

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO. PM/NR/2020-21/9403**

**UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA
ACT, 1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING
INQUIRY AND IMPOSING PENALTIES) RULES, 1995**

In respect of

Parag Ramesh Kalwankar
(PAN: ACDPK6238P)

In the matter of Hasti Finance Ltd.,

BACKGROUND

1. Securities and Exchange Board of India (*hereinafter referred to as "SEBI"*) conducted an investigation in the scrip of Hasti Finance Ltd., (*hereinafter referred to as "HFL" / "Company"*) based on a reference received from the Principal Director of Income Tax (Investigation), Kolkata. The focus of the investigation was to ascertain whether there was any violation of the provisions of Securities and Exchange Board of India Act, 1992 (*hereinafter referred to as "SEBI Act, 1992"*) and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (*hereinafter referred to as "SEBI (PFUTP) Regulations"*) by certain entities in scrip of HFL during the period August 27, 2010 and August 31, 2015 (*hereinafter referred to as "Investigation Period" / "IP"*).

2. Based on the variance in the quantum of trading volumes, the price movement of the scrip during the IP, the investigation period was split into six patches. The price & volume details of the scrip HFL during the six patches of the investigation period are tabulated hereunder:

Period	Date		Opening Price /volume on first day of the period (₹)	Closing price /volume on last day of the period (₹)	Low price/volume during the period (₹)	High Price/volume during the period (₹)	Avg. no. of (shares) traded daily during the period
			Opening Price /volume on first day of the period(₹)	Closing price /volume on last day of the period(₹)	Low price/volume during the period (₹)	High Price/volume during the period (₹)	Avg. no. of (shares) traded daily during the period
Patch 1	27/08/2010 to 06/06/2011 (price rise)	Price	23	84.2	18.35 (30/09/2010)	84.75 (06/06/2011)	44.75
		Volume	991	10271	1(31/07/2010)	76445 (07/04/2011)	6719
Patch 2	07/06/2011 to 08/10/2012 (price fall)	Price	86.5	52.5	48.5 (17/09/2012)	88.8 (09/06/2011)	70.17
		Volume	5607	2307	1(05/09/2011)	73460 (05/07/2011)	4653
Patch 3	09/10/2012 to 03/12/2012 (price rise)	Price	52.5	84.9	48.1 (10/10/2012)	89.65 (30/11/2012)	71.94
		Volume	1653	14195	10 (29/11/2012)	77982 (26/10/2012)	9249
Patch 4	04/12/2012 to 05/04/2013 (price fall)	Price	84.65	43.2	43.20 (05/04/2013)	84.75 (05/12/2012)	71.70
		Volume	5289	1	1 (28/03/2013)	21742 (22/01/2013)	2628
Patch 5	*11/04/2013 to 31/03/2014 (price rise)	Price	45.35	76.8	45.35 (11/04/2013)	80.9 (14/05/2013)	67.34
		Volume	1	1	1 (11/04/2013)	7500 (13/09/2013)	11797
Patch 6	**09/04/2014 to 31/08/2015 (price fall)	Price	76.8	12.05	10.8 (29/07/2015)	76.8 (09/04/2014)	25.10
		Volume	3	2	1 (05/05/2014)	24580 (13/08/2014)	746

* no trading between April 6, 2013 to April 10, 2013

** no trading between the period April 1, 2014 to April 8, 2014

3. Pursuant to carrying out Last Traded Price (LTP) analysis for the investigation period, the investigation inter-alia found that during Patch-5 of the investigation period i.e., price rise, the market net LTP in the scrip was ₹31.45 with a market volume of 11,797 shares and the positive LTP was ₹81.90 with a market volume of 823 shares. During the Patch-5 of the investigation period the price of HFL opened at ₹45.35 and closed at ₹76.80 i.e., contributing to net positive LTP of ₹31.45. The investigation revealed that during Patch-5 of the investigation period, Parag Ramesh Kalwankar (hereinafter referred to as "Noticee") by placing small quantity buy orders by either matching or placing slightly higher than sell order rate which were already above LTP at the time of buy order entry, or by placing buy orders at prices above LTP which were subsequently matched by sell orders, thereby contributing to significant positive LTP. Accordingly, the investigation concluded that the Noticee had manipulated the price of HFL scrip and created a misleading appearance of trading in the scrip, which is in violation

of the provisions of Regulations 3(a), (b), (c), (d),4(1), 4(2)(a) and (e) of SEBI (PFUTP) Regulations.

