

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/VV/NK/2020-21/9988]

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
Sunita Investments (Proprietor: Sunita Gupta) (PAN: AAHPG4700E)

In the matter of
Trading Activities of Certain Entities in the scrip of Mefcom Agro Industries Limited

FACTS OF THE CASE IN BRIEF

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') conducted an investigation to ascertain the violation, if any, of the provisions of Securities and Exchange Board of India, Act 1992 (hereinafter referred to as the 'SEBI Act') and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as the 'SEBI (PFUTP) Regulations, 2003') by the Noticee, namely, Sunita Investments (Proprietor: Sunita Gupta) (hereinafter referred to as "**SI/Sunita Investments/Noticee** ") while trading in the scrip of Mefcom Agro Industries Limited (hereinafter referred to as Mefcom/MAIL / the company) during the period from January 01, 2006 to June 30, 2007 (hereinafter referred to as 'investigation period').
2. It was alleged that the Noticee was one of the largest traders in the scrip of Mefcom and had accounted for gross purchase of 1773821 shares (approximately 7.40%) and gross sale of 1781414 shares (approximately 7.43%). It was also alleged that



the Noticee had indulged in self trades during the investigation period. Further the Noticee was also instrumental in increasing the price of the scrip.

3. In view of all of the above, it was alleged that the Noticee violated the provisions of Regulation 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 [hereinafter referred to as the SEBI (PFUTP) Regulations, 2003].

APPOINTMENT OF ADJUDICATING OFFICER

4. Mr. Prasad Jagdale was appointed as the Adjudicating Officer (AO) under section 15I of the Securities and Exchange Board of India Act, 1992 read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as the '**Adjudication Rules**') to inquire into and adjudge under section 15 HA of the Securities And Exchange Board of India Act, 1992 for the alleged violation of the provisions of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(e) of SEBI (PFUTP) Regulations, 2003 by the Noticee. Subsequent to the transfer of Mr. Prasad Jagdale, Ms. Rachna Anand was appointed as the AO. Thereafter, upon transfer of Ms. Rachna Anand, Mr. Jeevan Sonparote was appointed as the AO. Thereafter, upon transfer of Mr. Jeevan Sonparote, I have been appointed as the Adjudicating Officer in the present matter vide order dated August 09, 2019.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

5. A Show Cause Notice (hereinafter referred to as "SCN") EAD-8/JS/VRP/5513/2018 dated February 21, 2018 was inter-alia issued to the Noticee under Rule 4 of the Adjudication Rules to show cause as to why an inquiry should not be initiated and penalty be not imposed under section 15HA of the SEBI Act, 1992 for the alleged violations specified in the SCN. The said SCN was delivered to the Noticee.
6. In the SCN it was alleged that on analyzing trades executed at a price higher than the last traded price (hereinafter referred to as "LTP") it was observed that during patch-1, the market wide cumulative contribution to the positive and net LTP variation (hereinafter referred to as "LTPV") was Rs. 661.06 and Rs. 190.73



respectively of which Rs. 399.63 and Rs. 268.03 respectively was contributed by the Mefcom group entities as buyers. The details of connected entities called Mefcom Group is placed below:

