74	902

25. The facts and figures shown above indicate that connected 'trading noticees' have carried out synchronized and reversal trades resulting in creation of artificial volumes in the market along with LTP contribution in the scrip of Gemstone. No defence has been advanced against these charges by the noticees.

Manipulation in the scrip of Polytex :-

26. From the SCN, it is noted that during the investigation period top 10 buy clients contributed 74.07% of total market volume on buy side and 73.74% on sell side out of which 69.82% and 71.78% respectively was contributed by the suspected entities. The suspected entities had bought 71.50% of the total market volume while they sold 71.77%
27. The synchronized trades executed by suspected entities was 10.39% of the quantity traded among themselves which was 6.01% of the total market volume. LTP contribution by synchronized trades was Rs. 22.55. Table below shows the information regarding synchronized trades.

Table 7

Gross Buy Qty of Suspected Entities	Gross Sell Qty of Suspected Entities	Gross Total	Total Traded Qty among the suspected entities	Sync Traded Qty by suspected entities	Sync Trades as % of total traded Qty among the suspected entities	Sync Trades as % of total market volume	Sum of LTP at sync trades
12572948	12620917	25193865	10,168,823	1057537	10.39	6.01	22.55

28. Further, during the investigation period, BSE Sensex moved from 17094.51 to 19244.42 registering an increase of 2149.91 points (12.58 %), while price of the scrip in BSE moved from Rs. 136.50 to Rs.281 registering an increase of Rs. 144.50 (105.86%). The scrip closed at Rs. 6.53 in BSE on January 20, 2015. Investigation revealed that suspected entities had executed synchronized trades amongst themselves which resulted in creation of artificial volume in the market. Taking into account the creation of artificial volume of substantial part of the market volume (i.e. more than 6 %) as buyer and/or seller with each other, following six entities have been shortlisted in the SCN; 1) Dilip Jain, 2) Kiran Bhanaes, 3) Kishan Shigvan, 4) Jigar Ghoghari, 5) Kiran Sheth and 6) Jinal Rawal:

Table 8

Buy Client Name	Sell Client Name	Sum of LTP diff. (INR)	No. of Trades	Synchronized Qty.	% of Synchronized Vol. to Mkt. Vol.	No of days
Jigar Ghoghari	Dilipkumar Jain	1.1	20	91457	0.52	14
Dilipkumar Jain	Rawal Jinal	1.2	13	71155	0.405	10
Dilipkumar Jain	Jigar Ghoghari	1.85	16	70390	0.4	14
Dilipkumar Jain	Kiran Bhanaes	-3.15	18	67711	0.385	13
Rawal Jinal	Dilipkumar Jain	2.55	32	51140	0.291	15
Kiran Bhanaes	Dilipkumar Jain	-0.95	18	44640	0.254	12
Bhupesh Rathod	Kiran Sheth	0.05	14	43970	0.25	3
Dilipkumar Jain	Kishan Shigvan	0.1	15	39398	0.224	7
Jigar Ghoghari	Kishan Shigvan	0.1	11	38880	0.221	7
Kiran Sheth	Bhupesh Rathod	1.85	13	36870	0.21	3

