BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER No.: Order/SBM/AK/2022-22/16250-16253]

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:

1. Ms. Heena Mukesh Tolia **(PAN: AAEPT4003G)** C/o Ketan Doshi, Vallabh Apartment, 5th Floor, Joshi Lane, Ghatkoper (E), Mumbai - 400077	**2. Ms. Bharati Vilesh Dalal** **(PAN: AAEPD1193M)** Bhaveshwar Niketan, 1st floor, Room no. 2 August Kranti Marg, Cumballa Hill, Mumbai - 400026
3. Mr. Manoj Mangesh Powar **(PAN: AUAPP6582E)** CB 30, Triveni Nagar, Jamuna CHS, Vaishetpada no. 2, Kurar village, Malad West, Mumbai -400097	**4. Mr. Jatin Chandra Barua** **(PAN: AKEPB4357K)** Jarin Khan Chawl, Room no. 9, Ekata Shri Krishna Soc, Dutta wadi, Kurar village, Malad E, Mumbai -400097

In the matter of
Viaan Industries Limited
(Formerly known as Hindustan Safety Glass Industries Limited)
Lotus Grandeur,1501/1502,
Veera Desai Road Extension,
Andheri (West), Mumbai - 400053

FACTS OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as **'SEBI'**) based on media reports and SCORES complaints, had conducted investigation into the trading/dealings in the scrip of Viaan Industries Limited (Formerly known as Hindustan Safety Glass Industries Limited) (hereinafter referred to as (**'VIL'/'Viaan'/'Company'**), during the period September 01, 2013 to December 23, 2015 (hereinafter referred to as **'Investigation period'**). Pursuant to the investigation, it was alleged that Ms. Heena Mukesh Tolia (hereinafter referred to as **'Noticee no. 1'/'Ms. Heena'**), Ms. Bharati Vilesh Dalal (hereinafter referred to as **'Noticee no. 2'/'Ms. Bharati'**), Mr. Manoj Mangesh Powar (hereinafter referred to as **'Noticee no. 3'/'Mr. Manoj'**) and Mr. Jatin Chandra Barua (hereinafter referred to as **'Noticee no. 4'/'Mr. Jatin'**) had allegedly indulged in manipulation of the scrip price of VIL during the abovementioned Investigation period and thereby allegedly violated the provisions of Sections 12A (a), (b), (c) of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **'SEBI Act'**) and Regulations 3 (a), (b), (c), (d) and Regulations 4(1), 4(2) (a) and (e) of SEBI (Prohibition of Fraudulent and

Unfair Trade Practices Relating to Securities Market Regulations), 2003 (hereinafter referred to as **'PFUTP Regulations'**). For the purpose of the present proceedings, Noticee nos. 1,2,3 & 4 are hereinafter also collectively referred to as the **'Noticees'**.

2. VIL was incorporated as Hindustan Safety Glass Industries Limited on October 19, 1982, as a public limited company. It was initially listed on Calcutta Stock Exchange (CSE) and thereafter, it got listed on Bombay Stock Exchange (BSE) with effect from February 20, 2014, under direct listing. It was observed that the trading in the scrip of VIL at CSE had stopped since 2013 and thereafter no trading took place. The scrip got listed on BSE with effect from February 20, 2014 and was traded on February 21, 2014 with a closing price of Rs.10.10 and the volume was 1 share. After February 21, 2014, there was no trading in the scrip at BSE. The next trading in the scrip at BSE was on September 08, 2014.

3. During the Investigation Period, the price of the scrip moved from Rs. 10.60 on September 08, 2014 to Rs. 333.90 on November 23, 2015 mostly through first trades. It was alleged that, during the Investigation Period, Noticee No. 1 and Noticee No. 2 (who were predominantly buyers) and their counter-party sellers viz. Noticee No. 3 and Noticee No. 4 were instrumental in artificially inflating the price of the scrip. It is noted that, Noticee No. 1 and Noticee No. 2 repeatedly placed buy orders at higher price than the prevailing Last Traded Price (**'LTP'**) in an illiquid scrip and the sell clients Noticee No. 3 and Noticee No. 4 repeatedly placed sell orders, for miniscule quantity even though higher buy quantities were available. Hence, it is alleged that buy clients i.e, Noticee No. 1 and Noticee No. 2 and counter party sell clients i.e, Noticee No. 3 and Noticee No. 4 were having some understanding and indulged in an act of false and misleading appearance of trading in the scrip of VIL only to manipulate the price of the scrip of VIL. It is further alleged that, such trading/dealings in the scrip of VIL have resulted in the violation of the provisions of Sections 12A (a), (b), (c) of SEBI Act and Regulations 3(a) (b), (c), (d) and Regulations 4(1), 4(2)(a) and (e) of PFUTP Regulations by the Noticees.

4. In view of the above reasons, adjudication proceedings have been initiated against the Noticees under the provisions of section 15HA of the SEBI Act.

APPOINTMENT OF ADJUDICATING OFFICER

5. The undersigned was appointed as the Adjudicating Officer (**'AO'**) vide *communique* dated February 1, 2021 under Section 19 of the SEBI Act read with Section 15-I of the SEBI Act and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as **'Adjudication Rules'**), to inquire into and adjudge under the provisions of section

15HA of the SEBI Act, the aforementioned alleged violation of the provisions of law by the Noticees.

SHOW CAUSE NOTICE, REPLY AND HEARING

6. A common Show Cause Notice ref No. SCN/SEBI/EAD1/SBM/KL/18985/2021 dated August 10, 2021 (hereinafter referred to as **'SCN'**) was issued to the Noticees under the provisions of Rule 4 of the Adjudication Rules, requiring the Noticees to show cause as to why an inquiry should not be held against the Noticees and why penalty, if any, should not be imposed on them under the provisions of section 15HA of the SEBI Act, for their alleged violation of the provisions of Sections 12A (a), (b), (c) of SEBI Act and Regulations 3 (a), (b), (c), (d) and Regulations 4(1), 4(2) (a) and (e) of PFUTP Regulations, while trading/dealing in the scrip of VIL during the aforementioned investigation period. The SCN issued to the Noticees *inter alia* mentioned/alleged the following: -

   a. *VIL was incorporated as Hindustan Safety Glass Industries Limited on October 19, 1982, as a public limited company. It was initially listed on Calcutta Stock Exchange (CSE) and thereafter, it got listed on Bombay Stock Exchange (BSE) with effect from February 20, 2014, under direct listing. It is observed that the trading in the scrip of VIL at CSE had stopped since 2013 and thereafter no trading took place. Further, the trading activities of the Noticees in the scrip of VIL at BSE, during the investigation period were analysed for suspected manipulation of scrip price of VIL at BSE.*

   b. *Based on the observations w.r.t the trading pattern of the Noticees in the scrip of VIL through first trades, LTP and NHP and based on perusal of the submissions made by them during the course of investigation, the following allegations were made against the Noticees.*

   c. *It was observed that Ms. Heena/Noticee No.1 and Ms. Bharati/Noticee No.2 repeatedly placed buy orders in the scrip of VIL at higher price than prevailing LTP in the illiquid scrip and the sell clients viz. Mr. Manoj/Noticee No.3 and Mr.Jatin/Noticee No.4 (both related) repeatedly placed sell order for miniscule quantity even though higher buy quantities were available. Hence, it is alleged that the buy clients i.e, Ms.Heena and Ms.Bharati and the counter party sell clients i.e, Mr.Manoj and Mr.Jatin were having some understanding and indulged in an act of false and misleading appearance of trading in the scrip of VIL to manipulate the price of the scrip. Therefore, it is alleged that the Noticees were instrumental in artificially inflating and manipulating the price of the scrip of VIL during the investigation period.*