APPOINTMENT OF ADJUDICATING OFFICER

4. Pursuant to investigation, SEBI initiated Adjudication Proceedings against the Noticee and appointed the undersigned as the Adjudicating Officer, vide order dated July 31, 2017, under Section 19 of the SEBI Act read with Section 15-I of the SEBI Act 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as “*SEBI Adjudication Rules*”) to inquire into and adjudge under Section 15HA of the SEBI Act 1992, for the violation alleged to have been committed by the Noticee.

SHOW CAUSE NOTICE, REPLY AND HEARING

5. A Show Cause Notice (hereinafter referred to as “SCN”) bearing ref. no. EAD/ADJ/PM/AA/OW/29766/2017 dated November 29, 2017 was served upon the Noticee under Rule 4 of SEBI Adjudication Rules to show cause as to why an inquiry be not held against him in terms of Rule 4 of the SEBI Adjudication Rules and penalty be not imposed under Section 15HA of the SEBI Act, 1992 for the violation alleged to have been committed by him. The Noticee vide email dated December 13, 2017 submitted that he had done trading in the scrip of HFL during the period 2013 and 2014 as suggested by his stockbroker. The Noticee further submitted that he had not done any significant trades in the scrip and that he was not aware of price manipulation. The Noticee also submitted that he is not connected to any group/syndicate in respect of the impugned trades executed by him.
6. In the interest of natural justice and in terms of Rule 4 (3) of SEBI Adjudication Rules, an opportunity of personal hearing was granted to the Noticee on October 14, 2020, which was communicated vide notice dated September 18, 2020. In view of the prevailing circumstances owing to Covid-19 pandemic, the

hearing was scheduled through video conferencing on Webex platform on October 14, 2020. The Noticee vide email dated October 11, 2020 while reiterating his earlier submissions waived off his right of personal hearing.

CONSIDERATION OF ISSUES

7. After perusal of the material available on record, I have the following issues for consideration viz.,

I. Whether the Noticee has violated the provisions of Regulations 3 (a), (b), (c), (d), 4 (1), 4 (2) (a) and (e) of SEBI (PFUTP) Regulations, 2003?

II. Whether the Noticee is liable for monetary penalty under Section 15HA of the SEBI Act?

III. If so, what quantum of monetary penalty should be imposed on the Noticee?

FINDINGS

8. On perusal of the material available on record and giving regard to the facts and circumstances of the case and submissions of the Noticee, I record my findings hereunder.

ISSUE I: Whether the Noticee has violated the provisions of Regulations 3 (a), (b), (c), (d), 4 (1), 4 (2) (a) and (e) of SEBI (PFUTP) Regulations, 2003?

9. Before moving forward, it is pertinent to refer to the relevant provisions of SEBI (PFUTP Regulations), 2003 which reads as under:

Regulation 3 of SEBI (PFUTP) Regulations: - Prohibition of certain dealings in securities

3. No person shall directly or indirectly—

(a) buy, sell or otherwise deal in securities in a fraudulent manner;

(b) use or employ, in connection with issue, purchase or sale of

any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made thereunder;

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

Regulation 4 of SEBI (PFUTP) Regulations: - 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;*

10. It has been alleged that the Noticee had manipulated the price of HFL scrip and created a misleading appearance of trading in the scrip. The method and the manner in which the trades were executed are the most important factors to be considered in these circumstances.

11. I note from the SCN that during Patch 5 of the investigation period, the price of the scrip, HFL had increased. I note that during this period the price of HFL opened at ₹45.35 and closed at ₹76.80 i.e., contributing to net positive LTP of 31.45. I note that on an average around 11,797 shares were traded daily during Patch 5. Further, it is observed from the Investigation Report that the company showed a rise in profit during the year ended March 2011 from ₹0.06 crore to ₹0.68 crore and thereafter showed a continuous fall between years ended March 2012 to March 2016. The company made a loss of ₹0.05 crore during

year ended March 2016. I note that the unusual rise in the price of the scrip from ₹45.35 to ₹76.80 during Patch 5 of the investigation period happened without any underlying fundamental reasons or without any significant corporate announcements.