Kishan Shigvan	Jigar Ghoghari	1.5	12	36203	0.206	8
Rawal Jinal	Kishan Shigvan	-1.1	9	34051	0.194	6
Kiran Bhanaes	Kishan Shigvan	-0.8	22	30794	0.175	8
Rawal Jinal	Jigar Ghoghari	-1.1	9	28793	0.164	4
Kishan Shigvan	Rawal Jinal	6.2	10	26067	0.148	7
Kishan Shigvan	Kiran Sheth	3.95	11	24909	0.142	7
Kishan Shigvan	Dilipkumar Jain	-0.7	7	24250	0.138	5
Janak Dave	Dilipkumar Jain	-0.05	5	22271	0.127	4
Rawal Jinal	Kiran Sheth	1.3	7	21350	0.121	3
Jigar Ghoghari	Rawal Jinal	1.95	5	21050	0.12	3
Dilipkumar Jain	Kiran Sheth	0.85	8	19943	0.113	6
Dilipkumar Jain	Janak Dave	0.3	7	18624	0.106	7
Kiran Bhanaes	Jigar Ghoghari	2.05	6	17796	0.101	4
Kishan Shigvan	Kiran Bhanaes	-1.25	8	16800	0.096	6
Kiran Sheth	Kishan Shigvan	-0.05	4	15249	0.087	4
Kiran Sheth	Dilipkumar Jain	0.25	4	14250	0.081	4
Rawal Jinal	Janak Dave	1	2	11000	0.063	2
Jigar Ghoghari	Bhupesh Rathod	1.15	3	10800	0.061	2
Bhupesh Rathod	Dilipkumar Jain	-0.2	4	10107	0.057	4
Kiran Sheth	Rawal Jinal	0.15	2	9550	0.054	2
Jigar Ghoghari	Janak Dave	0.25	2	9250	0.053	2
Kishan Shigvan	Janak Dave	-0.5	3	9034	0.051	3
Jigar Ghoghari	Kiran Bhanaes	1	3	7735	0.044	3
Kiran Sheth	Jigar Ghoghari	0	2	7433	0.042	2
Dilipkumar Jain	Jatin Shah	0	1	6999	0.04	1
Rawal Jinal	Kiran Bhanaes	-0.3	5	6540	0.037	3
Kiran Bhanaes	Kiran Sheth	0.25	3	6385	0.036	3
Kiran Bhanaes	Janak Dave	0	2	6092	0.035	2
Kishan Shigvan	Kishan Shigvan	1.45	3	5500	0.031	3
Jatin Shah	Rawal Apurva	0.45	1	5000	0.028	1
Janak Dave	Kiran Bhanaes	0	1	4766	0.027	1
Kiran Bhanaes	Rawal Jinal	0	1	3000	0.017	1
Janak Dave	Bhupesh Rathod	0.05	2	2300	0.013	1
Rawal Jinal	Jatin Shah	0	1	2000	0.011	1
Rawal Jinal	Rawal Jinal	0	1	2000	0.011	1
Janak Dave	Jigar Ghoghari	0	1	1835	0.01	1
Janak Dave	Rawal Jinal	-0.2	1	1000	0.006	1
Kiran Sheth	Janak Dave	0	1	600	0.003	1
Janak Dave	Kishan Shigvan	0	1	500	0.003	1
Kishan Shigvan	Bhupesh Rathod	0	1	100	0.001	1
Total		22.55	351	1057537	6.01	

29. The suspected entities had also executed reversal trades in the scrip of Polytex amongst themselves which resulted in creation of artificial volume in the market. Taking into account the creation of artificial volume of more than 2% of market volume as buyer and/or seller with each other, following entities have been shortlisted; 1) Dilip Jain, 2) Kiran Bhanaes, 3) Kishan Shigvan, 4) Jigar Ghogari 5) Bhupesh Rathod, 6) Kiran Sheth, 7) Janak Dave and 8) Jinal Rawal. Summary of the reversal trades executed by suspected entities among themselves during investigation period are as under:

Table 9

Entity (1)	Entity (2)	Entity (1) sell to Entity (2) buy	Entity (1) buy to Entity (2) sell	Reversal Qty	% of reversal Qty w.r.t. mkt vol	No. of Trades
Jigar Ghogari	Dilip Jain	519,411	584,300	519411	2.95	281
Dilip Jain	Jinal Rawal	585,968	506,247	506247	2.88	490
Jigar Ghogari	Bhupesh Rathod	151,282	161,318	151282	0.86	93
Jigar Ghogari	Jatin Shah	27,255	5,000	5000	0.03	3
Jigar Ghogari	Janak Dave	77,147	92,739	77147	0.44	47
Jigar Ghogari	Kiran Sheth	141,288	146,050	141288	0.80	82
Jigar Ghogari	Kiran Bhanaes	124,617	180,144	124617	0.71	77
Jigar Ghogari	Jinal Rawal	322,306	220,572	220572	1.25	81
Jigar Ghogari	Kishan Shigvan	264,101	278,133	264101	1.50	171
Dilip Jain	Bhupesh Rathod	269,475	353,331	269475	1.53	204
Dilip Jain	Jatin Shah	76,277	162,982	76277	0.43	33
Dilip Jain	Janak Dave	143,547	103,016	103016	0.59	172
Dilip Jain	Kiran Sheth	164,226	142,590	142590	0.81	139
Dilip Jain	Kiran Bhanaes	250,035	258,226	250035	1.42	134
Dilip Jain	Kishan Shigvan	130,215	104,111	104111	0.59	110
Bhupesh Rathod	Jatin Shah	65,589	143,107	65589	0.37	57
Bhupesh Rathod	Janak Dave	29,970	7,850	7850	0.04	18
Bhupesh Rathod	Kiran Sheth	42,250	87,841	42250	0.24	21
Bhupesh Rathod	Kiran Bhanaes	79,204	100,760	79204	0.45	50
Bhupesh Rathod	Jinal Rawal	213,754	254,405	213754	1.22	114