   d. *Further, it was also alleged that Mr. Manoj and Mr. Jatin were not acting as genuine sellers and had no bona fide intention to sell shares, yet, they were major counter-party sellers of two buyers viz. Ms. Heena and Ms. Bharati whose trades were instrumental in contributing significant LTP. In-spite of sufficient buy orders quantity being available in the market, it is alleged that they sold small quantity of shares (one to few shares) at higher price in each transaction. By following such selling pattern, it is alleged that they, along with aforementioned two buyers Ms. Heena and Ms. Bharati were instrumental in establishing a price higher than* *the last traded price of an illiquid scrip every time and thus contributed to significant increase in the price of the scrip which did not have sound fundamentals. In view of the above, it was alleged that the Noticees viz. Ms. Heena and Ms. Bharati along with Mr. Manoj and Mr. Jatin manipulated the scrip price of VIL and created a misleading appearance of trading in the scrip and thus violated Section 12 A (a), (b), (c) of SEBI Act 1992 and Regulations 3 (a), (b), (c), (d), 4(1), 4 (2)(a) and 4 (2) (e) of PFUTP Regulations.*

7. The SCN dated August 10, 2021 was served upon the Noticees and vide various letters/emails, the Noticees submitted their respective replies to the SCN and to the Hearing Notices issued to them.

   The Noticees *inter-alia* submitted the following:

   <u>Replies and Hearing – Noticee No. 1,</u>

   <u>August 24, 2021</u>

   a. *I submit that I have purchased a small quantity of shares of Viaan in the ordinary course of my trading/investment activity in shares. Viaan was a small company whose price was rising and was promoted by well known celebrities. I decided to accumulate some small quantity shares in the hope of selling them at a higher level. Considering the fact that the company was promoted by a reputed film star/celebrity/tv star, the current performance was not relevant and it was very likely that these well connected stars will ensure good business and performance for the Company. I purchased small quantity of shares over a period and finally sold the shares about two years later at a small profit. I am not connected to the Company, its Promoters or any of the counter parties that the SCN has listed. I am not even alleged to be so connected with any such person. Without any such connection, the allegation of price manipulation fails.*
   b. *I am not connected with any of the Promoters of Viaan Industries Limited. I have no knowledge of them.*
   c. *It is seen that I have entered into in the aggregate 14 trades in the shares of Viaan over a period of more than six months. I have not continuously traded in the shares. The gap between two purchases is in several days and at times several weeks.*
   d. *It has been stated that I have offered to buy shares for a higher price and thus contributed to LTP. I respectfully submit that I have not done any violation of law, of the rules of stock exchange, etc. and my bids were wholly in consonance with underlying facts.*
   e. *I have carried out my transactions in shares of Viaan through the very reputed and large stock broker Indiabulls. SEBI has also approached the stock broker and inquired about my transactions. The response of the broker has been reproduced in the SCN and it is seen that the stock broker has clearly stated that my trades were genuine and also the fact that they were spread out over several months, there was no reason even otherwise to have any concern.*
   f. *It is inevitable that in case of non availability of shares at the ruling market price or last closed price, a higher price would have to be offered which I did. I submit that there was no malafide involved.*

g. *For any price manipulation to happen, there has to be a conspiracy of parties involved and the counter parties on both sides have to be necessarily connected. I submit that I have no connection whatsoever with any of the counter parties.*
h. *There is no underlying links between the parties even on a second level. As the SCN itself states, each of the counter parties had a different broker.*
i. *In the present case, there is no allegation or even a hint made in the SCN of any synchronization between parties.*
j. *It has been alleged that I and 3 other parties as named in the SCN have indulged in price manipulation. However, it can be seen from the SCN itself that I and the counter parties had stopped trading much earlier and the price kept rising independently of my trading to nearly double the last price at which I had traded.*

In the interest of natural justice and in terms of the Adjudication Rules, Noticee No. 1 was provided with an opportunity of personal hearing in the matter on January 19, 2022, through the online webex platform. However, vide email dated December 21, 2021, Noticee No.1 *inter alia* submitted that:

"I have to submit that I have, as also referred to in your email, already filed detailed and comprehensive submissions in response to the said Show Cause Notice. I have nothing further to add at this stage and hence I waive the personal hearing kindly granted to me. I request that the matter may kindly be disposed of on the basis of my written submissions."

Replies and Hearing - Noticee No. 2,

Dated February 14, 2021

a. *I wanted to buy 100 shares but everyday we use to get only 2 or 1 share or sometimes 5 shares. Total 40 shares were bought in 2014/2015 @avg price of 28.95.*
b. *20 Shares were sold on 17/1/17 through HEM Security and my remaining 20 shares got converted into 1000 and we sold 1000 @4.25 shares on 17/7/19.*
c. *I am in no way related or any sort with the specified person.*
d. *I'm an investor and i invest, I don't speculate. I wanted to buy 100 shares worth only 2000 or 2500 rs for investment everyday i use to get only 1 or 2 or 4 shares. With such small quantities, I never realized prices are getting impacted by my 100 shares. I would never like to speculate or do any wrongful doing. I'm a small investor and a house wife.*

In the interest of natural justice and in terms of the Adjudication Rules, Noticee No. 2 was provided with an opportunity of personal hearing in the matter on February 16, 2022, through the online webex platform. However, vide email dated February 14, 2022, Noticee No. 2 *inter alia* submitted that:

"*Our reply is final and we do not want any further hearing.*"

Replies and Hearing – Noticee No. 3,

Dated August 24, 2021

a. I have not intentionally carried out any of the serious allegations made against me. I had no idea that my transactions of miniscule quantity of shares could be viewed as committing serious violations such as price manipulation and fraud.

b. I am a small working class lower middle class person with an unblemished track record and have no intention whatsoever to be engaged in such illegal acts.

c. My transactions are barely 41 shares and total sale proceeds of a few thousand rupee.

d. I had certain shares and I sold them over a period of time to gain maximum value in light of rising prices over which I had no influence or control. Also in my knowledge No person has suffered any loss.

e. I am not connected to the promoters or the Company i.e, Viaan Industries Limited.

f. I am not connected with any of the alleged counter parties. I have no personal or financial relations with them. Counterparties have different brokers.

g. There is no synchronisation of trades.

h. Counterparties to my trades had offered to buy large quantity of share however I had bid for very small quantity of shares. Since, the high price was backed by actual offer, the share prices cannot be said to be manipulative. Further such high price was offered over a period of more than a year makes allegation of price manipulation inconsistent with such facts.

i. The share prices were continuously rising, by selling some shares at a time I booked some profits while keeping option open for higher profits if prices rose further.

j. I sold shares in the range of Rs.23 and Rs. 37, The price rose several times higher, had my intentions been of price manipulation I would have sold my shares at a further higher price. Profits made by me were miniscule in comparison to total price rise from Rs 38 to Rs. 333 also trades were miniscule for a very short period of time.

k. I am not connected to any other person except Mr. Jatin Barua, who is my cousin.

l. The price movers are different persons and if at all I am a small pawn in the whole game, which is without any knowledge or concert with others.

m. My trades are just 91 in quantity of the total trades of 16942 shares, which is 0.50 % of the total trades. Further, total quantity traded is lower than the averae trading of 204 shares.

n. My transaction have not caused any loss to any person. The parties named in the have been alleged to purchase the shares, and have not sold to make a high profit. The ingredients of price manipulation are not demonstrated.

o. I have no means to know the counterparties in the electronic opaque system.Some trades matched with the specified counterparties, the remaining with other parties.Since only few persons were willing to trade athe time it is inevitable that trades of two persons may match more than once.

p. No person, investor, public etc has made any complaint regarding artificial price rise.

q. I have not used or employed any manipulative or deceptive device or contrivance in contravention to the law.

r. None of the criteria of 15 J is attracted, my violation is not repetitive. I have no past records to have commited any violation of securities laws.