12. The LTP contribution by the top 10 net positive LTP contributors from buy side was analyzed and the details of the same are furnished hereunder:

Entity Name	All trades			LTP Diff. >0			LTP Diff. < 0			LTP Diff. =0		% of Positive LTP to Total Market Positive LTP
	LTP impact	Sum of Quantity	No of trades	LTP impact	Sum of Quantity	No of trades	LTP impact	Sum of Quantity	No of trades	Sum of Quantity	No of trades	
PARAG RAMESH KALWANKAR	23	26	26	26.8	14	14	-3.8	6	6	6	6	32.72
SAIRA AMANATALI SHAIKH	12	8	8	12	5	5	0	0	0	3	3	14.65
SAFIK KHAN	10.10	3	3	10.10	3	3	0	0	0	0	0	12.33
KISHOR DINKAR DESAI	9.70	13	13	11	7	7	-1.3	4	4	2	2	13.43
JEETENDRA NANJI MARU	3.65	10	1	3.65	10	1	0	0	0	0	0	4.46
MORBIA SHARAD CHIMANLAL	3.60	1	1	3.60	1	1	0	0	0	0	0	4.40
HASMUKHLAL SEVANTILAL DOSHI	3.50	1	1	3.50	1	1	0	0	0	0	0	4.27
UJWALA PRAMOD SHEJWADKAR	3.45	10	2	3.45	7	1	0	0	0	3	1	4.21
REKHABEN HASMUKHLAL DOSHI	3.30	1	1	3.30	1	1	0	0	0	0	0	4.03
RESHMA RAMACHANDRA RAO	2.85	7500	6	2.85	500	1	0	0	0	7000	5	3.48
Total LTP of Top 10 entities	75.15	7573	62	80.25	549	35	-5.1	10	10	7014	17	97.99
Remaining entities	-43.70	4224	20	1.65	274	1	-45.35	3911	15	39	4	2.01
Market LTP	31.45	11797	82	81.90	823	36	-50.45	3921	25	7053	21	100.00

13. From the above table, it is noted that top 10 buy entities have contributed ₹80.25 to positive LTP (97.99 % of total market positive LTP). Net positive LTP

contribution of the above mentioned entities is ₹75.15. Out of the total purchase through 26 trades, the Noticee contributed ₹26.80 to positive LTP (32.72% of total market positive LTP) through 14 trades. On analysis of these 14 positive LTP contributing trades, it was noted that in 7 trades, the buy orders were placed after the respective sell orders which already existed in the system at higher than LTP. While for the remaining 7 trades, the buy orders were placed before the sell orders. The counter parties to the above mentioned 14 trades were scattered and unconnected. However on further analysis of the positive LTP contributing trades of the Noticee, it was noted that out of the 14 positive LTP contributing trades, for 13 trades, the buy order placed by the Noticee was for 1 share. As noted above, in 7 of his trades, the buy orders were placed after the respective sell orders which already existed in the system at higher than LTP. In 5 out of these 7 trades, the sell order quantities were available in the range of 50 shares to 100 shares. In the 13 trades where he placed buy order for 1 share, the Noticee has contributed to ₹22.8 (27.84% to total market positive LTP). The details of the 14 positive LTP contributing trades are as under:

Sl. No.	Description	No. of trades	LTP Contribution ₹	% of total market positive LTP
1	Trades where buy order quantity is 1 share	13	22.80	27.84
2	Trades where buy order quantity is more than 10 shares	1	4	4.88
3	All buy trades which contributed to positive LTP	14	26.80	32.72

14. It is noted from the material available on record that the Noticee has executed 26 trades in the scrip for 26 shares. Out of the said 26 trades, 14 trades were over the LTP for 14 shares. Out of the said 14 trades, for 13 trades, the buy order placed by the Noticee was for single share. In 11 out of 13 trades executed over the LTP, sell orders were in the range of 10 to 110 shares, yet the Noticee placed buy orders for one share at a time more or less at successfully higher prices. If the Noticee was a genuine buyer and had an interest in the scrip, he would have bought shares more than one at a time when they were available.