Sr.	Name of Entity	PAN NO.	Connection
1	Vijay Mehta	AAKPM1588M	➤ Promoter of Mefcom Agro Industries. Also Chairman of Mefcom
2.	Harsh Kumar Mehta	AAHPM7953M	➤ Promoter group entity-brother of promoter Vijay Mehta-(as per the documents submitted by Vijay Mehta, Harshkumar Mehta Expired in 2011)
3	Mefcom Capital Markets Ltd (MCML)	AAACM7077N	Promoter of Mefcom. Also Vijay Mehta was the chairman of MCML
4	Rakesh Kumar Mishra (Cosmo Corporate Services Ltd-Cosmo)	AAACC3529P	➤ Off market transfer with Master Finlease ➤ As per BSE database, phone number of Cosmo i.e. "23739998" is registered in the name of Vijay Jindal (Director of Avisha Credit Capital Ltd and Master Finlease Ltd, which shares the new address of Mefcom i.e.606 Kailash Building KG Marg,New Delhi). C
5	Avisha Credit Capital Ltd ("Avisha")	AAACA5715D	➤ Shares new address of Mefcom. also the address of Master Finlease Limited viz., "606 Kailash Building, KG Marg, New Delhi"
6	Sunita Investments (Sunita Gupta)	AAHPG4700E	➤ Off market transfer with Cosmo Corporate Services Ltd
7	Vishvas Securities Limited	AAACV2921N	➤ Shared same address as that of Mefcom during the Investigation period (viz., 912 Kailash Building KG Marg Delhi) ➤ Off market transfer to Master Finlease Ltd., SIC Stock and Services Pvt. Ltd. and Avisha Credit Capital Ltd. ➤ During the IP, Avisha Credit capital Ltd. and Master Finlease Ltd. were holding 45% of share capital in Vishvas Securities Ltd. (Unlisted Co.) - as on 30/9/2006 ➤ Atul Joshi one of the present directors of Vishvas Securities Ltd., as on December 16, 2015, is also director in Mefcom Agro Industries Ltd.
8	Vijay Jindal (Master Finlease Limited- MFL)	AAACM6050D	➤ Shares new address of the company ("606 Kailash Building , KG Marg, New Delhi) which is also the address of Avisha ➤ Master Finlease Ltd. along with Avisha Credit capital Ltd. held 45% of share capital in Vishvas Securities Ltd. (Unlisted Co.) ➤ Off market transfer with Vishvas Securities limited
9	SIC Stocks & Services P Ltd	AAHCS8176P	➤ Off market transfer with Vishvas Securities Ltd (It was revealed during investigation that entity traded using its client's name- at sr.No.10,11, 12 & 13 - during IP) ➤ Financial transaction with Avisha
10	Purshottam Khandelwal	ADZPK9831B	➤ It was observed that these entities were major counter parties to the sale by original promoters when the promoters exited the company. It was revealed during investigation that their broker (SIC) was trading using client's name. This is discussed in detail in paras 14.2.2, 3 & 4
11	Pushpa Bansal	AMBPB5527G	
12	Deepak Shantilal Rana	ABCPR2985E	
13	Shilpi Krishnakumar Modi	AGDPM3368E	
14	ISF Securities Ltd	AAACI1667E	➤ Off market trade with Master Finlease. Financial transaction with Avisha Credit Capital Ltd.
15	BP Comtrade P Ltd (BP)	AAACA3758Q	➤ During investigation period, BP had purchased 380432 shares and sold380313 shares. 79% of the counter parties to the buy trade and 67% of the counter parties to the sale trades were Mefcom group entities. Further the entity had indulged into price manipulation through LTP contribution.



7. It was alleged that the Mefcom group entities contributed 60.45% to positive market LTP in 1,275 trades. A positive LTP of Rs. 77.30 i.e. 11.69% of market positive LTP was created in 230 trades by the group entities when they traded among themselves. Further, Mefcom group entities contributed significant amount of Rs. 77.30 positive LTP (11.69% of market positive LTP) by trading among themselves.

Seller→ Buyer↓				
	BP Comtrade Pvt .Ltd	Sunita Investments	Purshottam Khadewal	Total LTPV as buyer
Cosmo Corporate Services Limited	7.5	1.39	0.83	9.72
I S F Securities Ltd	11.66	0.73	3.7	16.09
Master Finlease Ltd	9.65	0.81	0.52	10.98
Sunita Investments	2.43	0.42	1.26	4.11
Purshottam Khadewal	8.55	4.91	10.13	23.59
Total LTPV As Seller	39.79	8.26	16.44	64.49

It was further alleged that the aforesaid 6 entities contributed significant amount of Rs. 64.49 positive LTP (9.75% of market positive LTPV) by trading among themselves and have been alleged to have manipulated the price of the scrip.

8. The Noticee in the SCN was also alleged to have entered into self trades and manipulated the price of the scrip and created artificial volumes in the scrip. Further in the SCN it was also alleged that the Noticee had manipulated the price of the scrip through first trades.
9. I note that the Noticee in response to the SCN replied vide letter dated February 8, 2018 seeking extension of time to reply to the SCN which was acceded to. The Noticee replied to the SCN vide letter dated March 18, 2018, relevant portion of which is summarized as below:

- 1) *The Noticee submitted that the present proceedings has been started after almost 10 years of the alleged default. The Noticee submitted that the she has been levied a penalty of Rs. 60 lac and Rs. 5 lac in the matter of Gangotri Textiles Limited and Sumeet*



Industries Limited. Further she has also been debarred for a period of 3 years in another proceedings by the Whole Time Member (WTM), SEBI.

- 2) The Noticee was a Sub-Broker with erstwhile Delhi Stock Exchange (DSE) and was entitled to trade on BSE as well.*
 - 3) The Noticee had entered into an agreement with one of its clients Perfect Car Scanners Private Limited for trading in various scrip on behalf of the said clients. The Noticee had carried out the trades in the scrip of Mefcom on behalf of the aforesaid client.*
 - 4) The Noticee has maintained regular statement of account for the aforesaid clients. The aforesaid client maintained sufficient balance in his account for trades in various scrip including Mefcom. There was proper transfer of shares and money with the aforesaid client and the trades were genuine. The Noticee has not gained from the alleged trades.*
 - 5) The Noticee never traded in the scrip for manipulating the price of the scrip and the trades were in the normal course of business at the prevalent price.*
10. Thereafter, an opportunity of personal hearing was granted to the Noticee on June 21, 2019. The Noticee did not respond to the aforesaid hearing notice. Therefore, the Noticee was granted another opportunity of personal hearing on June 26, 2019. The Noticee vide letter dated June 19, 2019 submitted that she was not able to travel to Mumbai for the personal hearing as her health did not permit long travel. She further submitted that if at all her presence is necessary she requested that she may be allowed to appear for the personal hearing in Delhi.
11. I note that the Noticee had submitted a detailed reply in the matter vide letter dated March 18, 2019. Further, from her reply in the matter it seemed that she was not keen to appear for the personal hearing. In view of the aforesaid, I note that personal hearing in the matter will be a mere formality and will not further the cause in the present proceedings. Therefore, I am of the view that no further personal hearing qua the Noticee is required in the matter. For the reasons mentioned above, I am of the opinion that the Noticee was provided with adequate opportunities of replying to the SCN and of being heard in the matter.



CONSIDERATION OF ISSUES AND FINDINGS

12. I have perused the SCN, written and oral submissions and other materials available on record. The issues that arise for consideration in the present case are:

- I. *Whether the Noticee, by its act has violated the provisions of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.*
- II. *Does the violation, if any, on the part of the Noticee attract monetary penalty under section 15HA of SEBI Act?*
- III. *If so, what would be the monetary penalty, duly considering the factors mentioned in Section 15J of SEBI Act read with Rule 5(2) of the AO Rules?*

Issue I – *Whether the Noticee, by its act has violated the provisions of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003?*

13. The first issue for consideration is whether the Noticee by its act has violated the provisions of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.

14. Before I proceed with the matter, it is pertinent to look at the relevant provisions alleged to have been violated by the Noticees, which are reproduced below:

SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003

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 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.

4. Prohibition of manipulative, fraudulent and unfair trade practices:

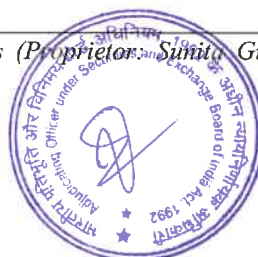
(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following namely:-

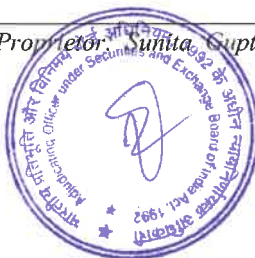
(a) indulging in an act which creates false or misleading appearance of trading in the securities market;

(e) any act or omission amounting to manipulation of the price of a security;

15. I note that the SCN alleged that out of the total positive LTP contribution of Rs. 661.06, the Mefcom group (group) entities created a positive LTP of Rs. 15.03 (i.e. 2.27% of market positive LTP) by entering buy order first in 28 trades where counterparties were non group entities. Further, LTP of Rs.307.30 (i.e. 46.48%) was created by group entities wherein sell orders were placed first in 1017 trades by 267 non-group entities. Further, a positive LTP of Rs.77.30 i.e. 11.69% of market positive LTP was created in 230 trades by the Mefcom group entities including the Noticee while trading within the group. I find that the allegation rests on the premise that the aforesaid entities including the Noticee are part of the Group (Mefcom group) which includes 15 entities. The said premise requires evaluation of the basis of connection amongst the entities which are allegedly related as per the connection shown in Table at paragraph 6 of this order.



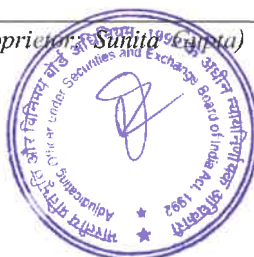
16. I note that the SCN has alleged that 6 entities namely, BP Comtrade Private Limited (BPCPL), ISF Securities Limited (ISF) and SIC Stocks & Services Private Limited (SIC) trading on behalf of Purshottam Khandelwal (PK), Master Finlease Limited (MFL), Sunita Investments and Cosmo Corporate Service Limited (Cosmo) had contributed significant amount of Rs. 64.49 to the LTP (9.75% of market positive LTPV) by trading amongst themselves. I note that the aforesaid allegation rests on the premise that the aforesaid 6 entities are part of a Group. The said premise requires evaluation of the basis of connection amongst the entities. As per the SCN, the said 6 entities are part of a larger group of 15 entities called the Mefcom Group and are related as per the connection shown in Table at paragraph 6 of this order
17. I note that relationship between the BPCPL and the alleged Mefcom group has been drawn merely for being counterparties to the trades which to my mind is not correct since the entities belonging to the alleged group were actively trading and so it was natural that other entities orders would match with its order. BPCPL is not connected either directly or indirectly with the company except by its trading in the company's scrip. Further, the connection of BPCPL with the Group has to be prior to / concurrent with its trading in the scrip unless there is evidence that the trading pattern of BPCPL indicates meeting of minds with the counter parties, which in the given case has not been alleged.
18. I find that the connection of Cosmo Corporate Service Limited is based on telephone number which is registered in the name of the Director of Avisha Credit capital Limited (Avisha) and Master Finlease Limited (MFL) which share common address with the company (Mefcom). The sharing of a common telephone number between Cosmo Corporate Service Limited and the Director of Avisha and MFL shows the existence of business relationship between them. Therefore, the connection of Cosmo Corporate Service Limited to the company via Director of Avisha and MFL, is tenable.
19. I find from the aforesaid connection table in paragraph 6 above that Sunita Investments (proprietor; Sunita Gupta) has been alleged to be connected to the Mefcom Group based on the off-market transfer of 50000 shares to Cosmo



Corporate Services Limited. Rakesh Kumar Mishra is one of the Directors in Cosmo Corporate Services Limited. Further, Rakesh Kumar Mishra in turn is alleged to be connected to Master Finlease Limited based on off market transfer of shares. It is observed that the phone number of Cosmo Corporate Services Limited is registered in the name of Mr. Vijay Jindal who is a director in Master Finlease Limited and Avisha Credit Capital Limited. Further, Master Finlease Limited and Avisha Credit Capital Limited shares the same address "606, Kailash Building, KG Marg, New Delhi" of the company (Mefcom).

20. I note that it has been alleged in the SCN that both PK and SIC are responsible for the trades executed in the name of PK in the scrip of Mefcom. It is observed from the SCN that PK is connected with the Mefcom Group as he was a major counter party to the sale by original Promoters when the Promoters exited the company. In this regard, I note that there is no allegation of connection of PK with the promoters other than by being counter parties. I note that there is no allegation in the SCN that the trading pattern of PK is indicative/suggestive of prior understanding with the Promoters. Therefore, there is no material on record to indicate that transaction / trades between PK and the original Promoters was not in the normal course. Hence, the said trading activity of PK cannot be a basis for his connection with the Mefcom Group.

21. Similarly, the connection of SIC with the Mefcom Group is based on its off market transfer with Vishvas Securities Limited and its financial transaction with Avisha. I note from material available on record that SIC was not a registered depository participant with either NSDL or CDSL during the relevant time, its clients had their DP accounts with other depository participants. I note from the material /documents available on record that Vishvas Securities Limited and Avisha Credit Capital Limited were clients of SIC. Therefore, the financial transaction and off market transfer of shares between them, in the absence of any contrary evidence has to be regarded in the normal course of trading business in the securities market. In view of the aforesaid, SIC cannot be said to be connected with the Mefcom Group based on the off-market transfer of shares with Vishvas Securities Limited and financial transaction with Avisha Credit Capital Limited.



22. In light of the aforesaid conclusion, only the trades of ISF, MFL, Sunita Investments and Cosmo Corporate Service Ltd. have to be analysed to see whether their trading amongst themselves has led to manipulation of the price of the scrip by contributing significantly to the LTP, as alleged in the SCN. The table below depicts their contribution to LTP while trading amongst themselves:

Seller→ Buyer↓	Sunita Investments	Total LTPV as buyer
Cosmo Corporate Services Limited	1.39	1.39
ISF Securities Ltd	0.73	0.73
Master Finlease Ltd	0.81	0.81
Sunita Investments	0.42	0.42
Total LTPV As Seller	3.35	3.35

23. From the order log trade log, it is noted that LTP contribution of Rs. 1.39 by Cosmo Corporate Services Limited as a buyer and Sunita Investments as a seller was done through 13 trades executed on 6 days during the period September 4-7, 25 and 27, 2006 for 17,575 shares. It is noted from material available on record that during the month of September 2006, the opening price of the scrip was Rs. 14.25 and the closing price of the scrip was Rs. 18.04 and 15,65,968 shares were traded during the month.

24. I note that trades at higher than LTP, undoubtedly have a potential of raising the price of the scrip. It must not be forgotten that every trade establishes the price of the scrip and trades executed at a price 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..."

25. In view of the aforesaid observation of Hon'ble Apex Court, I find from the particulars of the trades executed between Cosmo Corporate Services Limited and Sunita Investments that the frequency of placing the orders is not high, trades were executed within the LTP rate of Rs. 0.01 to Rs. 0.49 and the number of shares traded on an average in the said 13 trades was approximately 1,352 shares as opposed to approximately 78,298 shares traded on an average during the month of September, 2006. Further, the traded quantity was 1.12% of the total traded quantity during the month. Thus, the aforesaid does not reveal a clear and set pattern / behavior of Cosmo Corporate Services Limited and Sunita Investments of consistently executing trades far removed from LTP and that too in large volumes on a regular basis to have an impact on the price of the scrip. In view of the aforesaid I find that the pattern of trades executed by the group members is not indicative of a concerted level of activity to have a substantial impact on the price of the scrip.
26. I note from the SCN that ISF and Sunita Investments allegedly manipulated the price of the scrip by contributing significantly to LTP. It is observed from the SCN that their trades have contributed Rs. 0.73 to the LTP. From the order log trade log, it is noted that the said LTP contribution by ISF as a buyer and Sunita Investments as a seller

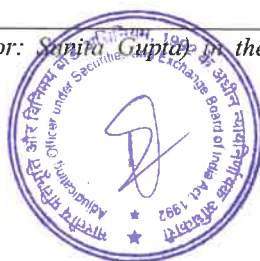


was done through 5 trades executed on 4 days during the period September 15, 18, 20 and 25, 2006 for 2,750 shares. As also noted in preceding paragraphs, the frequency of placing the orders is not high, trades were executed within the LTP rate of Rs. 0.02 to Rs. 0.54 and the average number of shares traded in the aforesaid 3 of the 5 trades was approximately 550 shares as opposed to approximately 78,298 shares traded on an average during the month of September, 2006. Further, the traded quantity was merely 0.17% of the total traded quantity during the month. In view of the aforesaid, I am of the view that the pattern of trades executed by the Noticee and other group members is not indicative of a concerted level of activity to have a substantial impact on the price of the scrip.

27. I note that MFL and Sunita Investments were also alleged to have manipulated the price and contribute significantly to the LTP. It is observed from the SCN that their trades have contributed Rs. 0.81 to the LTP. From the order log trade log, it is noted that the said LTP contribution by MFL as a buyer and Sunita Investments as a seller was done through 3 trades executed on 3 days during the period September 4, 7 and 26, 2006 for 6,650 shares. As also noted in preceding paragraphs, the frequency of placing the orders is not high, trades were executed within the LTP rate of Rs. 0.04 to Rs. 0.61, number of shares traded on an average in the said 3 trades was approximately 2, 217 shares as opposed to approximately 78,298 shares traded on an average during the month of September, 2006. Further, the traded quantity was 0.42% of the total traded quantity during the month. In view of the aforesaid, I am of the view that the pattern of trades executed by the Noticee and other group members is not indicative of a concerted level of activity to have a substantial impact on the price of the scrip.

28. It is also noted from the order log trade log that Sunita Investments has executed 2 self-trades for 199 shares on September 4, 2006 by which the Noticee has contributed Rs. 0.42 to the LTP.

29. I note that the SCN alleged that 4 entities trading together as a group have manipulated the price of the scrip. I proceed to analyse whether all the trades put together had manipulated the price of the scrip by contributing to the LTP. I find from



the particulars of the trades executed between Cosmo Corporate Services Limited ISF, MFL and Sunita Investments that the frequency of placing the orders was not high. I note that the 23 trades that were executed in 10 days during the period September 4 to September 7, September 15, September 18, September 20 and September 25 to September 27, 2006, were executed within the LTP rate of Rs. 0.01 to Rs. 0.61. I note that the spread during the month of September, 2006 i.e., the difference between the high price and low price was Rs. 5.14. I further, note that the number of shares traded on an average in the 23 trades was approximately 1,182 shares as opposed to approximately 78,298 shares traded on an average during the month of September, 2006. Further, the traded quantity was merely 1.73% of the total traded quantity during the month. Therefore, the aforesaid does not reveal a clear trading pattern / behavior of ISF, Cosmo Corporate Services Limited , MFL and Sunita Investments of consistently executing trades far removed from LTP and that too in large volumes on a regular basis to have an impact on the price of the scrip.

30. In view, of the aforesaid discussions, it cannot be said that the aforesaid entities including the Noticee have contributed significantly to the positive LTP by trading among themselves and thereby have manipulated the price of the scrip.

31. It was also alleged in the SCN that the Noticee and the other Mefcom Group entities have contributed to the LTP through repeated self-trades and by indulging in order book manipulation. I note from material available on record that the Noticee had entered into 22 self-trades on 11 different days and 7998 shares were traded in the aforesaid self-trades. As mentioned aforesaid only 2 of the above 22 trades had contributed to LTP. I also note that the Noticee had entered into 4 first trades for 2085 shares in the scrip wherein it had contributed Rs. 2.29 as positive LTP and its contribution to the net LTP was Rs. 2.24 through the aforesaid first trades.

32. Therefore, in view of the discussions in the foregoing paragraphs, I find that there is not adequate material available on record to establish that the Noticee has indulged into significant LTP contribution considered to be enough to qualify as price manipulation in the scrip.



34. In view of all of the above, and considering the factual matrix of the case, I am of the considered view that the alleged violations of the provisions of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 do not stand established against the Noticee i.e. Sunita Investments.

ORDER

37. In terms of rule 6 of the Adjudication Rules, copies of this order are sent to the Noticee and also to SEBI.

[illegible]

Vijayant Kumar Verma
Adjudicating Officer.