In the interest of natural justice and in terms of the Adjudication Rules, Noticee No. 3 was provided with an opportunity of personal hearing in the matter on January 19, 2022, through the online webex platform. However, vide email dated December 23, 2021, Noticee No. 3 *inter alia* submitted that:

"since I have already given my detailed complete submissions in writing earlier and since I have nothing further to add, I request that my matter be kindly disposed on the basis of my written submissions. Accordingly, I hereby waive the personal hearing."

Replies and Hearing – Noticee No. 4,

Dated August 26, 2021

a. I have not intentionally carried out any of the serious allegations made against me. I had no idea that my transactions of small quantity of shares could be viewed as committing serious violations such as price manipulation and fraud.

b. I am a small working class lower middle class person and have no intention whatsoever to be engaged in such illegal acts.

c. My transactions are barely 25 shares and total sale proceeds of a few thousand rupee.

d. I had certain shares and I sold them over a period of time to gain maximum value in light of rising prices over which I had no influence or control. Also in my knowledge No person has suffered any loss.

e. I am not connected to the promoters or the Company i.e, Viaan Industries Limited.

f. I am not connected with any of the alleged counter parties. I have no personal or financial relations with them. Counterparties have different brokers.

g. There is no synchronisation of trades.

h. Counterparties to my trades had offered to buy large quantity of share however I had bid for very small quantity of shares. Since, the high price was backed by actual offer, the share prices cannot be said to be manipulative. Further such high price was offered over a period of more than a year makes allegation of price manipulation inconsistent with such facts.

i. The share prices were continuously rising, by selling some shares at a time I booked some profits while keeping option open for higher profits if prices rose further.

j. I sold shares in the range of Rs.40 and Rs. 50, The price rose several times higher, had my intentions been of price manipulation I would have sold my shares at a further higher price. Profits made by me were miniscule in comparison to total price rise to Rs. 333 also trades were miniscule for a very short period of time.

k. I am not connected to any other person except Mr. Manoj Pawar, who is my cousin.

l. The price movers are different persons and if at all I am a small pawn in the whole game, which is without any knowledge or concert with others. My total proceeds are Rs.5,940 only.

m. My trades are just 10 in quantity of the total trades of 16942 shares, which is barely 0.50 % of the total trades. Further, total quantity traded is lower than the averae trading of 204 shares.

n. My transaction have not caused any loss to any person. The parties named in the have been alleged to purchase the shares, and have not sold to make a high profit. The ingredients of price manipulation are not demonstrated.

o. I have no means to know the counterparties in the electronic opaque system. Some trades matched with the specified counterparties, the remaining with other parties.Since only few persons were willing to trade athe time it is inevitable that trades of two persons may match more than once.

p. No person, investor, public etc has made any complaint regarding artificial price rise.

q. I have not used or employed any manipulative or deceptive device or contrivance in contravention to the law.

r. None of the criteria of 15 J is attracted, my violation is not repetitive. I have no past records to have commited any violation of securities laws.

In the interest of natural justice and in terms of the Adjudication Rules, Noticee No. 4 was provided with an opportunity of personal hearing in the matter on January 19, 2022, through the online webex platform. However, vide email dated December 23, 2021, Noticee No. 4 *inter alia* submitted that:

"I have already submitted all details pertaining to matters related to Viaan Industries Ltd in writing and by mail dated 26th August, 2021 and I have nothing further to add. Thus I request you to consider my matter to be kindly disposed of on the basis of my written submissions. In accordance with your mail received I hereby waive the personal hearing."

8. Therefore, in view of the above submissions made by the Noticees and respective replies received from them waiving the personal hearing granted to them, I am inclined to proceed further in the matter, in terms of the Adjudication Rules.

CONSIDERATION OF ISSUES AND FINDINGS

9. I have carefully perused the charges levelled against the Noticees in the SCN and the material / documents made available during the course of the proceeding, including the annexures and the respective replies furnished by the Noticees. During the Investigation Period, the price of the scrip of VIL on BSE, moved from Rs. 10.60 on September 08, 2014 to Rs. 333.90 on November 23, 2015 mostly through first trades. It is alleged that Noticee No. 1 and Noticee No. 2 as buyer and their counterparty sellers i.e., Noticee No. 3 and Noticee No. 4 were instrumental in artificially inflating the price of the scrip of VIL during the Investigation Period. It is noted that Noticee No.

3 and Noticee No. 4 were related to each other as cousins and their connections are also established on the basis of, off-market transfers in the scrip of VIL between them. It is alleged based on their trading pattern that, Noticees were having some understanding, as Noticee No. 1 and Noticee No. 2 repeatedly placed buy orders at higher price than the prevailing LTP in an illiquid scrip and the sell clients viz. Noticee No. 3 and Noticee No. 4 repeatedly placed sell orders for miniscule quantity even though higher buy quantities were available and thus indulged in an act of creating false and misleading appearance of trading in the scrip of VIL only to manipulate the price of the scrip. It is also alleged that, such trading/dealings in the scrip of VIL have resulted in the violation of the provisions of Sections 12A (a), (b), (c) of SEBI Act and Regulations 3(a) (b), (c), (d) and Regulations 4(1), 4(2)(a) and (e) of PFUTP Regulations. Further, when Noticee No. 3 and Noticee No. 4 were predominantly selling in the scrip of VIL, Noticce No. 1 and Noticee No. 2 were the major buyers and there was consistency in the above trading pattern in the scrip of VIL among the Noticees during the Investigation period, as the trades of the buyers and sellers got matched on most occasions.

10. Before moving forward, it is pertinent to refer to the relevant provisions of the SEBI Act and PFUTP Regulations allegedly violated by the Noticees which are mentioned below:

SEBI (PROHIBITION OF MANIPULATIVE AND DECEPTIVE DEVICES, INSIDER TRADING AND SUBSTANTIAL ACQUISITION OF SECURITIES OR CONTROL)

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.

SECURITIES AND EXCHANGE BOARD OF INDIA (PROHIBITION OF FRAUDULENT AND UNFAIR TRADE PRACTICES RELATING TO SECURITIES MARKET) REGULATIONS, 2003

Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

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

(b) *use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;*

(c) *employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;*

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

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 markets.*

(2) *Dealing in securities shall be deemed to be a manipulative fraudulent or an unfair trade practice if it involves:*

(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*

11. In view of the above, the Noticees were required to Show Cause as to why an inquiry should not be held against them in terms Rule 4 of the Adjudication Rules read with Section 15 I of the SEBI Act and why penalty, if any, should not be imposed on them under the provisions of Section 15HA SEBI Act. The text of the above mentioned Section 15HA SEBI Act, is mentioned below:

SEBI Act

PENALTIES AND ADJUDICATION

Penalty for fraudulent and unfair trade practices.