15. An analysis of the top 5 positive LTP contributing trades of the Noticee is given below:

Batch Date	Buyer Name	Seller Name	Trade Time	Buy Order Time	Sell Order Time	Trade Price	LTP Difference	Buy Order Price	Sell Order Price	Trade Qty	Sell Order Disclose Vol	Buy Order Qty
02.05.2013	PARAG RAMESH KALWANKAR	JAYNEEL SECURITIES PRIVATE LIMITED	14:16:26.6250930	13:53:45.6843060	14:13:22.3243840	77.7	4	78.1	77.7	1	511	17
30.04.2013	PARAG RAMESH KALWANKAR	S RAMA MOHAN	11:15:58.2773360	10:42:40.4772270	10:55:27.6472160	74.6	3.55	74.6	74.6	1	110	1
29.04.2013	PARAG RAMESH KALWANKAR	KIRIT CHHAGANLAL SOLANKI	12:15:58.3932390	12:11:36.2762660	11:55:16.9993840	70.95	3.2	70.95	70.95	1	10	1
25.04.2013	PARAG RAMESH KALWANKAR	REKHABEN HASMUKHLAL DOSHI	11:16:22.6810510	11:08:27.3895690	10:46:00.8097400	64.55	3.05	64.55	64.55	1	50	1
22.04.2013	PARAG RAMESH KALWANKAR	KIRIT CHHAGANLAL SOLANKI	10:16:02.7456470	09:53:07.8624630	09:51:47.9558680	58.8	2.8	58.8	58.8	1	10	1

16. I note from the above table that in respect of the 5 positive LTP contributing trades, the buy orders were placed for 1 share, for which quantity, the above trades were executed. These 5 trades for small quantity were executed on 4 days and contributed to significant positive LTP. From the afore-mentioned analysis of top 5 positive LTP contributing trades of Noticee, I note that while the disclosed volume of the sell orders were in the range of 10 to 511, buy orders were placed by the Noticee only for 1 share on 4 out of 5 days and accordingly the trades were executed for 1 share. Similar pattern was found to have been observed in respect of the remaining trades executed by the Noticee, which had significantly contributed to positive LTP.

17. It is noted from the IR that when the Noticee was executing trades for single share, the daily average number of traded shares in the scrip was 11,797 shares compared to 2,628 shares during the previous period of December 4, 2012 to April 5, 2013, i.e. an increase of 77.72% in average number of shares traded daily. This shows that liquidity in the scrip had increased at the relevant time. It

is also noted from the top 10 net LTP contributors as buyers that there were other buyers in the scrip who have executed trades for significant volume at LTP or lower than LTP. In light of the aforesaid, it can be said that the Noticee instead of executing 53.84% of his trades over the LTP, had the opportunity to buy shares at LTP or lower than LTP which is evident from his trade details also, confirming that he had also bought shares at LTP or lower than LTP. Further, the Noticee being a buyer had on 7 instances, placed the buy order over the LTP before the sell orders. This shows that the Noticee was not behaving like a reasonable buyer who tries to buy shares at a low price. In Noticee's case he had himself bought shares in the scrip at LTP and lower than LTP.

18. Furthermore, it is noted from the IR that in 13 trades out of the 14 over the LTP trades, the Noticee has placed buy order for single share. It is observed that the frequency of placing buy orders over the LTP in the said 13 instances, was high. The said buy trades were placed immediately on the next trading day or maximum within an interval of 2 trading days, showing a consistency (both in terms of volume and price) in the way the Noticee was placing orders in the scrip. Further, the fundamentals of the company also do not justify Noticee's persistence of putting buy orders over the LTP.

19. At this juncture, I would like to quote the order of Hon'ble Securities Appellate in the matter of Shri Lakhi Prasad Kheradi Vs. SEBI decided on June 21, 2018 wherein the Hon'ble Tribunal was addressing the issue wherein the entity had contributed to 9.17% of the market New High Price in 9 trades for 1 share each for the total value of 9 shares within a span of two weeks. The Hon'ble Tribunal observed as follows:

"...Very fact that the appellant had indulged in self-trades/ LTP/ NHP without giving any justifiable reason, clearly justifies the inference drawn by the AO that the trades executed by the appellant were manipulative trades..."

20. In the extant matter, the Noticee by executing single trade on 13 instances, where his buy order quantity was also single share, has contributed to ₹22.80 to the positive LTP which is 27.84% of total market positive LTP (highest

contributor during the Patch). In his reply to the SCN the Noticee submitted that he had traded in the scrip based on the suggestion of his stock broker. However, I note that the Noticee has not demonstrated with documentary evidence, the steps taken by him subsequently i.e. after it came to his knowledge that someone else is operating his trading account, viz., correspondence with the stock broker, complaint filed w.r.t. to the said trading or against the dealer / stock broker etc. I also note that the Noticee would have received his contract notes / demat statements for the relevant period when the trading took place. On a perusal of the same, the Noticee would have become aware of the trading but still in this case, the Noticee kept quiet, which points towards his complicity in the extant matter. So any suspicion that he had about the trading in the scrip of HFL, it should have been raised at that point in time and not at this belated stage which leads to the conclusion that it is an afterthought. Therefore, the submission of the Noticee that the trades were carried out without his knowledge is not acceptable.

21. I note that trades at higher than LTP, undoubtedly have a potential of raising the price of the scrip and the same gives a wrong impression about the price of the scrip in the market based on miniscule quantities traded. It must not be forgotten that every trade establishes the price of the scrip and trades executed at higher than LTP results in the price of the scrip going up which may influence the innocent/gullible investors. In cases of market manipulation, admittedly, no direct evidence would be forthcoming / available. Manipulative transactions are to be tested on the conduct of parties and abnormality of practices which defy normal logic and laid down procedures. What is needed, is to prove that in a factual matrix, preponderance of probabilities indicate a fraud. In this regard, the observations of Hon'ble Supreme Court of India in SEBI Vs. Kishore R Ajmera et.al. decided on February 23, 2016 wherein the Hon'ble Court while deciding the matter under SEBI Act and PFUTP Regulations where there was no direct evidence forthcoming, observed as follows:

“It is a fundamental principle of law that proof of an allegation levelled against a person may be in the form of direct substantive evidence or, as in many cases, such proof may have to be inferred by a logical process of reasoning from the totality of the attending facts and circumstances

surrounding the allegations/charges made and levelled. While direct evidence is a more certain basis to come to a conclusion, yet, in the absence thereof the Courts cannot be helpless. It is the judicial duty to take note of the immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded and to reach what would appear to the Court to be a reasonable conclusion therefrom. The test would always be that what inferential process that a reasonable/prudent man would adopt to arrive at a conclusion...”

22. In the instant matter, the Noticee has executed 53.84% of his total trades in the scrip over the LTP and all his trades in the scrip during the patch are for single share. Further the Noticee has repeatedly placed buy orders for miniscule quantity of shares over the LTP at frequent intervals, even though the sell order disclosed volume was for more than one share on multiple occasions. Thus, sell orders for higher quantities were existing in the system when the Noticee had placed order for single share. If the Noticee was a genuine buyer then he had the opportunity to buy more than one share of the company on multiple occasions but still he chose not to buy shares more than one at a time and continued to execute buy trades over the LTP by buying just one share at a time. Moreover, he was also placing buy orders over the LTP before the sell orders. Further, the fundamentals of the company also do not support the persistent interest shown by the Noticee in buying the scrip at prices higher than LTP.
23. The Noticee has submitted that he does not know any investor in the scrip nor does he know anyone related to the company. In this regard, I note that the extant matter is not based on the connection between the Noticee and the company / investors in the scrip, rather on the manipulative transaction carried out in the scrip. As observed by Hon'ble Apex Court in the matter of SEBI Vs. Kishore R Ajmera et.al, in matters like the current one, totality of the attending facts and circumstances surrounding the allegations has to be seen to arrive at a conclusion.
24. It is evident from the trading pattern of the Noticee that the intention of the

Noticee was to create a misleading appearance of trading in the scrip by marking the price higher and was not merely entering into the buy transactions. The trades executed by the Noticee were not done in normal course of dealing in securities and are devoid of any bonafide intentions. In this regard, I note that the Hon'ble Supreme Court in Kanaiyalal Baldev Bhai Patel v. SEBI [supra] have explained that: *"...The definition of 'fraud', which is an inclusive definition and, therefore, has to be understood to be broad and expansive, contemplates even an action or omission, as may be committed, even without any deceit if such act or omission has the effect of inducing another person to deal in securities. Certainly, the definition expands beyond what can be normally understood to be a 'fraudulent act' or a conduct amounting to 'fraud'. The emphasis is on the act of inducement and the scrutiny must, therefore, be on the meaning that must be attributed to the word "induce".*

25. In light of the aforesaid findings, I conclude that the Noticee's trading in the scrip was manipulative in nature and had created a misleading appearance of trading in the scrip. Accordingly, I hold that the Noticee has violated the provisions of Regulations 3(a), (b), (c), (d) and Regulations 4(1), 4(2)(a) and (e) of SEBI (PFUTP) Regulations.

ISSUE -II: Does the violation, if any, attract monetary penalty under Section 15HA of SEBI Act?

26. Pursuant to detailed analysis as brought out above, it is established that the Noticee manipulated the price of the scrip and created a misleading appearance of trading in the scrip by placing buy orders small quantity and above LTP, which are not trades executed in normal course of trading and investment in securities market. The Noticee has deliberately manipulated the price of the scrip and created a misleading appearance of trading in the scrip to induce innocent investors in the securities market thereby contravening the provisions of Regulations 3 (a), (b), (c), (d), 4 (1), 4 (2) (a), and 4 (2) (e) of SEBI (PFUTP) Regulations, 2003. Therefore, the Noticee is liable for monetary penalty under Section 15HA of SEBI Act, the provisions of which are reproduced hereunder:

Section 15HA of SEBI Act - Penalty for fraudulent and unfair trade practices

“If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher”.

ISSUE – III: If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of SEBI Act?

27. While determining the quantum of monetary penalty under Section 15HA of SEBI Act, I have considered the factors stipulated in Section 15-J of SEBI Act, which reads as under:

Section 15J - Factors to be taken into account by the Adjudicating Officer

While adjudging quantum of penalty under Section 15 - I, the Adjudicating Officer shall have due regard to the following factors, namely:

- (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
- (b) the amount of loss caused to an investor or group of investors as a result of the default;*
- (c) the repetitive nature of the default.*

28. The material made available on record has not quantified the amount of disproportionate gain or unfair advantage made by the Noticee and the loss suffered by the investors as a result of the Noticee's default. There is also no material made available on record to assess the amount of loss caused to investors or the amount of disproportionate gain or unfair advantage made by the Noticee as a result of default.

29. It is difficult, in cases of such nature, to quantify the disproportionate gains or unfair advantage enjoyed by an entity and the consequent loss suffered by the

investors. General public and normal prudent investors could have been easily carried away by such unusual change in the prices in the scrip of HFL and were bound to get induced into investing in the said scrip looking at the steep rise in its price without realizing that the price rise was been artificially introduced by manipulative trades executed by the Noticee. This kind of trading behavior seriously affects the normal price discovery mechanism in the securities market. Therefore, I am of the view that people who indulge in manipulative, fraudulent and deceptive transactions, or abet in carrying out such transactions, which are fraudulent and deceptive in nature, should be suitably penalized for such acts of omissions and commissions.

30. Further, Hon'ble SAT, in its order dated August 02, 2019 in the matter of P G Electroplast vs SEBI, has held that the Order passed in corresponding proceedings before the Whole Time Member should be factored in while fixing the quantum of penalty.

31. In this regard, I note that, a separate and parallel proceeding was initiated against the Noticee under the provisions of Sections 11(1), 11(4) and 11B of SEBI Act under the same facts. In the said proceedings, vide Order dated January 21, 2019, Hon'ble Whole Time Member of SEBI has restrained the Noticee from accessing the securities market and further prohibited them from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of four (4) years.

ORDER

32. After taking into consideration the nature and gravity of the violations established in the preceding paragraphs and in exercise of the powers conferred upon me under Section 15-I of the SEBI Act, 1992 read with Rule 5 of the SEBI Adjudication Rules, 1995, I hereby impose a penalty of ₹5,00,000/- (Rupees Five lakhs only) on the Noticee i.e., Parag Ramesh Kalwankar under Section 15HA of the SEBI Act, 1992 for violation of the provisions of Regulations 3 (a), (b), (c), (d), 4 (1), (2) (a) and (e) of SEBI (PFUTP) Regulations, 2003.

33. The said penalty imposed on the Noticee, as mentioned above is commensurate with the violation committed by the Noticee and acts as a deterrent factor for the Noticee and others in protecting the interest of investors.

34. The Noticee shall remit / pay the said amount of penalty within 45 days from the date of receipt of this Order, either by way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, OR through online payment facility available on the SEBI website www.sebi.gov.in on the following path by clicking on the payment link.

ENFORCEMENT → Orders → Orders of AO → PAY NOW

35. The Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid through e-payment to the Division Chief, Enforcement Department-I, DRA-IV, SEBI, in the format as given in table below:

Case Name	
Name of Payee	
Date of payment	
Amount Paid	
Transaction No	
Bank Details in which payment is made	
Payment is made for	Penalty

36. In terms of Rule 6 of the SEBI Adjudication Rules, copies of this order are sent to the Noticee and to SEBI.

Date: October 16, 2020
Place: Mumbai

PRASANTA MAHAPATRA
ADJUDICATING OFFICER