Bhupesh Rathod	Kishan Shigvan	91,893	74,719	74,719	0.42	54
Jatin Shah	Kiran Sheth	25,800	2000	2000	0.01	1
Jatin Shah	Kiran Bhanaes	1,721	44,561	1721	0.01	1
Jatin Shah	Jinal Rawal	47,256	43,229	43,229	0.25	21
Janak Dave	Kiran Sheth	58,218	31,169	31,169	0.18	29
Janak Dave	Kiran Bhanaes	85,893	40,629	40,629	0.23	20
Janak Dave	Jinal Rawal	69,046	132,382	69046	0.39	44
Janak Dave	Kishan Shigvan	45,516	38,368	38,368	0.22	38
Kiran Sheth	Kiran Bhanaes	32,563	18,551	18,551	0.11	14
Kiran Sheth	Jinal Rawal	254,675	274,465	254675	1.45	97
Kiran Sheth	Kishan Shigvan	84,652	130,785	84652	0.48	97
Kiran Bhanaes	Jinal Rawal	156,400	167,040	156400	0.89	101
Kiran Bhanaes	Kishan Shigvan	76,798	99,797	76798	0.44	84
Jinal Rawal	Kishan Shigvan	197,264	173,879	173,879	0.99	83
Total		4,905,612	5,164,296	4,429,652	25.18	3061

30. In the SCN, it is also alleged that the noticees had traded 98,430 shares as self-trades. The investigation period was 9 months (171 trading days), with market volume of 1.75 crore shares. The following table shows the self-trades executed by the suspected entities during investigation period;

Table 10

Entity name	Total Self Trade Volume	Total Self Trade Count	Self Trade count from same terminal	No of days on which self trades done	% Of Self Traded Qty. To Market Vol.	Net LTP contribution by self trades	Positive LTP Contribution by self trades
Dilipkumar Jain	9795	84	75	17	0.06	-0.2	10.90
Janak Dave	10	1	1	1	-	0	-
Jigar Ghoghari	10704	5	0	5	0.06	0.05	0.10
Kiran Bhanaes	9450	6	0	4	0.05	0.3	0.30
Kiran Sheth	14332	6	0	5	0.08	-0.5	0.05

Kishan Shigvan	14170	14	3	12	0.08	3.65	5.70
Jinal Rawal	39969	13	1	12	0.23	3.65	4.50
Total	98430	129	80	56	0.56	6.95	21.55

31. During the investigation period, investigation observed that the suspected entities have contributed 63.47% to the positive LTP of market out of which 18.24% was created by trades amongst themselves:

Table 11

Name	All trades			LTP Diff. >0			LTP Diff. < 0			LTP Diff. =0		% of positive LTP to Total Market positive LTP
	Sum of LTP diff	Sum of Quantity	No of trades	LTP impact	QTY traded	No of trades	LTP impact	QTY traded	No of trades	QTY traded	No of trades	
Dilipkumar Jain	9.5	2895780	4579	597.35	933966	738	-587.85	288110	2000	1673704	1841	30.59
Kishan Shigvan	16.55	1106199	2294	298.65	347736	393	-282.1	136623	1102	621840	799	15.30
Rawal Jinal	0.95	2093677	1188	91.7	443289	197	-90.75	259772	157	1390616	834	4.70
Jigar Ghoghari	45.9	1809523	901	78.35	358100	155	-32.45	293481	128	1157942	618	4.01
Kiran Bhanaes	17.25	1032053	766	58.45	159097	95	-41.2	157585	119	715371	552	2.99
Janak Dave	21.45	591428	450	38.3	66695	51	-16.85	83212	52	441521	347	1.96
Bhupesh Rathod	1.5	1258640	951	36	214017	108	-34.5	107200	81	937423	762	1.84
Kiran Sheth	-2.2	1489452	851	28.3	193705	70	-30.5	142174	90	1153573	691	1.45
Jatin Shah	4.95	296196	190	12.15	61733	35	-7.2	18691	16	215772	139	0.62
Total of Suspected	115.85	12572948	12170	1239.25	2778338	1842	-1123.4	1486848	3745	8307762	6583	63.47
Remainin g	-1.1	5011853	4504	713.3	1183718	968	-714.4	917404	1046	2910731	2490	36.53
Total	114.75	17584801	16674	1952.55	3962056	2810	-1837.8	2404252	4791	11218493	9073	100

32. Investigation observed that during 01/06/2012 to 20/07/2012, there was a significant price rise in the scrip. Investigation further observed that there was a positive LTP of Rs. 597.85 in market out of which Rs. 337.90 was contributed by the suspected entities. Out of this,

Rs. 118.35 was contributed by suspected entities within themselves. Details of trades of suspected entities who contributed highest LTP during this period is as under:

Table 12

Buyer	Seller	No of trades	LTP > 0	% of LTP >0 w.r.t. mkt. positive LTP during patch
Dilipkumar Pukhraj Jain	Rawal Jinal Apurva	41	28.15	4.70
Rawal Jinal Apurva	Dilipkumar Pukhraj Jain	36	14.45	2.41

33. In response to these charges, all the trading noticees have advanced justification relying on certain parts of the investigation report, wherein the IA has not drawn adverse inference against them. This is completely side-lining the relevant finding of the IA about the synchronised trades and reversal trades in the scrip of Gemstone and synchronised trades, reversal trades, LTP manipulation in the scrip of Polytex. Hence, the argument of the noticees is not acceptable.
34. Regarding the charge of self trade, noticees have relied on SEBI's internal policy on self-trade dated May 16, 2017 and sought to substantial that the quantum of self-trade is not sufficient to support any enforcement action. I note that the SEBI's internal policy on self-trade dated May 16, 2017 is for accidental /unintentional self-trades. In the present matter, after considering the fact and circumstances discussed above, I am of the view that the instances of self-trades are not accidental /unintentional self-trades. For example, it is seen from table 10 above that Dilipkumar Jain executed 84 self-trades in 17 trading days for 9,795 shares of Polytex, out of which 75 self-trades were from the same terminal. In my view, this is nothing but intentional creation of artificial volume. Generally, the price and volume of a particular share would be determined by demand and supply of shares in the market. If artificial volume is created through large scale trading amongst a particular group without change in ownership like reversal trades and self-trades, it creates artificial demand leading to prices which are misleading and disadvantageous to the genuine investors in the securities market. In the above two scrips, I find that artificial volume was created by certain connected entities through large scale trading among themselves, without real change in ownership of shares traded among them, for the purpose of increasing volume of trading or influencing the price.

35. The last submission of the noticees is regarding wrong calculation of illegal profit, for the purpose of disgorgement. They have also contended that for calculation of the profit, SEBI moved beyond the investigation period. They have contended that the noticees have actually suffered loss during the investigation period. In this regard, I note from the addendum to the investigation report and the SCN that unlawful/ill-gotten gains in the scrip of Polytex are as follows :-

Table 13 – Profit by individual noticees

Entity Name	PAN	Profit (Amount in Rs.)
Dilipkumar Pukhraj Jain	AACPJ5643C	56,04,309
Janak Chimanlal Dave	AEPPD9110D	25,30,449
Bhupesh Harishchandra Rathod	AACPR3785K	70,14,010
Kishan Balaram Shigvan	BAWPS1264D	8,55,116
Kiran Madhusudan Sheth	ALJPS1874Q	23,45,508
Jatin Shantilal Shah	AACPS6128D	35,72,200
Kiran Bhiku Bhanas	AQUPB0853G	23,13,240
Jigar Prafulchandra Ghoghari	ASFPG8598L	63,64,342
Total		3,05,99,174