*15HA. If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty *(which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.)*

** Substituted for the words "twenty-five crore rupees or three times the amount of profits made out of such failure, whichever is higher" by the Securities Laws (Amendment) Act, 2014, w.e.f. 08-09-2014*

12. The trading activities of the Noticees in the scrip of VIL at BSE, during the investigation period were analysed vide the Price Volume data, as mentioned in following table and chart:

Table -1: Price Volume Data at BSE

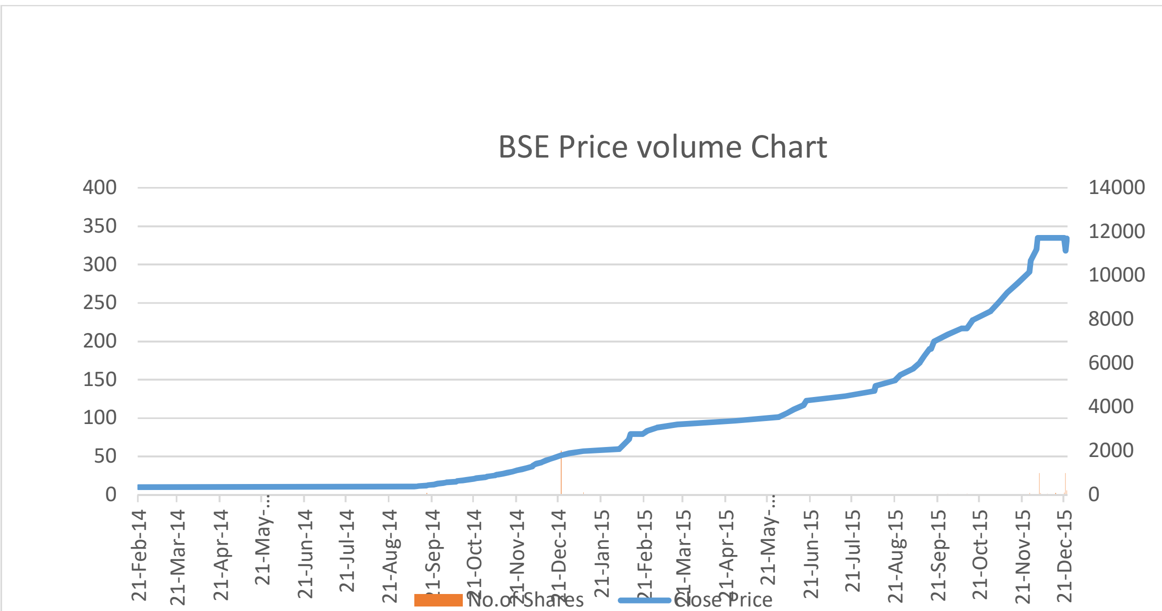
Price /Volume summary (Bombay Stock Exchange -BSE):

Period	Dates		Opening Price (volume) on first day of the period (Rs)	Closing price (volume) on last day of the period (Rs.)	Low price(volume) during the period (Rs.)	High Price(volume) during the period (Rs.)	Total no. of shares traded during the period (avg. daily vol.)
During Investigation Period	21/02/2014 – 23/12/2015	Price	10.10	333.90	10.60	334.70	16942 (204)
		Date	21/02/14	23/12/15	08/09/14	02/12/2015	
		Vol	1	200	1	11670	
		Date	21/02/14	23/12/15	07/11/14	03/12/14	

**The scrip got listed on BSE with effect from February 20, 2014. It traded on February 21, 2014 with a closing price of Rs.10.10 and the volume was 1 share. After February 21, 2014 there was no trading in the scrip. The next trading was on September 08, 2014.*
** The scrip was suspended for trading with effect from December 24, 2015 to April 05, 2016 by BSE under surveillance measures.*

Chart -1: Price Volume Chart at BSE

Price /Volume chart (Bombay Stock Exchange -BSE):



a. It was observed that the price of the scrip of VIL moved from Rs.10.10 on February 21, 2014 and touched a high of Rs.334.70 and finally closed at Rs.333.90 on December 23, 2015. Based on data in respect of the trading of VIL scrip through first trades, during the investigation period, a total of 12 entities, including the Noticees were shortlisted as suspected entities. The trading data of the suspected entities including Noticees were analyzed to ascertain if they had manipulated the scrip price of VIL. Further, it was also observed that amongst the suspected entities, Noticee No. 3 and Noticee No. 4 were connected as cousins, and their connections were also established based on off-market transactions and also based on the submissions made by them during the course of the investigation.

b. It was observed that the suspected entities including the Noticees, have purchased 13795 shares (81.43% of total market volume) and sold 2525 shares (14.85% of total market volume) of VIL at BSE during the investigation period.

c. The summary of the trading done by the suspected entities during the investigation period in the scrip of VIL is given in the table below:

Table - 2: Summary of the trading done by the suspected entities

Sr. No.	Client Name	PAN	Gross Buy Qty	Gross Buy % to total market Vol	Gross Sale Qty	Gross Sell% to total market Vol
1	Vikram Shares Stock Broking Private Limited	AACCV7779E	11671	68.89	2028	11.97
2	Veena Umeshkumar Selarka	BTNPS6748G	2014	11.89	374	2.21
3	**Bharati Vilesh Dalal / Noticee no.2**	AAEPD1193M	40	0.24	0	0
4	**Heena Mukesh Tolia / Noticee no.1**	AAEPT4003G	21	0.12	0	0
5	Alka Mittal	AKCPM8622Q	16	0.09	0	0
6	Rahul Anantrai Mehta	AAEPM3588K	16	0.09	0	0
7	Nasiruddin Purkait	AMLPP8364K	8	0.05		
8	Mahesh Shankarbhai Patel	ATLPP8367R	7	0.04	7	0.04
9	Rajiv Maheshwari	AAAPM1959Q	2	0.01		
10	**Manoj Mangesh Powar / Noticee no.3**	AUAPP6582E	0	0	91	0.54
11	Jackpot Vintrade Private Limited	AACCJ1982F	0	0	15	0.09
12	**Jatin Chandra Barua / Noticee no.4**	AKEPB4357K	0	0	10	0.05
	Grand Total		**13795**	**81.43**	**2525**	**14.85**
	Market total		**16942**	**100**	**16942**	**100**

13. Based on the data provided in the SCN, the First Trades in the scrip of VIL were analysed. The suspected entities including the Noticees, who bought/sold shares through first trades and their impact on LTP was analysed and findings of the same are given below:

Table 3: Summary of First trades

Buyer Name	Sum of LTP > 0 (Rs.)	% of total Positive market LTP	No. of First Trades	No. of first trades where CPs from the connected entities	Positive LTP From first trade where CPs were from the group (Rs.)	% of total positive LTP to market positive LTP
Rajiv Maheshwari	10.95	3.01	2	0	0	0
Vikram Shares Stock Broking Private Limited	1.80	0.49	1	0	0	0
Bharati Vilesh Dalal / Noticee no.2	**18.72**	**5.14**	**13**	0	0	0
Rahul Anantrai Mehta	2.60	0.71	3	0	0	0
Heena Mukesh Tolia / Noticee no.1	**86.80**	**23.85**	**14**	0	0	0
Alka Mittal	13.25	3.64	4	0	0	0
Nasiruddin Purkait	13.15	3.61	3	0	0	0
Mahesh Shankarbhai Patel	3.10	0.85	2	0	0	0
Veena Umeshkumar Selarka	14.95	4.11	2	0	0	0
Total	**165.2**	**45.43**	**44**	**0**	**0**	**0**

a. From the table above, it was observed that the total positive LTP contribution through first trades by the suspected entities, including the Noticee No.1 and Noticee No.2 was Rs. 165.2 (45.43% of total market positive LTP). Out of that, it was seen that the LTP contribution through first trades, by two suspected entities viz. Noticee No.1 and Noticee No.2, was more than 5% each. The above clearly shows that, the First trades of Noticee No. 1 and Noticee No. 2 had a significant impact in the increase in the scrip price of VIL during the Investigation period.

b. Further, it was observed that, for 7 out of 14 total buy trades of Noticee No.1, which contributed a positive LTP of Rs.43.30 (11.89% of total market positive LTP), and for 11 out of total 13 buy trades of Noticee No.2, which contributed a positive LTP of Rs.15.82 (4.34% of total market positive LTP), the counterparties were Noticee No.3 and Noticee No.4. Noticee No. 3 and Noticee No. 4 were the sellers.

c. It was observed that during the investigation period, the trading of Noticee No.1 and Noticee No.2 on the buy side, and Noticee No.3 and Noticee No.4 on the sell side, in the scrip of VIL was more significant among the suspected entities in creating a misleading appearance of trading and manipulating the scrip price of VIL by way of repeatedly executing first trades in the scrip of VIL.

14. Based on the trade data provided in the SCN, New High Price (**'NHP'**) was analaysed. It was observed that, during the course of investigation, on September 08, 2014, the price of the scrip of VIL at BSE opened at Rs.10.60 (previous trade day- February 21, 2015: closing price Rs.10.10) and reached a high of Rs.334.70 on December 02, 2015, and closed at Rs.333.90 on December 23, 2015. In this regard, it was observed that the suspected entities, including the Noticees contributed to NHP by trading in the scrip of VIL. The summary of the aforesaid trades is given in the table below:

Table- 4: New High Price (NHP) Analysis

Buy Client	NHP Contribution (Rs.)	% of NHP contribution to market NHP	NHP Qty	No. of Trades	NHP where CPs were from the suspected entities(Rs.)	% of NHP contribution to market NHP
Rajiv Maheshwari	10.95	3.38	2	2	0	0
Vikram Shares Stock Broking Private Limited	1.80	0.56	50	1	0	0
Bharati Vilesh Dalal / Noticee no.2	**18.72**	**5.78**	**40**	**13**	0	0
Rahul Anantrai Mehta	2.60	0.80	13	3	0	0
Heena Mukesh Tolia / Noticee no.1	**86.80**	**26.78**	**19**	**14**	0	0
Alka Mittal	13.25	4.09	13	4	0	0
Nasiruddin Purkait	13.15	0.96	2	2	0	0
Mahesh Shankarbhai Patel	3.10	0.96	7	2	0	0
Veena Umeshkumar Selarka	14.95	4.61	44	2	0	0
Total	**165.32**	**47.91**	**190**	**43**	**0**	**0**

a. From the table above, it was observed that the suspected entities contributed Rs. 165.32 to NHP which was 47.91% of the total NHP during the investigation period. Out of that, it was observed that the NHP contribution by two suspected entities viz. Noticee No.1 and Noticee No.2 was more than 5% each.

b. Further, it was observed that out of the 43 NHP trades of the suspected entities, Noticee No.3 and Noticee No.4 had placed sell orders for 27 trades and contributed to a total positive LTP of Rs. 83.22 (22.86% of total market positive LTP) as the counterparties.

c. It was also seen that for 7 buy trades of Noticee No.1, which contributed to positive LTP of Rs.43.30 (11.89% of total market positive LTP), and for 11 buy trades of Noticee No.2, which contributed to positive LTP of Rs.15.82 (4.34% of total market positive LTP) the counterparties were Noticee No.3 and Noticee No.4.

d. In view of the above, it was observed that during the investigation period, the trading of Noticee No.1 and Noticee No.2 on the buy side, and Noticee No.3 and Noticee No.4 on the sell side in the scrip of VIL was more significant when compared with the total trades of the suspected entities. The Noticees were therefore instrumental in creating a misleading appearance of trading in the scrip and manipulated the scrip price of VIL, by way of repeatedly establishing NHP in the scrip of VIL.

15. Based on the data provided in the SCN and the extract of the trades of the Noticees from the Trade logs, the Last Traded Price (**'LTP'**) was analaysed. As the price rise in the scrip of VIL was observed throughout the investigation period, the whole investigation period has been taken as price rise period for the purpose of LTP analysis. Briefly the details of the analysis in this regard are given below:

a. It was observed that the scrip got listed at BSE with effect from February 20, 2014. It was traded on February 21, 2014 with a closing price of Rs.10.10 and the trading volume was only 1 share. After February 21, 2014, there was no trading in the scrip and the next trading was carried out on September 08, 2014. During the period from September 08, 2014 to December 23, 2015, a price rise was observed in the scrip, i.e. the price of the scrip opened at Rs.10.60 and reached a high of Rs.334.70 on December 02, 2015 and closed at Rs.333.90 on December 23, 2015. The total volume traded during the investigation period was observed to be 16942 shares.

<u>(Price rise - buy side) February 21, 2014 to December 23, 2015:</u>

<u>Table 5: Details of the analysis of trades carried out by the suspected entities including Noticees as buyers during this period is given below:</u>

Buyer Name	All trades			LTP Diff. > 0			LTP Diff. < 0			LTP Diff. = 0		% of positive LTP to Total Market
	Sum of LTP (Rs.)	Sum of Qty.	No. of trades	Sum of LTP (Rs.)	Sum of Qty.	No. of trades	Sum of LTP (Rs.)	Sum of Qty.	No. of trades	Sum of Qty.	No. of trades	

												positive LTP
Heena Mukesh Tolia/ Noticee no.1	**86.80**	**21**	**16**	**86.80**	**19**	**14**	**0.00**	**0.00**	**0.00**	**2**	**2**	**23.85**
Bharati Vilesh Dalal/ Noticee no.2	**18.72**	**40**	**13**	**18.72**	**40**	**13**	**0.00**	**0.00**	**0.00**	**0**	**0**	**5.14**
Veena Umeshkumar Selarka	14.95	2014	45	14.95	44	2	0.00	0.00	0.00	1970	43	4.11
Alka Mittal	13.25	16	5	13.25	13	4	0.00	0.00	0.00	3	1	3.64
Nasiruddin Purkait	13.15	8	8	13.15	2	2	0.00	0.00	0.00	6	6	3.61
Rajiv Maheshwari	10.95	2	2	10.95	2	2	0.00	0.00	0.00	0	0	3.01
Mahesh Shankarbhai Patel	3.10	7	2	3.10	7	2	0.00	0.00	0.00	0	0	0.85
Rahul Anantrai Mehta	2.60	16	4	2.60	13	3	0.00	0.00	0.00	3	1	0.71
Vikram Shares Stock Broking Private Limited	1.80	11671	248	1.80	50	1	0.00	0.00	0.00	11621	247	0.50
Total	165.32	13795	343	165.32	190	43	0.00	0.00	0.00	13605	300	45.43
Market Total	**323.80**	**16942**	**620**	**363.90**	**429**	**72**	**-40.10**	**107.00**	**7.00**	**16406**	**541**	**100.00**

b. From the table above, it was observed that 9 suspected entities contributed Rs.165.32 to Net LTP in 343 trades with a volume of 13795 shares and Rs.165.32 to positive LTP (45.43% to market positive LTP) in 43 trades with a volume of 190 shares.

c. It was further observed that Noticee No.1 contributed Rs.86.80 to positive LTP i.e. 23.85% of market positive LTP in 14 trades. It was also observed that in all the 14 trades, the buy orders were placed by Noticee no.1 before the corresponding sell orders.

d. Further, it was observed that Noticee No.2 contributed Rs.18.72 to positive LTP i.e. 5.14% of market positive LTP in 13 trades. It was also observed that in all the 13 trades, the buy orders were placed by Noticee No.2 before the corresponding sell orders.

16. Based on the observations made w.r.t First trades, LTP and NHP in the scrip of VIL during the investigation period, trades of Noticee No.1 were analysed. It was observed that the contribution of Noticee No.1 to total market positive LTP was more than 5%. Therefore, the trades carried out by Noticee No.1 were analysed to ascertain her role in the manipulation of the scrip price of VIL. It was observed that Noticee No.1 had repeatedly placed single quantity/few shares orders with positive LTP and this pattern was observed during the Investigation period.

17. Further, it was also observed that the contribution of Noticee No.2 to total market positive LTP was more than 5%. Therefore, the trades carried out by Noticee No.2 were also analysed to ascertain her role in the manipulation of the scrip price of VIL during the investigation period. It was observed that Noticee No.2 had repeatedly placed single quantity/few shares orders with positive LTP.

18. Based on the observations made w.r.t First trades, LTP and NHP in the scrip of VIL during the investigation period, it was observed that the counterparties to the buy trades in the scrip of VIL

were predominantly Noticee No.3 and Noticee No.4. It was observed from the trading pattern of Noticee No.3 and Noticee No.4 that, even though the buy orders for relatively large quantity of shares were available before placing sell orders, the sellers i.e. the Noticee No.3 and Noticee No.4 repeatedly placed the sell orders for single/few shares and thus contributed to positive LTP significantly. It was observed that when the sell orders were made by Noticee No. 3 and Noticee No. 4, the same got matched with the buy orders of Noticee No. 1 and Noticee No. 2 and there was consistency in the said pattern and matching of the trades in the scrip of VIL during the Investigation period. Both the sellers i.e. the Noticee No.3 and Noticee No.4 followed this trading pattern on several days and thus contributed to significant positive LTP in collusion with the buyers viz. Notice No. 1 and Noticee No. 2. The analysis of the trading of Noticee No.3 and Noticee No.4 with Noticee No. 1 and Noticee No.2 is mentioned in the table below:

Table 6: Details of the analysis of trades carried out by the Noticees as buyers and sellers during the Investigation period:

Seller Name	Counter party Buyer Name	No. of trades (LTP >0)	When sell order qty was of 1 share only (trades of Heena/Noticee no.1) and when sell order qty was 2-5 shares only (trades of Bharati/Noticee no.2)		% of positive LTP to Total Market positive LTP(IP)
			Total Positive LTP contribution (Rs.)	No. of trades	
Manoj Mangesh Powar/ Noticee no.3	**Heena Mukesh Tolia / Noticee no.1**	5	27.30	5	7.50
Jatin Chandra Barua/ Noticee no.4	**Heena Mukesh Tolia/ Noticee no.1**	2	16.00	2	4.39
Sub total		**7**	**43.30**	**7**	**11.89**
Manoj Mangesh Powar/ Noticee no.3	**Bharati Vilesh Dalal/ Noticee no.2**	9	11.42	9	3.13
Jatin Chandra Barua/ Noticee no.4	**Bharati Vilesh Dalal/ Noticee no.2**	2	4.40	2	1.21
Sub total		**11**	**15.82**	**11**	**4.34**
Total		**18**	**59.12**	**18**	**16.23**

a. From the details of the trade log and also from the observations made in the table above, it is noted that out of 14 buy trades of Noticee No.1 which contributed to positive LTP of Rs 86.80, for 7 trades the sell order quantity was for a single share, which contributed to positive LTP of Rs.43.30 (11.89% of total market positive LTP). Further, it was observed that in the majority of the aforementioned trades (7 trades out of 14 trades), Noticee No.3 and Noticee No.4 had put sell orders with quantity of shares in single digits i.e. mostly 1 share, whereas buy orders were available with quantity in the range of 480 to 500 shares (average of buy orders was 488 shares).

b. It was further observed that, out of 13 buy trades of Noticee no.2, which contributed to positive LTP of Rs 18.72, for 11 trades, the sell order quantity was in the range of 2 to 5 shares, which contributed to positive LTP of Rs.15.82 (4.34% of total market positive LTP). Further, it was also observed that in the majority of the aforementioned trades (11 trades out of 13 trades), Noticee No.3 and Noticee No.4 had put sell orders with quantity of shares in single digits i.e. mostly in the range of 2-5 shares whereas buy orders were available with quantity in the range of 471 to 500 shares (average of buy orders was 480 shares).

c. Further, from the analysis of all the trades of Noticee No.3 and Noticee No.4, it was observed that out of total 37 trades, in case of 36 trades, sell orders for 1 to 5 shares were placed when buy orders for larger quantity were available in the market and they were matching with the sell order at the same buy order rates. The same is given in the table below:

Table 7: Details of the analysis of trades carried out by the NoticeeNo. 3 and Noticee No. 4

Seller Name	No. of trades (LTP >0)	when sell order qty was of 1-5 shares only		% of positive LTP to Total Market positive LTP
		Total Positive LTP contribution (Rs.)	No. of trades	
Manoj Mangesh Powar/Noticee no.3	30	64.79	30	17.80
Jatin Chandra Barua/Noticee no.4	6	30.90	6	8.49
Total	**36**	**95.69**	**36**	**26.29**

d. It was further noted that out of total of 429 buy trades that contributed a positive LTP of Rs 363.90, Noticee No.3 and Noticee No.4 were counter party sellers for 37 trades. As given in the table above, for 36 out of 37 trades, the buy orders were placed before the corresponding sell orders. In case of only one trade for 5 shares, the sell order was placed by Noticee No.3 before the buy order. For these 36 trades, although the larger buy order quantity was already available, the sell orders quantity was observed to be in the range of only 1-5 share, which contributed to positive LTP of Rs.95.69 (26.29% of total market positive LTP). Hence, it was observed that in the majority of the trades (36 trades out of 37 trades), Noticee No.3 and Noticee No.4 had put sell orders with quantity of shares in single digits despite buy orders being available with quantity in the range of 1 to 15000 shares.

e. Day wise summary of the aforementioned 36 trades of Noticee No.3 and Noticee No.4 are given below:

Table 8: Day wise summary of the 36 trades of Noticee No.3 and Noticee No.4

SI No:	Date	Number of trades	Buy Order LMQ (Last Modified Quantity)	Sell Order LMQ(Last Modified Quantity)	Qty difference (Buy order LMQ- Sell order LMQ)	Traded Qty	LTP contribution	Number shares traded during the entire market
1	08.09.2015	1	481	1	480	1	8.20	1
2	03.09.2015	1	482	1	481	1	7.80	1
3	07.08.2015	1	486	1	485	1	6.70	1
4	16.06.2015	1	491	1	490	1	5.50	1
5	09.06.2015	1	492	1	491	1	5.30	1
6	04.06.2015	1	493	1	492	1	5.00	1
7	29.05.2015	1	494	1	493	1	4.80	1
8	28.04.2015	1	1	1	0	1	4.55	1
9	23.02.2015	1	5	2	3	2	3.95	2
10	10.02.2015	1	90	1	89	1	6.55	1
11	06.02.2015	1	20	1	19	1	5.95	1
12	19.12.2014	1	465	3	462	3	2.30	3
13	12.12.2014	1	471	2	469	2	2.10	2
14	09.12.2014	1	474	2	472	2	2.00	2
15	05.12.2014	1	250	3	247	3	1.90	6
16	02.12.2014	1	100	3	97	3	1.75	3
17	28.11.2014	1	1000	5	995	5	1.65	5
18	25.11.2014	1	477	3	474	3	1.55	3
19	21.11.2014	1	478	1	477	1	1.50	1
20	18.11.2014	1	1000	2	998	2	1.45	2
21	14.11.2014	1	500	2	498	2	1.35	2
22	11.11.2014	1	478	3	475	3	1.30	3
23	07.11.2014	1	479	1	478	1	1.25	1
24	05.11.2014	1	481	2	479	2	1.15	2
25	31.10.2014	1	1000	3	997	3	1.10	3
26	29.10.2014	1	486	5	481	5	1.05	5
27	23.10.2014	1	250	5	245	5	1.00	5
28	21.10.2014	1	491	5	486	5	0.95	5
29	16.10.2014	1	10000	5	9995	5	0.90	5
30	13.10.2014	1	10000	5	9995	5	0.90	5
31	08.10.2014	1	10000	3	9997	3	0.80	3
32	01.10.2014	1	2500	2	2498	2	0.78	2
33	29.09.2014	1	15000	5	14995	5	0.74	5
34	24.09.2014	1	500	4	496	4	0.67	4
35	22.09.2014	1	100	5	95	5	0.64	5
36	18.09.2014	1	1000	5	995	5	0.61	5
Total		**36**	**61515**	**96**	**61419**	**96**	**95.69**	**99**

f. As observed from the above table, Noticee No.3 and Noticee No.4 were following manipulative trading pattern on several days and contributed to positive LTP of Rs. 95.69 i.e., 26.29 % of total market positive LTP through such trades during the Investigation period. It was further observed that in all the aforementioned trades, the buy order quantity was more than sell order quantity. Further, it was observed that out of 14 trades (positive LTP) of Noticee No. 1, for 5 trades the counterparty was Noticee No. 3 and for 2 trades the counterparty was Noticee No. 4. It is also observed that, for 13 trades (positive LTP) of Noticee No. 2, for 9 trades the counterparty was Noticee No. 3 and for 2 trades the counterparty was Noticee No.4.

g. It was further observed that out of the 44 first trades done by the suspected entities, for 27 trades, Noticee No.3 and Noticee No.4 had put sell orders and contributed total positive LTP of Rs. 83.22 (22.86% of total market positive LTP) by being their selling counterparties. Out of the aforesaid 27 trades, Noticee No.3 contributed LTP of Rs. 56.27 (15.46% of total market positive LTP) by 22 trades for 55 Shares and Noticee No.4 contributed Rs. 26.95 (7.30 % of the total market positive LTP) by 5 trades for 8 shares.

h. Further, based on the available records and the submissions of Noticee No.3 and Noticee No.4 during the course of investigation, it is noted that they were connected as cousins. Further, it is observed from demat account statement of Noticee no.2 that he transferred 25 shares to Noticee no.4 through off- market transaction. The details of the connection are given below:

Table 9: Basis of connection

SN.	PAN	Name	Basis of connection
1	AUAPP6582E	**MANOJ MANGESH POWAR/Noticee no.3**	a) Entity nos.1-2 share common mobile numbers viz.9867631481 as well as connected via off market transfer b) As submitted by both of them during the statement recording, they are cousins.
2	AKEPB4357K	**JATIN CHANDRA BARUA/Noticee no.4**	

19. In view of the abovementioned observations, the replies received from the Noticees were analyzed. The Noticees vide their respective replies have contended that the anonymous trading system of the stock exchange does not allow a transacting party to know the details of the counterparties to the trade. I note that in the screen based trading, which is virtually anonymous, it is not possible for anyone to enter into such trades. However, considering the precision and consistency at which the buy trades of Noticee No. 1 and Noticee No. 2 got matched with the sell trades of Noticee No. 3 and Noticee No. 4 during the Investigation period, it will be too naïve to hold that these transactions are through screen-based trading and hence anonymous. Clearly, the Noticees were acting in concert while trading /dealing in the scrip of VIL during the Investigation period. I further note that Noticee No. 3 had provided shares directly to Noticee No. 4 through off-market transfer, in order to enable them to manipulate the price of the scrip. In view of the above observations, I hold that all the transactions executed by the Noticees in the scrip of VIL were trades with manipulative intent, which were a result of prior meeting of mind among the Noticees. Needless to mention the fact that these transactions were

manipulative/deceptive device with a motive to increase the scrip price of VIL. The pattern of transactions for price manipulation and artificial trading as found in this case among all the Noticees demonstrates their active involvement in the entire plan/scheme and Noticees cannot feign ignorance as sought to be done by them.

20. In this context, I find it relevant to refer to the decision of Hon'ble Supreme Court in the matter of *Securities and Exchange Board of India v. Kishore R Ajmera* {(2016)} 6 SCC 368: AIR 2016 SC 1079} wherein, the Hon'ble Supreme Court has held that, *"... According to us, knowledge of who the 2ndparty/client or the broker is, is not relevant at all. While the screen based trading system keeps the identity of the parties anonymous it will be too naïve to rest the final conclusions on the said basis which overlooks a meeting of minds elsewhere. Direct proof of such meeting of minds elsewhere would rarely be forthcoming. The test, in our considered view, is one of preponderance of probabilities so far as adjudication of civil liability arising out of violation of the Act or the provisions of the Regulations framed thereunder is concerned..."*

21. It is very unusual in the market that miniscule quantity is being offered by the sellers when the buyers place orders in large quantity, as observed in this case. Such behavior would be self-detrimental, as despite so much interest on the buyer side, no seller is offering shares. In a real market situation, the buyer and sellers move step by step gauging the interest on the opposite side. The trades of the sellers (Noticee No. 3 and Noticee No. 4) who were putting orders for minuscule quantity were getting matched with the trades of the buyers (Noticee No. 1 and Noticee No.2) who were consistently putting the buy orders at the higher end of LTP. Nobody displays such a huge interest which is in complete disconnect with the interest on the other side. The involvement of Noticee No. 3 and Noticee No. 4 in placing such sell orders in minuscule quantity repeatedly and consistently for a longer duration when large number of buy orders were available in the market indicates the manipulative intent of the Noticees. The facts, as observed during investigation, show that supply side was being intentionally restrained/controlled by the sellers who were connected/related with each other. This type of trading pattern indicates that the sellers played a major role in manipulating the price of the scrip. The facts and circumstances, including the trading pattern of the Noticees show that a facade of huge demand was created, on account of such trading pattern of the Noticees without which the scrip with hardly any credential regarding its trading history, fundamentals, business or financial standing etc., could not have witnessed an exponential increase in the price within such short period of trading. The only way the price of such scrip could have increased is by deploying manipulative trading pattern. In the said scrip and the trading pattern employed by the Noticees, it cannot be a mere coincidence that the sell trades of Noticee No. 3 and Noticee No. 4 were getting ostensibly matched with the buy trades of Noticee No. 1 and Noticee No. 2 on a consistent basis during

the Investigation period. This goes to prove that Noticees were acting in concert in the manipulation of the scrip price of VIL.

22. Here, it is important to refer to the observations made by the Hon'ble Securities Appellate Tribunal (SAT) in its order dated March 21, 2014 in Saumil Bhavnagari Vs. SEBI, wherein Hon'ble SAT has held that: *"... but by purchasing shares at the higher price in LTP in most of the trades, the noticee had given a wrong impression about the liquidity of the scrip in the market. It must not be forgotten that every trade establishes the price of the scrip and the noticee's trading at higher than LTP resulted in the price of the scrip going up and were done with a view to set the price at a desired level and thereby influencing the innocent/gullible investors."*

23. In this context, I also refer to the judgement of Hon'ble Supreme Court in the matter of Kishore R. Ajmera Vs. SEBI, wherein it was held by Hon'ble Supreme court that *"In the quasi-judicial proceeding before SEBI, the standard of proof is preponderance of probability. 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 are as on able/prudent man would adopt to arrive at a conclusion."*

24. Further, in the matter of SEBI v/s Rakhi Trading, Hon'ble Supreme Court has held that *"Whether a transaction has been executed with the intention to manipulate the market or defeat its mechanism will depend upon the intention of the parties which could be inferred from the attending circumstances because direct evidence in such cases may not be available. The nature of the transaction executed, the frequency with which such transactions are undertaken, the value of the transactions, whether they involve circular trading and whether there is real change of beneficial ownership, the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn."*

25. It may also be relevant to refer to the observations of the Hon'ble Securities Appellate Tribunal (SAT) in its order dated July 14, 2006 in Ketan Parekh Vs. SEBI, wherein it was held that: *"When a person takes part in or enters into transactions in securities with the intention to artificially raise or depress the price he thereby automatically induces the innocent investors in the market to buy / sell their stocks. The buyer or*

the seller is invariably influenced by the price of the stocks and if that is being manipulated the person doing so is necessarily influencing the decision of the buyer / seller thereby inducing him to buy or sell depending upon how the market has been manipulated. We are therefore of the view that inducement to any person to buy or sell securities is the necessary consequence of manipulation and flows therefrom. In other words, if the factum of manipulation is established it will necessarily follow that the investors in the market had been induced to buy or sell and that no further proof in this regard is required. The market, as already observed, is so wide spread that it may not be humanly possible for the Board to track the persons who were actually induced to buy or sell securities as a result of manipulation and law can never impose on the Board a burden which is impossible to be discharged. This, in our view, clearly flows from the plain language of Regulation 4(a) of the Regulations."

26. The observations made in the aforesaid judgments of Hon'ble Supreme Court and Hon'ble SAT shall apply with full force to the facts and circumstances of the present case. Therefore, applying the ratio of the above judgments and also upon the observation made above, I am convinced that the execution of transactions by the Noticees in the scrip of VIL, with such consistency in terms of First trades, LTP, NHP, order placement, time, price, quantity etc. and also the fact that the transactions were majorly matched with the same counterparties clearly indicates a prior meeting of mind with a view to manipulate the scrip price of VIL. Thus, the nature of trading, as brought out above, clearly indicates an element of prior meeting of minds and therefore, a collusion of the Noticees to carry out the transactions to inflate the scrip price of VIL. The trades of the Noticees in the scrip of VIL was not only instrumental in artificially inflating the price of the scrip of VIL, but also had the potential to induce naïve investors, to invest in the scrip of VIL.

27. Therefore, from the foregoing paragraphs and the observations/findings contained therein, I hold that the Noticees have violated the provisions of Sections 12A (a), (b), (c) of SEBI Act and Regulations 3(a) (b), (c), (d) and Regulations 4(1), 4(2)(a) and (e) of PFUTP Regulations.

28. In view of the above, I conclude that the Noticees are liable for monetary penalty under the provisions of section 15HA of the SEBI Act, which reads as under:

Penalty for fraudulent and unfair trade practices.

15HA. If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.

29. In this regard, the provisions of Section 15J of the SEBI Act and rule 5 of the Adjudication Rules require that while adjudging the quantum of penalty, 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.

30. Having regard to the factors listed in section 15J above and the guidelines issued by Hon'ble Supreme Court of India in *SEBI Vs Bhavesh Pabari Civil Appeal No(S).11311 of 2013* vide judgement dated February 28, 2019, it is noted that from the material available on record, any quantifiable gain or unfair advantage accrued to the Noticees or the extent of loss suffered by the investors as a result of the default by the Noticees in this case cannot be computed. The act of artificially increasing the price of scrip have the potential to mislead and induce gullible and genuine investors to trade in the scrip and harm them and, thus, the fundamental tenets of market integrity get violated with impunity due to such fraudulent acts by the Noticees.

31. Clearly, from the above observations, the Noticees were acting in concert under a scheme, and were instrumental in artificially inflating and manipulating the price of the scrip of VIL during the investigation period. Noticee No.1 and Noticee No.2 repeatedly placed buy orders in the scrip of VIL at higher price than the prevailing price in the illiquid scrip of VIL and the sell clients viz. Noticee No.3 and Noticee No.4 repeatedly placed the sell orders for miniscule quantity even though higher buy quantitiy orders were available. Noticee No.3 and Noticee No.4 were not acting as genuine sellers and had no bona fide intention to sell shares, yet, they were major counterparty sellers of two buyers viz. Noticee No.1 and Noticee No.2 whose trades were instrumental in contributing to significant increase in LTP in the scrip of VIL. In-spite of sufficient buy order quantity being available in the market, Noticee No. 3 and Noticee No. 4 sold small quantity of shares (one to few shares) at higher price in each transaction which got matched with the buy orders of Noticee No. 1 and Noticee No. 2 on a consistent basis. The act of Noticee No.1 and Noticee No.2 were instrumental in establishing a price higher than the last traded price of the scrip every time, and thus contributed to significant increase in the price of the scrip of VIL, which did not have sound fundamentals. The transactions detailed above, clearly demonstrates the repetitive nature of the default and significant contribution to the price inflation, on the part of the Noticees. It is pertinent to mention that every trade establishes the price of the scrip and the trading of Noticees at higher than LTP resulted in the price of the scrip going up and were done with a view to set the price or benchmark the price at a desired level and thereby influencing the innocent / gullible investors. Therefore, it can be concluded that the Noticees had

manipulated the price of the scrip of VIL and created a misleading appearance of trading in the scrip. From the manner in which Noticees executed the above mentioned transactions, the Noticees have violated the statutory provisions of law. In this context, reliance is placed upon the order of the Hon'ble Supreme Court of India in the matter of *Chairman, SEBI Vs Shriram Mutual Fund* {[2006]5 SCC 361} –wherein the Hon'ble Supreme Court of India held that *"…In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant..."*

ORDER

32. Having considered all the facts and circumstances of the case, the material available on record and the factors mentioned in the preceding paragraphs, I, in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with rule 5 of the Adjudication Rules, hereby impose a total penalty of Rs.5,00,000/-(Rupees Five Lakh only) on the Noticees viz. **Ms. Heena Mukesh Tolia, Ms. Bharati Vilesh Dalal, Mr. Manoj Mangesh Powar and Mr. Jatin Chandra Barua** (to be paid Jointly and Severally by the Noticees), under the provisions of section 15HA of the SEBI Act for their violation of provisions of Sections 12A (a), (b), (c) of SEBI Act and Regulations 3 (a), (b), (c), (d) and Regulations 4(1), 4(2) (a) and (e) of PFUTP Regulations. I am of the view that the said penalty is commensurate with the default committed by the Noticees.

33. The Noticees shall remit / pay the said amount of penalty within 45 (forty five) days of the receipt of this order either by way of Demand Draft (DD) in favour of "SEBI -Penalties Remittable to Government of India", payable at Mumbai and the said DD should be forwarded to the Division Chief, Enforcement Department -I (EFD), Division of Regulatory Action -I [EFD1-DRA-1] SEBI Bhavan, Plot No.C4-A,' G' Block, Bandra Kurla Complex (BKC), Bandra (East), Mumbai –400 051 and also send an email to tad@sebi.gov.in with the following details:

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	Payment is made for (like penalties/disgorgement / recovery/ settlement amount and legal charges along with order details)	

34. Payment can also be made online by following the below path at SEBI website www.sebi.gov.in ENFORCEMENT → Orders → Orders of AO → Click on PAY NOW or at https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html.

35. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 28A of the SEBI Act, 1992 for realization of the said amount of penalty along with interest thereon, *inter alia,* by attachment and sale of movable and immovable properties.

36. In terms of rule 6 of the Adjudication Rules, a copy of this order is sent to the Noticees viz. **Ms. Heena Mukesh Tolia, Ms. Bharati Vilesh Dalal, Mr. Manoj Mangesh Powar and Mr. Jatin Chandra Barua** and also to Securities and Exchange Board of India.

Date: April 28, 2022
Place: Mumbai

SURESH B MENON
ADJUDICATING OFFICER