36. I note that to ascertain the average buy or sell price of individual noticee, the investigation has traversed beyond the Investigation Period, as the same was difficult since buy and sell quantities were not same during the investigation period for individual noticee and therefore cannot be faulted. As far as the loss suffered by noticees during the investigation period is concerned, it is observed from the addendum to the SCN that the noticees had made profit in the scrip of Polytex and loss in the scrip of Gemstone. In my view, the noticees cannot be allowed to set off the losses suffered in one scrip with any other scrip as the same will amount to adjustment of illegal gains against losses suffered while perpetrating the manipulation in one scrip. In my view, in cases involving disgorgement for manipulative trades, loss suffered cannot be allowed to be set off against the gains made in other scrip/s as the object of disgorgement will be defeated. Moreover had the investigation into these

scrips been conducted separately, the plea of set-off would not have been available to the Noticees.

37. Further, I noted that some of the Noticees have a past record of securities law violation as they have been found guilty of various violations by SEBI as well as the Hon'ble SAT in matters involving several scrips in the past (eg- Indo Pacific Software and Entertainment Limited, Gulshan Polyols Limited, Havells India Ltd. etc.). Thus I am not inclined to consider the submission of Noticees to be bona-fide and credible.
38. Keeping the above in view, I conclude that all the sixteen Noticees have violated Regulations 3(a), (b), (c) and (d) and 4(1), 4(2)(a), (b), (e) and (g) the SEBI PFUTP Regulations and section 12A(a), (b) and (c) of the SEBI Act.

Directions:-

39. Accordingly, in exercise of the powers conferred upon me under section 19 of the SEBI Act, 1992 read with sections 11 and 11B of the SEBI Act, and Regulation 11 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, I hereby pass the following directions:-

- (i) The Noticees listed hereunder, 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, from the date of this order, for the period shown in Table below:-

S. No.	Name	Period
1	Jatin Shah	5 year
2	Bhavesh Pabari	7 Year
3	Hemant Sheth	7 Year
4	Prem Parikh	7 Year
5	Ankit Sanchaniya	7 Year

- (ii) The Noticees listed below, have already undergone debarment for a period of more than 5 years from the date of the interim order:-

S. No.	Name
1	Jigar Praful Ghogari
2	Kiran Bhiku Bhanaes
3	Janak Chimanlal Dave
4	Dilipkumar Pukhraj Jain
5	Bhupesh Harischandra Rathod
6	Kishan Balaram Shigvan
7	Kiran Madhusudan Sheth

8	Shree Shagun Financial Services
9	Oliwonders Financial Services Pvt. Ltd.
10	Neevan Capital Markets Pvt. Ltd.
11	Jinal Apurval Rawal

In view of the same, I do not deem it fit to pass any directions for debarment against the aforesaid 11 noticees, subject to disgorgement direction mentioned below;

(iii) The Noticees, jointly and severally, shall disgorge an amount of ₹ 3,05,99,174, as ascertained in para No. 35 above, along with interest calculated at the rate of 12% per annum from 17 December, 2012 onwards, till the date of payment;

(iv) The Noticees shall remain debarred 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, from the date of this order till the compliance with the direction of disgorgement as directed above;

(v) Noticees shall pay the said amounts within 45 days from the date of this Order either by way of demand draft drawn in favour of “Securities and Exchange Board of India”, payable at Mumbai or by e-payment * to SEBI account as detailed below:

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

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

1. Case Name:	
2. Name of the payee:	
3. Date of payment:	
4. Amount paid:	
5. Transaction No:	
6. Bank Details in which payment is made:	

7. <i>Payment is made for: (like penalties/ disgorgement/ recovery/ settlement amount and legal charges along with order details:</i>	
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40. The above directions shall come into force with immediate effect.
41. A copy of this order shall be served upon the stock exchanges and the depositories for necessary action and compliance.

Date: January 31, 2019

Place: Mumbai

**G. MAHALINGAM
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA**