BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

(ADJUDICATION ORDER NO: Order/SV/RM/2024-25/30300-30310)

UNDER SECTION 15-I (2) 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:

Noticee	Name of the Noticee	PAN
1	Chirag Tracom Pvt. Ltd.	AAECC0915D
2	Sarvlok Vincom Pvt. Ltd	AARCS4563N
3	Arrowline Distributors Pvt. Ltd.	AAKCA2275L
4	Wakeeta Commercial Pvt. Ltd.	AABCW4428J
5	Kautirya Vanijya Pvt. Ltd.	AAFCK3314D
6.	Kautirya Trading Pvt. Ltd.	AAFCK3315C
7	Suman Stock Advisory Pvt Ltd	AAPCS3307L
8	Baisakhi Tracom Pvt Ltd	AAECB2206L
9	Alishan Merchants Pvt. Ltd.	AAHCA6662L
10	Vandana Advisory Services P Ltd	AADCV0566C
11	Monalisa Management Advisory Services P Ltd	AAFCM9780P

In the matter of trading by certain entities in the scrip of M/s. Autumn Builders Ltd.

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') conducted an investigation in the trading in the scrip of Autumn Builders Ltd to ascertain possible violations of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations"). **Based on the findings of investigation, SEBI initiated adjudication proceedings as under:
   a) against Chirag Tracom Pvt. Ltd.(hereinafter referred to as "**Chirag" / Noticee 1**), Sarvlok Vincom Pvt. Ltd (hereinafter referred to as "**Sarvlok"/ Noticee 2**), Arrowline Distributors Pvt. Ltd. hereinafter referred to as **"Arrowline" / Noticee 3)**, Wakeeta Commercial Pvt. Ltd. (hereinafter referred to as **"Wakeeta" / Noticee 4**), Kautirya Vanijya Pvt. Ltd. (hereinafter referred to as "**Kautirya Vanijya"/ Noticee 5**), Kautirya Trading Pvt. Ltd. (hereinafter

referred to as **“Kautirya Trading”/ Noticee 6**), Suman Stock Advisory Pvt Ltd (hereinafter referred to as “**Suman”/ Noticee 7**), Baisakhi Tracom Pvt Ltd hereinafter referred to as **“Baisakhi” / Noticee 8**), Alishan Merchants Pvt. Ltd. (hereinafter referred to as **“Alishan” / Noticee 9**) under Section 15HA of SEBI Act for the violation of Regulations 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a) and 4(2)(e) of PFUTP Regulation.

b) against Vandana Advisory Services P Ltd (hereinafter referred to as **“Vandana” / Noticee 10**) and Monalisa Management Advisory Services P Ltd (hereinafter referred to as **“Monalisa” / Noticee 11**) under Section 15A(a) of SEBI Act, 1992 for the violation of Regulations 13(4A) read with 13 (5) of SEBI (PIT), 1992.

APPOINTMENT OF ADJUDICATING OFFICER

2. Shri Vijayant Kumar Verma was appointed as the Adjudicating Officer (AO) vide communique dated April 13, 2023 under Section 15-I of the SEBI Act read with Rule 3 of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as 'Adjudication Rules’) to inquire into and adjudge under the provisions of Section 15A(a) and 15 HA of the SEBI Act, the aforesaid alleged violations by the Noticees. Subsequently, the matter was transferred to the undersigned vide communique dated August 30, 2023.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. Show Cause Notice No. SEBI/HO/EAD/EAD9/P/OW/2023/0000022904/1-10 dated June 05, 2023 to Noticees 1 to 9 and Show Cause Notice No. EAD-9/VKV/AK/18186/1-2 dated May 04, 2023 to Noticee 10 to 11 (hereinafter be referred to as, the “SCN 1 and SCN 2 respectively”) were issued by the erstwhile AO and were served upon the Noticees under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (‘Adjudication Rules’).

4. The allegations levelled against the Noticees in the SCN are summarized as below:

SCN 1

5. On receipt of a complaint in SCORES, SEBI advised BSE Ltd. (“BSE”/ “Exchange”) to conduct an examination in the trading in the scrip of Autumn Builders Ltd. (“Autumn” / “Company”). In this regard BSE carried out an examination for period from May 12, 2014 to July 30, 2015. SEBI in its preliminary examination noted that the price of scrip increased from ₹36 to ₹355 and closed at ₹299 during the period from May 12, 2014 to July 30, 2015 on BSE SME (ITP) Platform and a group of suspected clients connected with the company were identified as major contributor to the price and volume of the scrip. The period from May 12, 2014 to July 30, 2015 hereinafter referred to as ‘Investigation Period’/ ‘IP’. Further, wherever deemed necessary, reference has been made to outside this period. The case was therefore taken up for detailed investigation to ascertain possible violations of PFUTP Regulations.

6. **<u>Price volume Analysis:</u>**
   a) In order to undertake the examination in the scrip of Autumn Builders, the examination period was sub-divided into two patches as under:
      a) **<u>Price Rise Patch (Patch 1): May 12, 2014 to February 19, 2015:</u>** Price of the scrip rose from Rs. 36/- to Rs. 297/- (i.e. by 725 %) with an average daily volume of 13,312 shares and total traded volume of 971,800 shares.
      b) **<u>Off Loading Patch (Patch 2): February 20, 2015 to July 30, 2015:</u>** The price of the scrip was range bound (in between of Rs. 281 & 299) wherein it was traded with an average daily volume of 22,779 shares and total traded volume of 22,77,950 shares. It was noted that several preferential allottees prior to listing had offloaded their shares during the period.

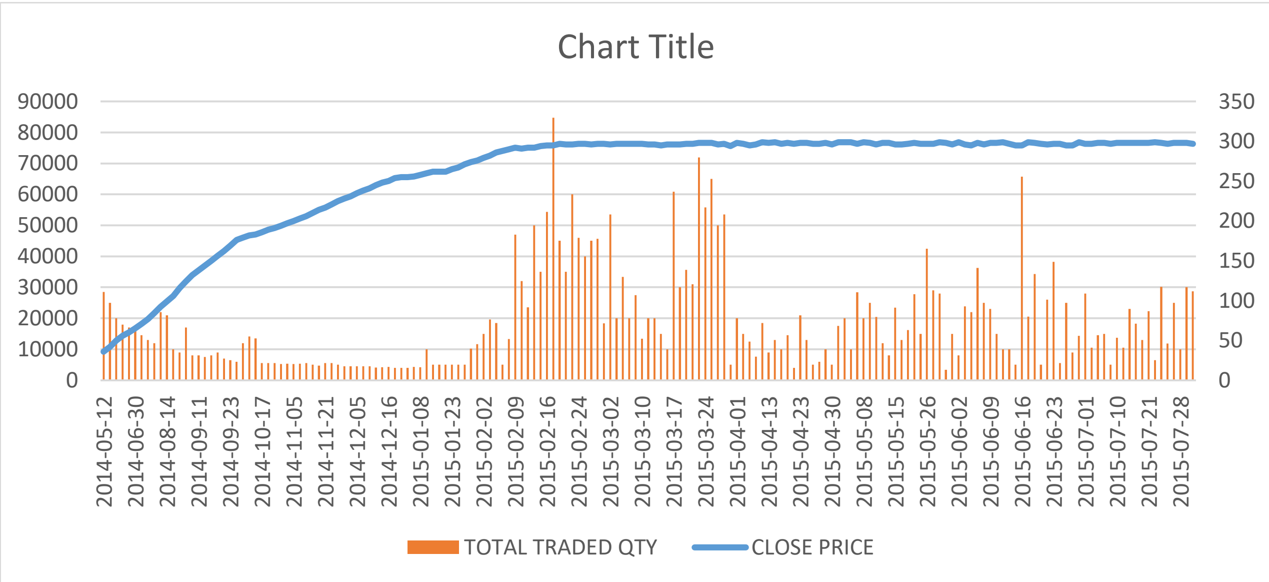
<u>Table No. 1</u>

Patch	Period		Open	High	Low	Close	Avg. Volume
Patch 1	12/05/2014 to 19/02/2015	Price (in ₹)	**36** 12/05/2014	**297** (On 19/02/2015)	**36** (On 12/05/2014)	**297** (On 19/02/2015)	13,312
Patch 2	20/02/2015to 30/07/2015	Price (in ₹)	**296** (20/02/2015)	**299** (On Multiple Dates)	**281** (On 16/06/2015)	**296** 30/07/2015	22,779

c) **<u>Price-volume movement in the scrip of Autumn Builders during IP</u>**

During the Patch I, the price of the scrip opened at Rs. 36.00 on May 12, 2015, rose to Rs. 297.00 on February 19, 2015 and closed at Rs 297.00 on February 19, 2015 with an average daily volume of 13,312 shares and total traded volume of 971,800 shares. During Patch-I price of the scrip increased by 725%.

d) During the Patch II, the price of the scrip gradually rose to Rs.297 then traded range bound (in between of Rs. 261 & Rs. 281 & 299) wherein it traded with an average daily volume of 22,779 shares and total traded volume of 22,77,950 shares.



7. **<u>Major Clients:</u>**

a) **<u>Broker Concentration:</u>** Details of top 10 buy and sell broker concentration on BSE during the investigation period is tabulated below:

<u>Table No. 2</u>

Broker Name	Gross Buy	% of Gross Buy to Mkt. Volume	Broker Name	Gross Sell	% of Gross Buy to Mkt. Volume
Integrated Master Securities Pvt.Ltd.	732700	22.55%	Horizon Financial Consultants Pvt. Ltd.	839700	25.84%
BMA Wealth Creators Ltd.	616600	18.97%	Karvy Stock Broking Ltd.	370000	11.39%
Consortium Capital Pvt.Ltd.	469850	14.46%	Jainam Broking Ltd.	190000	5.85%

Broker Name	Gross Buy	% of Gross Buy to Mkt. Volume	Broker Name	Gross Sell	% of Gross Buy to Mkt. Volume
Horizon Financial Consultants Pvt. Ltd.	435500	13.40%	JM Financial Services Ltd.	170000	5.23%
Concord Vinimay Pvt. Ltd.	312300	9.61%	GRD Securities Ltd.	135000	4.15%
Ac Stock Broking Services Ltd.	136000	4.18%	Guiness Securities Ltd.	120000	3.69%
Aum Capital Market Pvt.Ltd.	122100	3.76%	Shri Venkatesh Stock Broker Services India Pvt Ltd	115000	3.54%
Rr Equity Brokers Pvt.Ltd.	119000	3.66%	Sunflower Broking Pvt.Ltd.	110500	3.40%
Arch Finance Ltd.	108400	3.34%	Kotak Securities Ltd.	110000	3.38%
Relybulls Stock Broking Pvt. Ltd.	64000	1.97%	The Calcutta Stock Exchange Ltd.	100000	3.08%
Total	**3116450**	**95.90%**	**Total**	**2260200**	**69.55%**
Market Total	**3249750**	**100.00%**	**Market Total**	**3249750**	**100.00%**

It was observed that the top 10 brokers contributed 95.90% and 69.55% of gross buy and sell volume respectively on BSE during the Investigation Period. Integrated Master Securities Pvt ltd. had the highest contribution of 22.55% in gross buy Horizon Financial Consultants Pvt. Ltd. had highest contribution of 25.84% in gross sell respectively on BSE during the IP.

b) **<u>Client Concentration:</u>**

Details of top 10 buy and sell client concentration on BSE during the investigation period is tabulated below:

<u>Table No. 3</u>

Client Name	Gross Buy	% of Gross Buy to Mkt. Volume	Client Name	Gross Sell	% of Gross Buy to Mkt. Volume
Durgapur Construction Pvt. Ltd.	428700	13.19%	Muralidharan Gopalakrishnan Iyengar	100000	3.08%
Vintage Breweries Pvt. Ltd.	414900	12.77%	Alishan Merchants Pvt. Ltd.	88500	2.72%
Gungun Computers Pvt. Ltd.	278950	8.58%	Chirag Tracom Pvt. Ltd.	61000	1.88%
Goodtime Advisory Pvt. Ltd.	200650	6.17%	Baisakhi Tracom Pvt Ltd.	51000	1.57%
Shivam Machinery Traders Pvt. Ltd.	197100	6.07%	Deepak Kumar Singh	49800	1.53%

Client Name	Gross Buy	% of Gross Buy to Mkt. Volume	Client Name	Gross Sell	% of Gross Buy to Mkt. Volume
Mateswari Sales Pvt. Ltd.	175200	5.39%	Mindtrack Plot Managers Pvt. Ltd.	43500	1.34%
Bholenath Merchants Pvt. Ltd.	164100	5.05%	Jasmine Adesara	40000	1.23%
Primary Iron Traders Pvt Ltd	148500	4.57%	Piyush Adesara	35000	1.08%
Camphor Trading Pvt. Ltd.	108400	3.34%	Vasanti Adesara	35000	1.08%
Everblink Agency Pvt Ltd	102000	3.14%	Prafull Chandra Adesara	35000	1.08%
Total	**2218500**	**68.27%**	**Total**	**538800**	**16.58%**
Market Total	**3249750**	**100.00%**	**Market Total**	**3249750**	**100.00%**

It was observed that the top 10 clients contributed 68.27% and 16.58% of gross buy and sell volume respectively on BSE during the Investigation Period. Durgapur Construction Pvt. Ltd. had the highest contribution of 13.19% in gross buy and Muralidharan Gopalakrishnan Iyengar had highest contribution of 3.08% in gross sell respectively on BSE during the IP.

8. **Suspected Entities:** Preliminary examination and BSE in its examination report had identified 28 suspected entities. The connections between suspected entities were established on the basis of UCC Details and Off Market Transfers as mentioned above. The names and PANs of the suspected entities are mentioned as under:

Table No. 4

S.No.	Entity PAN	Entity Name
1	AAECC0915D	Chirag Tracom Pvt. Ltd. (Chirag)
2	AAPCS4903E	Suman Infocom Pvt. Ltd. (Suman Infocom)
3	AAGCR6348M	Rishvanjas Trading Pvt. Ltd. (Rishvanjas)
4	AARCS4563N	Sarvlok Vincom Pvt. Ltd. (Sarvlok)
5	AAFCB4480R	Blue Rose Dealcom Pvt. Ltd. (Blue Rose)
6	AAECB2206L	Baisakhi Tracom Pvt Ltd. (Baisakhi)
7	AADCV0566C	Vandana Advisory Services Pvt. Ltd. (Vandana)
8	AAFCM9780P	Monalisa Management Advisory Services Pvt. Ltd. (Monalisa)
9	AAKCA2275L	Arrowline Distributors Pvt. Ltd. (Arrowline)
10	AAECB2899R	Bholenath Merchants Pvt. Ltd. (Bholenath)
11	AAECV2870L	Vintage Breweries Pvt. Ltd. (Vintage)
12	AABCW4428J	Wakeeta Commercial Pvt. Ltd. (Wakeeta)

13	AAECG9737B	Gungun Computers Pvt. Ltd. (Gungun)
14	AAFCK3314D	Kautirya Vanijya Pvt. Ltd. (Kautirya Vanijya)
15	AAFCK3315C	Kautirya Trading Pvt. Ltd. (Kautirya Trading)
16	AAHCA6662L	Alishan Merchants Pvt. Ltd. (Alishan)
17	AAPCS3307L	Suman Stock Advisory (Suman Stock)
18	AAGCM9386C	Mateswari Sales Pvt. Ltd. (Mateswari)
19	AAFCG5233M	Goodtime Advisory Pvt. Ltd. (Goodtime)
20	AACCF4229K	Fiddle Vinimay Pvt. Ltd. (Fiddle)
21	AAQCS2276M	Shivam Machinery Traders Pvt. Ltd. (Shivam)
22	AAECD7540B	Durgapur Construction Pvt. Ltd. (Durgapur)
23	AAECC7733R	Camphor Trading Pvt. Ltd. (Camphor)
24	AADCV5385K	Vasudha Vanijya Pvt. Ltd. (Vasudha)
25	AACCI5171P	Ideal Plywood Traders Pvt. Ltd. (Ideal Plywood)
26	AAFCP8289C	Primary Iron Traders Pvt. Ltd. (Primary Iron)
27	AADCV0566C	Deepak Kumar Singh (Director of Vandana)
28	AAOPI1061P	G Muralidharan

9. **<u>Connection between suspected entities:</u>** Basis of connection of these suspected entities are given hereunder:

   a) **<u>Common Mobile Number and Email ID</u>**

<u>Table No. 5</u>

<table>
<tr><th>S.No.</th><th>Entity PAN</th><th>Entity Name</th><th>Mobile Number</th><th>Mobile Number</th><th>Email ID</th></tr>
<tr><td>1</td><td>AAECC0915D</td><td>Chirag</td><td rowspan="4">9007228372</td><td></td><td>cm93271@gmail.com</td></tr>
<tr><td>2</td><td>AAPCS4903E</td><td>Suman Infocom</td><td></td><td></td></tr>
<tr><td>3</td><td>AAGCR6348M</td><td>Rishvanjas</td><td></td><td></td></tr>
<tr><td>4</td><td>AARCS4563N</td><td>Sarvlok Vincom</td><td rowspan="8">9830697177</td><td></td></tr>
<tr><td>5</td><td>AAFCB4480R</td><td>Blue Rose</td><td></td><td></td></tr>
<tr><td>6</td><td>AAECB2206L</td><td>Baisakhi</td><td></td><td>cm93271@gmail.com</td></tr>
<tr><td>7</td><td>AADCV0566C</td><td>Vandana</td><td></td><td>cm93271@gmail.com</td></tr>
<tr><td>8</td><td>AAFCM9780P</td><td>Monalisa</td><td></td><td>cm93271@gmail.com</td></tr>
<tr><td>9</td><td>AAKCA2275L</td><td>Arrowline</td><td></td><td></td></tr>
<tr><td>10</td><td>AAECB2899R</td><td>Bholenath</td><td></td><td></td></tr>
<tr><td>11</td><td>AAECV2870L</td><td>Vintage</td><td rowspan="7">9830897177</td><td></td></tr>
<tr><td>12</td><td>AABCW4428J</td><td>Wakeeta</td><td></td><td>cm93271@gmail.com</td></tr>
<tr><td>13</td><td>AAECG9737B</td><td>Gungun</td><td></td><td></td></tr>
<tr><td>14</td><td>AAFCK3314D</td><td>Kautirya Vanijya Pvt. Ltd.</td><td></td><td></td></tr>
<tr><td>15</td><td>AAFCK3315C</td><td>Kautirya Trading Pvt. Ltd.</td><td></td><td>cm93271@gmail.com</td></tr>
<tr><td>16</td><td>AAHCA6662L</td><td>Alishan</td><td></td><td>cm93271@gmail.com</td></tr>
<tr><td>17</td><td>AAPCS3307L</td><td>Suman Stock</td><td></td><td>cm93271@gmail.com</td></tr>
<tr><td>18</td><td>AAGCM9386C</td><td>Mateswari</td><td rowspan="3">8232988643</td><td></td><td></td></tr>
<tr><td>19</td><td>AAFCG5233M</td><td>Goodtime</td><td></td><td></td></tr>
<tr><td>20</td><td>AACCF4229K</td><td>Fiddle</td><td rowspan="2">7890757491</td><td></td></tr>
<tr><td>21</td><td>AAQCS2276M</td><td>Shivam</td><td></td><td></td></tr>
</table>

b) Common Directors

Table No. 6

<table>
<tr><th>S.No.</th><th>Entity PAN</th><th>Entity Name</th><th>Common Director</th><th>Common Director</th></tr>
<tr><td>1</td><td>AAECB2899R</td><td>Bholenath</td><td rowspan="3">Jagdeo Mandal</td><td></td></tr>
<tr><td>2</td><td>AAECC0915D</td><td>Chirag</td><td></td></tr>
<tr><td>3</td><td>AAECB2206L</td><td>Baisakhi</td><td></td></tr>
<tr><td>4</td><td>AABCW4428J</td><td>Wakeeta</td><td rowspan="3">Chandra Shekhar Matolia & Kusum Jha</td><td></td></tr>
<tr><td>5</td><td>AAFCK3314D</td><td>Kautirya Vanijya</td><td></td></tr>
<tr><td>6</td><td>AAFCK3315C</td><td>Kautirya Trading</td><td></td></tr>
<tr><td>7</td><td>AAHCA6662L</td><td>Alishan</td><td rowspan="3">Niraj Kumar Mishra</td><td></td></tr>
<tr><td>8</td><td>AARCS4563N</td><td>Sarvlok Vincom</td><td></td></tr>
<tr><td>9</td><td>AAPCS4903E</td><td>Suman Infocom</td><td></td></tr>
<tr><td>10</td><td>AAPCS3307L</td><td>Suman Stock</td><td></td><td rowspan="2">Kundan Mandal</td></tr>
<tr><td>11</td><td>AAECV2870L</td><td>Vintage</td><td rowspan="4">Manoj Kumar Mondal</td></tr>
<tr><td>12</td><td>AAECG9737B</td><td>Gungun</td><td></td></tr>
<tr><td>13</td><td>AAECB2899R</td><td>Bholenath</td><td></td></tr>
<tr><td>14</td><td>AAFCB4480R</td><td>Blue Rose</td><td></td></tr>
<tr><td>15</td><td>AAECD7540B</td><td>Durgapur</td><td rowspan="2">Sujoy Ghosh & Ravi Shankar Pandey</td><td></td></tr>
<tr><td>16</td><td>AAGCM9386C</td><td>Mateswari</td><td></td></tr>
<tr><td>17</td><td>AAECC7733R</td><td>Camphor</td><td rowspan="2">Nilesh Jalan</td><td></td></tr>
<tr><td>18</td><td>AADCV5385K</td><td>Vasudha</td><td></td></tr>
<tr><td>19</td><td>AACCI5171P</td><td>Ideal Plywood</td><td rowspan="2">Ravi Shankar Mishra</td><td></td></tr>
<tr><td>20</td><td>AAFCP8289C</td><td>Primary Iron</td><td></td></tr>
</table>

c) Common Address

Table No. 7

<table>
<tr><th>S.No.</th><th>Entity PAN</th><th>Entity Name</th><th>Address</th></tr>
<tr><td>1</td><td>AADCV0566C</td><td>Deepak Kumar Singh</td><td rowspan="6">30 Bentinck Street, 3rd Floor, Room No. 307, West Bengal, Kolkata</td></tr>
<tr><td>2</td><td>AAQCS2276M</td><td>Shivam</td></tr>
<tr><td>3</td><td>AAHCA6662L</td><td>Alishan</td></tr>
<tr><td>4</td><td>AAFCG5233M</td><td>Goodtime</td></tr>
<tr><td>5</td><td>AAECB2206L</td><td>Baisakhi</td></tr>
<tr><td>6</td><td>AADCV0566C</td><td>Vandana</td></tr>
<tr><td>7</td><td>AAECB2899R</td><td>Bholenath</td><td rowspan="6">29A Weston Street, 2nd Floor, Room No. B3 West Bengal, Kolkata 700013</td></tr>
<tr><td>8</td><td>AAECV2870L</td><td>Vintage</td></tr>
<tr><td>9</td><td>AAFCB4480R</td><td>Blue Rose</td></tr>
<tr><td>10</td><td>AAECC0915D</td><td>Chirag</td></tr>
<tr><td>11</td><td>AAPCS4903E</td><td>Suman Infocom</td></tr>
<tr><td>12</td><td>AAPCS3307L</td><td>Suman Stock</td></tr>
<tr><td>13</td><td>AAECC7733R</td><td>Camphor</td><td rowspan="6">HMP house, 4 Fairlie Place, 6th Floor, Room No. 608, Kolkatta 700 001</td></tr>
<tr><td>14</td><td>AABCW4428J</td><td>Wakeeta</td></tr>
<tr><td>15</td><td>AAECG9737B</td><td>Gungun</td></tr>
<tr><td>16</td><td>AAGCR6348M</td><td>Arrowline</td></tr>
<tr><td>17</td><td>AAKCA2275L</td><td>Rishvanjas</td></tr>
<tr><td>18</td><td>AAFCM9780P</td><td>Monalisa</td></tr>
</table>

d) **<u>Connections basis: Off-Market Transfer</u>**

Table No. 8

S. No.	Transferee Name	Transferor Name	Transfer Date	Shares Transferred
1	G Muralidharan (AAOPI1061P)	Chirag Tracom Pvt. Ltd. (AAECC0915D)	15-04-2014	1,00,000
2		Alishan Merchants Pvt. Ltd. (AAHCA6662L)	15-04-2014	37,500
3	Baisakhi Tracom Pvt. Ltd. (AAECB2206L)	Chirag Tracom Pvt. Ltd.	15-04-2014	8500
4		Manjil Vinimay Pvt. Ltd. (AAGCM1084M)	15-04-2014	75,250
5	Alishan Merchants Pvt. Ltd. (AAHCA6662L)	Baisakhi Tracom Pvt. Ltd. (AAECB2206L)	13-08-2014	14,500
6	Manjil Vinimay Pvt. Ltd. (AAGCM1084M)	Alishan Merchants Pvt. Ltd. (AAHCA6662L)	21-04-2014	3,500
7	Suman Infocom Pvt. Ltd. (AAPCS4903E)	Alishan Merchants Pvt. Ltd. (AAHCA6662L)	13-05-2014	15,000

10. In view of the aforesaid connections through common phone numbers, e-mail ID's, common directors and same address the 28 suspected entities as listed in table no 4 (above) are determined to be inter-se connected to each other.

<u>Trading Details of suspected entities:</u>

11. Summary of the trading done by suspected entities during investigation period is provided below: -

Table No. 9

S. No.	Client Name	Gross Buy	Gross Buy % to total Buy vol.	Gross Sell	Gross Sell % to total Sell vol.	Net Trade
1	Durgapur Construction Pvt. Ltd.	428700	13.19%	0	0.00%	428700
2	Vintage Breweries Pvt. Ltd.	414900	12.77%	0	0.00%	414900
3	Gungun Computers Pvt. Ltd.	278950	8.58%	0	0.00%	278950
4	Goodtime Advisory Pvt. Ltd.	200650	6.17%	0	0.00%	200650
5	Shivam Machinery Traders Pvt. Ltd.	197100	6.07%	0	0.00%	197100
6	Mateswari Sales Pvt. Ltd.	175200	5.39%	0	0.00%	175200
7	Bholenath Merchants Pvt. Ltd.	164100	5.05%	0	0.00%	164100
8	Primary Iron Traders Pvt Ltd	148500	4.57%	0	0.00%	148500
9	Camphor Trading Pvt. Ltd.	108400	3.34%	0	0.00%	108400
10	Blue Rose Dealcom Pvt. Ltd.	96000	2.95%	0	0.00%	96000

S. No.	Client Name	Gross Buy	Gross Buy % to total Buy vol.	Gross Sell	Gross Sell % to total Sell vol.	Net Trade
11	Vasudha Vanijya Pvt. Ltd.	86600	2.66%	0	0.00%	86600
12	Ideal Plywood Traders Pvt. Ltd.	83300	2.56%	0	0.00%	83300
13	Fiddle Vinimay Pvt. Ltd.	67250	2.07%	0	0.00%	67250
14	Chirag Tracom Pvt. Ltd.	46200	1.42%	61000	1.88%	-14800
15	Kautirya Trading Pvt. Ltd.	44000	1.35%	23000	0.71%	21000
16	Kautirya Vanijya Pvt. Ltd.	38000	1.17%	25100	0.77%	12900
17	Wakeeta Commercial Pvt. Ltd.	34500	1.06%	17500	0.54%	17000
18	Suman Stock Advisory Pvt. Ltd.	31700	0.98%	0	0.00%	31700
19	Sarvlok Vincom Pvt. Ltd.	29500	0.91%	12000	0.37%	17500
20	Alishan Merchants Pvt. Ltd.	26500	0.82%	88500	2.72%	-62000
21	Suman Infocom Pvt. Ltd.	10000	0.31%	0	0.00%	10000
22	Arrowline Distributors Pvt. Ltd.	4000	0.12%	0	0.00%	4000
23	Muralidharan Gopalakrishnan Iyengar	0	0.00%	100000	3.08%	-100000
24	S K Singh	0	0.00%	10500	0.32%	-10500
25	Deepak Kumar Singh	0	0.00%	49800	1.53%	-49800
26	Baisakhi Tracom Pvt. Ltd.	0	0.00%	51000	1.57%	-51000
	Total	**2714050**	**83.52%**	**438400**	**13.49%**	**2275650**
	Market total	**3249750**	**100.00%**	**3249750**	**100.00%**	

12. It was observed that during IP, the scrip was traded for 177 days out of 302 trading days and a total of 45,61,700 shares were traded in 822 trades. Hence, it was inferred that the scrip is illiquid. From the tables above, it was observed that the 26 of 28 suspect entities traded in the scrip.

13. Suspected entities as a group bought 27,14,050 shares of Autumn Builders (83.52% of total market volume) and sold 4,38,400 shares of Autumn Builders (13.49% of total market volume) during investigation period. Among the 26 suspect entities that traded, 22 suspect entities traded as buyer and 10 suspect entities traded as sellers. Suspect entities contributed 7.58% to market volume through trades among the group.

14. **<u>Analysis of trades of suspected entities: Last trade price (LTP) Analysis</u>**

   a) LTP analysis was carried out to ascertain whether any entities manipulated the price of the scrip of a company from its previously traded price, in contravention of the provision of PFUTP Regulations. During Price Rise Patch *i.e.* **12/05/2014 to 19/02/2015**, LTP analysis of suspected entities as buyers was carried out for the Patch 1 IP, since price of the scrip of the company was observed to rise from Rs. 36 to Rs. 297 during Patch 1. Details of the contribution of suspected entities are tabulated below:

Suspected entities LTP contribution as Buyers

Table No. 10

		All trades			**Positive LTP trades**			**Negative LTP trades**			**Zero LTP trades**		
S. No.	**Client Name**	**LTP Rate**	**Traded Qty**	**No. Of Trades**	**LTP Rate**	**Traded Qty**	**No. Of Trades**	**LTP Rate**	**Traded Qty**	**No. Of Trades**	**Traded Qty**	**No. Of Trades**	**%LTP**
1	Chirag	37.00	46200	7	37.00	46200	7	0.00	0	0	0	0	13.41%
2	Kautirya Trading	19.00	44000	3	19.00	44000	3	0.00	0	0	0	0	6.88%
3	Wakeeta	17.00	34500	3	17.00	34500	3	0.00	0	0	0	0	6.16%
4	Suman Stock	13.00	31700	6	13.00	22100	4	0.00	0	0	9600	2	4.71%
5	Sarvlok Vincom	13.00	29500	3	13.00	24500	2	0.00	0	0	5000	1	4.71%
6	Kautirya Vanijya	12.00	38000	2	12.00	38000	2	0.00	0	0	0	0	4.35%
7	Shivam.	12.00	54100	11	13.00	44100	9	-1.00	5000	1	5000	1	4.71%
8	Alishan	10.00	14000	3	10.00	14000	3	0.00	0	0	0	0	3.62%
9	Bholenath	6.00	70800	10	7.00	39800	6	-1.00	6000	1	25000	3	2.54%
10	Suman Infocom	6.00	10000	2	6.00	10000	2	0.00	0	0	0	0	2.17%
11	Gungun.	5.00	102700	18	8.00	30800	6	-3.00	16500	2	55400	10	2.90%
12	Arrowline	4.00	4000	1	4.00	4000	1	0.00	0	0	0	0	1.45%
13	Mateswari	4.00	30000	5	4.00	25000	4	0.00	0	0	5000	1	1.45%
14	Durgapur	4.00	66600	14	5.00	22800	5	-1.00	5000	1	38800	8	1.81%
15	Vintage	2.00	85800	15	4.00	19800	4	-2.00	10000	2	56000	9	1.45%
16	Goodtime	-2.00	10000	2	0.00	0	0	-2.00	5000	1	5000	1	0.00%
17	Blue Rose	-3.00	50500	11	2.00	8500	2	-5.00	15000	3	27000	6	0.72%
	Total	**159.00**	**722400**	**116**	**174.00**	**428100**	**63**	**-15.00**	**62500**	**11**	**231800**	**42**	**63.04%**
	Market total	**261.00**	**971800**	**150**	**276.00**	**637000**	**94**	**-15.00**	**62500**	**11**	**243800**	**44**	**100.00%**

15. From the above table, it was observed that group of suspected entities contributed Rs. 174 to positive LTP out of Rs. 276 market positive LTP as buyers during patch

from 63 trades. Trade log analysis was done for all the trades of 17 suspected entities and it was observed that out of 63 trades, the counter parties to 10 trades were among the suspected entities, therein contributing Rs. 60 to positive LTP during patch 1 (21.73 % of market positive LTP). The above mentioned entities and 5 suspected entities acting as counterparties to their trades traded amongst themselves and contributed to market positive LTP. The following counter parties had executed the above mentioned trades:

Table No. 11

S. No.	PAN	Entity name	No. of Trades	LTP Contribution	% of Positive LTP to Total Market Positive LTP
1	AAECC0915D	Chirag	2	12	4.35%
2	AAHCA6662L	Alishan	2	12	4.35%
3	AABCW4428J	Wakeeta	2	13	4.71%
4	AAECB2206L	Baisakhi	2	17	6.16%
5	AARCS4563N	Sarvlok Vincom	1	6	2.17%
		Total	10	60	22.46%

16. As mentioned above, the suspected entities while trading among themselves contributing Rs. 60 to positive LTP during patch 1 (21.73% of market positive LTP) through 10 trades. Summary of these 10 trades and their counterparties are given as under:

Table No. 12

S. No.	Trade Date	Counter party (CP) Clients - Sellers	Order LM Time	CP Order LM Time	Trade Time	Order LM Qty	CP Order LM Qty	Order LM Rate	CP Order LM Rate	Trade Rate	Trade Qty	LTP	LTP % age
	Name Of Buyer: Chirag Tracom Pvt. Ltd. (Preferential Allotee)												
1	12/09/2014	Wakeeta	15:03:37	15:03:40	15:03:40	7500	7500	144	144	144	7500	6	4.35
	Name Of Buyer: Sarvlok Vincom Pvt. Ltd. (Preferential Allotee)												
2	22/08/2014	Wakeeta	13:23:34	13:25:46	13:25:46	10000	10000	106	106	106	10000	7	7.07
	Name Of Buyer: Arrowline Distributors Pvt. Ltd.												
3	18/12/2014	Baisakhi **(Preferential Allotee)**	13:02:12	13:02:47	13:02:47	4000	4000	254	254	254	4000	4	1.6
	Name Of Buyer: Wakeeta Commercial Pvt. Ltd.												
4	01/08/2014	Sarvlok	14:23:20	15:01:03	15:01:03	12000	14500	84	84	84	12000	6	12
5	05/12/2014	Baisakhi **(Preferential Allotee)**	15:10:32	15:10:54	15:10:54	4500	4500	235	235	235	4500	7	9.09

S. No.	Trade Date	Counter party (CP) Clients - Sellers	Order LM Time	CP Order LM Time	Trade Time	Order LM Qty	CP Order LM Qty	Order LM Rate	CP Order LM Rate	Trade Rate	Trade Qty	LTP	LTP % age
6	12/06/2014	Alishan **(Preferential Allotee)**	12:48:35	12:50:30	12:50:30	18000	18000	56	56	56	18000	4	1.73
	Name Of Buyer: Kautirya Vanijya Pvt. Ltd.												
7	21/05/2014	Chirag **(Preferential Allotee)**	12:35:42	12:38:44	12:38:44	25000	25000	42	42	42	25000	6	16.67
8	25/07/2014		12:38:58	13:07:59	13:07:59	13000	13000	77	77	77	13000	6	8.45
	Name Of Buyer: Kautirya Trading Pvt. Ltd.												
9	29/05/2014	Alishan **(Preferential Allotee)**	13:07:04	13:09:50	13:09:50	20000	20000	50	50	50	20000	8	19.05
	Name Of Buyer: Suman Stock Advisory Pvt. Ltd.												
10	11/09/2014	Baisakhi **(Preferential Allotee)**	14:11:36	14:11:40	14:11:40	8000	8000	138	138	138	8000	6	4.55

17. From the above analysis, it was alleged that placement of the orders in both legs were entered in a premeditated manner by buyers and sellers who were connected to each other at matching price and quantity which could not be possible unless there was prior meeting of minds and hence these trades were not genuine.

18. In view of above it was alleged that the suspected entities, (i) Chirag, (ii) Kautirya Trading, (iii) Kautirya Vanijya, (iv) Wakeeta, (v) Sarvlok, (vi) Baisakhi (vii) Alishan, (viii) Suman Stock, (ix) Arrowline manipulated the scrip price and created a misleading appearance of trading in the scrip, and thereby violated Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a) and 4(2)(e) of PFUTP Regulations. The relevant provisions of law are reproduced below for ease of reference:

> **<u>Regulations 3(a), (b), (c), and (d) and 4(1), 4(2)(a), and 4(2)(e) of the SEBI PFUTP Regulations</u>**
> ***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 [1][manipulative], fraudulent or an unfair trade practice in [2][markets].*
[3][Explanation–For the removal of doubts, it is clarified that any act of diversion, mis-utilisation or siphoning off of assets or earnings of a company whose securities are listed or any concealment of such act or any device, scheme or artifice to manipulate the books of accounts or financial statement of such a company that would directly or indirectly manipulate the price of securities of that company shall be and shall always be deemed to have been considered as fraudulent and an unfair trade practice in the securities market].

(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 securities market.*
…….
(e) *any act or omission amounting to manipulation of the price of a security;*

SCN 2

19. In the investigation it was observed that two promoter entities Monalisa Management Advisory Services Private Ltd and Vandana Advisory Services Private Ltd. have traded in the scrip during investigation period. The details of their trading are as under:

[1] Inserted *vide* the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) (Amendment) Regulations, 2018 w.e.f. February 01, 2019.
[2] Inserted vide the the PFUTP 2018 Amendment Regulations.
[3] Inserted *vide* Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) (Second Amendment) Regulations, 2020 w.e.f. October 19, 2020.

Table No. 13

Date	No of shares pre-transactions	% holding pre-transactions	Disposal of No of Shares	% shares disposed	Value of Shares (₹ Lac)	Closing (post transactions)	% holding post-transactions	Trigger	Disclosure Status
								under R.13 (4A) read with R13(5) of SEBI (PIT) 1992	
Vandana Advisory Services Private Ltd									
10.10.2014	2130000	16.85%	12000	0.09%	21.42	2118000	16.75%	Yes; R13 (4A)	no
11.10.2014	2118000	16.75%	14100	0.11%	25.57	2103900	16.64%	Yes; R13 (4A)	no
13.10.2014	2103900	16.64%	13500	0.11%	24.62	2090400	16.53%	Yes; R13 (4A)	no
10.11.2014	2090400	16.53%	5500	0.04%	11.33	2084900	16.49%	Yes; R13 (4A)	no
20.11.2014	2084900	16.49%	4700	0.04%	10.05	2080200	16.45%	Yes; R13 (4A)	no
Monalisa Management Advisory Services Private Ltd									
18.10.2014	2070000	16.37%	5500	0.04%	10.23	2064500	16.33%	Yes; R13 (4A)	no
13.11.2014	2064500	16.33%	5000	0.04%	10.5	2059500	16.29%	Yes; R13 (4A)	no

20. From the above table, it was observed from the above table that Promoter entity Vandana sold a total of 49,800 shares worth of ₹92.99 lakh during Oct-Nov 2014. Further, Promoter entity Monalisa sold a total of 10,500 shares worth of ₹20.73 lakh during Oct-Nov 2014. In view of the aforesaid, it was observed that Disclosures with regards to the aforementioned transactions of Noticee 10 and Noticee 11 were required to be filed with the exchange as well as to the company under Regulation 13 (4A) read with 13 (5) of SEBI (PIT) Regulations, 1992 within 2 working days. However, as per exchange no disclosures were filed by the said entities.

21. In view of above, it was alleged that Noticee 10 and Noticee 11 violated Regulation 13(4A) of SEBI (PIT), 1992. The relevant provisions of law are reproduced below for ease of reference:

    Continual disclosure.

    13(4A) Any person who is a promoter or part of promoter group of a listed company, shall disclose to the company and the stock exchange where the securities are listed in Form D, the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings of such person from the *last disclosure made under Listing Agreement or under sub-regulation (2A) or under this sub-regulation, and the change exceeds ₹5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.*

13(5) The disclosure mentioned in sub-regulations (3), (4) and (4A] shall be made within [two] working days of: (a) the receipts of intimation of allotment of shares, or (b) the acquisition or sale of shares or voting rights, as the case may be.

22. The aforesaid alleged violations, if established, make the Noticees liable for monetary penalty under Section 15 A(a) and Section 15HA of the SEBI Act. The relevant provisions of law are reproduced below for ease of reference:

<u>SEBI Act, 1992</u>

Penalty for failure to furnish information, return, etc.

***15A.** If any person, who is required under this Act or any rules or regulations made thereunder,—*

***(a)** to furnish any document, return or report to the Board, fails to furnish the same, he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees;*

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 [4][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.].*

23. In response to respective SCN 1 and 2, Noticees filed their reply, inspected documents and attended personal hearing before undersigned as follows:

<u>Table No. 14</u>

Noticee No.	SCN/HN Service through	Filed reply vide letter/Email dated	Date of Inspection	Personal Hearing Date	Remarks/ Represented by
1	Newspaper Publication	No Reply	Not requested	Did not attend	NA
2	SPAD, email	08.03.2024	19.12.2023	18.03.2024	Mr. Vikas Bengani,
3	SPAD, email	11.03.2024	19.12.2023	18.03.2024	

[4] 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.

					Advocate and Ms. Poorvi Jain, Advocate
4	Newspaper Publication	No Reply	Not requested	Did not attend	NA
5	Newspaper Publication	No Reply	Not requested	Did not attend	NA
6	Newspaper Publication	No Reply	Not requested	Did not attend	NA
7	SPAD, email	08.03.2024	19.12.2023	18.03.2024	Mr. Vikas Bengani, Advocate and Ms. Poorvi Jain, Advocate
8	SPAD, email	11.03.2024	19.12.2023	18.03.2024	
9	SPAD, email	08.03.2024	19.12.2023	18.03.2024	
10	SPAD, email	11.03.2024	19.12.2023	18.03.2024	
11	SPAD, email	11.03.2024	19.12.2023	18.03.2024	

24. The key submissions made by Noticees are summarised as under:

<u>Common Submissions of Noticees</u>

25. <u>Proper Procedure according to the Adjudication Rules has not been followed while issuing the captioned SCN:</u> Rule 4 (1) of the adjudication Rules provides that in holding an inquiry for the purpose adjudging inter alia under Section 15HA of the SEBI Act, whether any person has committed contravention under the said Section, the Adjudicating Officer shall in the first instance issue a Notice to such person requiring him to show cause within such period as may be specified in the Notice (being not less than 14 days from the date of service thereof) why an inquiry should not be held against him.

26. The Rule 4 (2) of the said Rules provides that every Notice under sub-Rule (1) to any such person shall indicate the nature of offence alleged to have been committed by him. The Rule 4(3) of the said Rules provides that it is only after considering the cause, if any, shown by the concerned person, the Adjudicating Officer is of the opinion that an inquiry should be held then only he/she shall issue a Notice fixing a date for the appearance of that person either personally or through his lawyer and/or Authorized Representative.

27. It is submitted that in the present Proceeding, the first stage of issuing a Notice to the Noticee herein for the purposes of holding inquiry has been given complete go-bye and the Noticee herein has been issued the captioned SCN straight with which vitiates the entire proceedings initiated by SEBI. The Noticee, therefore, requests your goodself to withdraw the captioned SCN and as it has been issued in gross violation of the procedure provided in Rule 4 of the said Rules.

28. <u>Delay in issue of the SCN:</u> The SCN is bad in law as the same has been issued after a period of 9 years from the date of execution of alleged trades by the Noticee herein. The issue of SCN after lapse 9 years has caused extreme mental agony to the Noticee. This highly prejudices the case of the Noticee as justice delayed is justice denied. The Noticee further submits that although under the SEBI Act, there is no mention about limitation period for starting and conclusion of the Proceedings. However, the Hon'ble SAT and Hon'ble Supreme Court of India in catena of cases have held that whenever in a Statute, limitation period is not mentioned, the proceedings should be initiated and concluded within a reasonable period of time. The reasonable period depends on fact and circumstances of each case. The Noticee further submits that SEBI has not been clothed with blanket powers to initiate and conclude proceedings at any time. The proceedings should be initiated and concluded within a reasonable period of time. In this connection, the Noticee places reliance on the following Judgments and Orders passed by the Hon'ble Supreme Court of India and Hon'ble Tribunal. In all these following Judgment and Orders, SEBI, the Hon'ble Supreme Court of India and Hon'ble Securities Appellate Tribunal allowed the Appeals/Matters of the respective parties on the ground of inordinate delay and latches:
    a. Order dated 04-09-2023 passed by SEBI in the matter of Yamini Investment Company Limited
    b. SAT's order dated 22-08-2019 in the Appeals filed by Mr. Ashok Shivpal Rupani & Ors. v/s SEBI (Appeal Nos. 417 and 440 of 2018)
    c. SAT's order dated 27.05.2019 in the Appeal No. 07 of 2016 (Mr. Rakesh Kathotia & Ors. vs. SEBI) and subsequent Supreme Court order dated November 15, 2019 dismissing appeals filed by SEBI against SAT's order

d. SAT's Order dated 05-12-2019 wrt Appeal filed by Anilkumar Nandkumar Harchandani & Ors. vs. SEBI (Appeal No. 75 of 2019), and subsequent Supreme Court order dated February 02, 2020 dismissing appeals filed by SEBI against SAT's order
e. SAT's order in the appeals filed by Mr. Rajiv Bhanot & Ors. vs SEBI (Appeal No. 396 of 2018, Order dated 09-07-2021) and other connected Appeals, and subsequent Supreme Court order dated November 08, 2021 dismissing appeals filed by SEBI against SAT's order
f. SAT's order dated 04-01-2022 in the Appeal filed by Shriram Insight Share Brokers Ltd (Appeal No. 559/2020) and subsequent Supreme Court order dated March 08, 2022 dismissing appeals filed by SEBI against SAT's order
g. SAT's order dated 24-03-2022in the matter of Yatin Pandey HUF v/s SEBI (Appeal No. 719 of 2021)

29. The case of the Noticee is no different from the cases dealt in the aforesaid Orders. The alleged trades belong to the year 2014 whereas the SCN has been issued in the year 2023. SEBI took almost 9 years to issue the present SCN. In this scenario, the Noticee urges your goodself to drop the allegations made in the SCN on the ground of delay and latches.

30. <u>Principle of Natural Justice not followed in the present proceeding:</u> The Noticee has carried out inspection of the documents on 19-12-2023, wherein Copy of the Investigation Report and its annexures, Trade Log data for the investigation period, and 2 files contain UCC data of various entities were provided.

31. The Noticee has not been provided off market transactions details, KYC documents, Order Logs and MCA data as collected by the SEBI. This highly prejudiced the case of the Noticee herein. The Noticee could have filed better submission in presence of these data and documents. In this connection, the Noticee places reliance on the Order dated 18-02-2022 passed by the Hon'ble Supreme Court of India in the matter of T Takano v/s SEBI.

32. The matter pertains to the trades executed during the year 2014 whereas the SCN has been issued in 2023 i.e. 9 years later. It cannot be expected from the Noticee to maintain all the records pertains to year 2014. Further, certain information is available with SEBI only. In light of the aforesaid the Noticee should be provided each and every document as collected during the course of investigation so that the Noticee could defend its case more efficiently.

33. <u>Chain of connection is broken:</u> The Noticee further submits that SEBI itself has issued SCN to as many as 9 entities whereas allegation of connection has been made amongst 28 purported entities. Therefore, no SCN has been issued to as many as 19 entities. Thus, the chain connection has been broken as 19 purported entities have not been made parties to the present proceeding. Since, the chain of connection has been broken and therefore the allegation of connection against the Noticee cannot be sustained. In this regard, the Noticee placed reliance on following judgments:

    h. SAT's judgment in the matter of Kaushik Rajnikant Mehta v/s SEBI (Appeal No. 76 of 201,
    i. SAT's order dated 13-01-2020 in the matter of Manish Suresh Joshi vs. SEBI (Appeal No. 2 of 2020)

34. <u>Time of connection whether prior or after impugned trades not clear:</u> The Noticee further submits that it is an admitted fact that alleged trades in the scrip of the Company were executed during the year 2014 only. However, in the entire SCN as well as in the investigation report, it is not explained that the connection amongst the purported 28 suspected entities including the Noticee herein had been established prior to execution of the alleged trades or post execution of the alleged trades. The said finding is must to establish connection amongst the 28 suspected entities. In this connection, the Noticee places reliance on the Order dated 03-09-2020 passed by the Ld. WTM of the SEBI in the matter of Sulabh Engineers and Services Limited. wherein the Ld. WTM has explicitly held that

" 24. In order to assess the above allegations, the part played by the connected entities has to be examined. The first step towards the said examination is to determine the adequacy of the alleged basis of connection. Before proceeding further, I would like to note that where the connection between the entities is on the basis of off market transfer, the said off market transfer being carried out directly between the parties without going through the anonymous trading platform of the Exchanges, shows that the entities involved in the said transfer are known to each other. However, in the facts and circumstances of the case, what is also more important is the fact whether the off market transfer has taken place prior to execution of the trades of the entity in Sulabh (impugned trades). In other words, any off market transfer which is the basis of connection between entities, if has taken place subsequent to the execution of trades of the entity in the scrip of Sulabh, unless existence of other circumstances indicate otherwise, will not be considered relevant in the given matter."

35. The Noticee submits that the ratio laid down by the Ld. WTM in the captioned matter squarely covers the present case also. Since, no such findings has been recorded whether the alleged connection had been established prior to execution of trades or post execution of alleged trades, the allegation of connection amongst the purported 28 suspected entities is liable to be dropped.

36. <u>Submission on the allegation of price manipulation:</u> The Noticee submits that in the para 9 of the SCN it is observed that since the scrip was traded on 177 days out of total 302 trading days during the period of investigation and total 45,61,700 shares were traded in 822 trades, it has been inferred that the scrip was illiquid one. The said observation is totally illogical and made without application of any logical mind. First of all, no details have been shared with the Noticee which distinguish the illiquid and liquid scrips. Second, during the investigation period the scrip has witnessed with an average daily volume of 15,104 shares which includes non-trading days also. Further the scrip of the Company was listed at BSE SME ITP

platform which has been established to attract informed investors only and therefore several conditions have been imposed for trading on this platform. Indeed, the para 15 of the IR placed reliance on the agenda of the SEBI Board Meeting held on 25-06-2013 wherein it is stated that

"2. Enabling Listing of Start-Ups and SMEs on Institutional Trading Platform (ITP) without having to make an IPO: -

Lack of exit opportunities for the existing investors and restricted access to new investors is one of the problems faced by Start-Ups and SMEs. With a view to provide easier exit options for informed investors like Angel Investors, VCFs and PE etc. to provide better visibility, wider investor base and greater fund raising capabilities to such companies, the Board approved the proposal to amend the SEBI (ICDR) Regulations to permit listing of Start-ups and SMEs in Institutional Trading platform (ITP) without having to make an IPO.

Such companies eligible to be listed on this 'Institutional Trading Platform' shall be accessible for investment to the informed investors only. Therefore the minimum amount for trading or investment on the ITP will be Rs 10 lakh. These companies shall be exempted from the requirements of rule 19(2)(b) of SC(R)R 1957 under which companies have to offer upto 25% of its shareholding to public through an offer document in order to get listed. Therefore the listing can be done without an IPO and the expenses associated with it. While such companies are listed on the ITP they will not be permitted to raise capital though they can continue to make private placements.

Listing on ITP by Start-Ups and SMEs is expected to offer their existing investors better chances to find alternate buyers than if they search using their own network in the investment community. Standardized norms of entry for companies, eligibility criteria, continuous disclosure requirements, simplified exit rules and corporate governance norms will be prescribed."

37. The BSE SME ITP platform is for limited investor and therefore the observation that the scrip was illiquid one is totally illogical.

38. The Noticee further submits that it is obvious that some of parties known to each other who trades on BSE SME ITP platform. The BSE SME ITP platform has been established to give platform to informed investors to execute trades. Thus, matching of some of trades in between the connected entities on this platform is nothing unusual.

39. The Noticee further submits that it is the rational behaviour of a seller to sell its shares at highest price. Indeed, the Hon'ble Tribunal vide Order dated 20-11-2020 in the matter of BP Comtrade Pvt. Ltd. v/s SEBI (Appeal No. 189/2020) has held that

    "10…………………………Of course we notice that a number of orders of the appellants were placed on or marginally above LTP, but that is the rational behavior expected from a seller and no fault can be found for SEBI in not considering such trades as violative of the PFUTP Regulations……………"

40. In light of the aforesaid, no fault can be found in the alleged trades of the Noticee herein.

41. The Noticee further submits that during the course of investigation as many as 822 trades had been executed in the scrip of the Company. However, allegation has been made against 10 trades only. Out of the total 822 trades, as many as 295 trades were executed above the LTP, 342 trades were executed at par to the LTP and 185 trades were executed below the LTP. Out of the total 295 trades executed above the LTP, allegation has been made against 10 trades which is mere 3.38% of the total market +ve LTP trades and 1.21% of the total market trades during the period of investigation. Thus, the alleged 10 trades are too insignificant to influence the market equilibrium and therefore cannot be alleged.

42. The Noticee once again refutes and denies that the Noticee has violated the provisions of SEBI (PFUTP) Regulations, 2003:

j. Regulation 3(a) – The trades executed by the Noticee were genuine trades in normal course of business without any intention to manipulate the price of the scrip.

k. Regulation 3(b) – The Noticee has not used or employed any manipulative or deceptive device or contrivance in contravention of the provisions of SEBI Act or the rules or the regulations made thereunder nor is there any finding in the SCN. As mentioned above the trades executed by me were completely normal and genuine trades executed by any normal investor in the market.

l. Regulation 3(c) – The Noticee has not employed any device, scheme or artifice to defraud anyone nor is the charge in the SCN.

m. Regulation 3(d) – The Noticee has not engaged in any act, practice, course of business which operated as fraud or deceit upon any person. The Noticee has also not participated in any act, practice or course of business in any manner what so ever which operates or would operate as fraud or deceit upon any person.

n. Regulation 4(1) – The SCN fails to demonstrate as to how the acts of the Noticee were fraudulent or an unfair trade practices in the securities market.

o. Regulation 4(2)(a) – The trades executed by the Noticee were delivery-based transactions and it is also nowhere mentioned in the SCN as to how such trades have created false or misleading appearance of trading in the scrip of Company.

p. Regulation 4(2)(e) – The Noticee had not manipulated the price of the scrip of the Company and all the trades of the Noticee were executed at the prevailing market prices.

43. In view of the submissions made above no violation of any provisions of SEBI (PFUTP) Regulations, 2003 and PIT Regulations can be made out against the Noticee herein, therefore no adverse order should be passed against the Noticee herein. It is prayed that the captioned SCN/proceedings be dropped against the Noticee herein.

Specific Submissions by Noticees

Noticee 2

44. In the SCN allegation has been made against one sell and one buy trades executed on 01-08-2014 and 22-08-2014 respectively by the Noticee. The Noticee submits that it had executed as many as 4 buy/sell trades during the course of investigation whereas allegation has been made against 2 buy/sell trades only. Thus, no allegation has been made against remaining 2 trades. The Noticee had executed its trades at prevailing market price without any intention to increase and / or decrease in the price of the scrip of the Company. Further, there were time difference in between placing of buy and sell orders by the Noticee and counterparties to the Noticee trades. Thus, the allegation that the Noticee had placed its order for alleged 2 trades with premediated mindset to influence the price of the scrip of the Company cannot be established and therefore liable to be dropped.

45. The Noticee further submits that it had executed the said alleged 2 trades at the rates of Rs. 84 and Rs. 106 whereas the price of the scrip had increased upto Rs. 300/. Thus, the Noticee cannot be held liable for increase in the price of the scrip of the Company.

46. The Noticee further submits that the Noticee's contribution to +ve LTP was too insignificant to influence the market equilibrium and therefore requires no attention. In the SCN, the Noticee is facing allegation of contribution of Rs. 14/- to +ve LTP by execution of 2 alleged trades whereas the total market +ve LTP contribution was Rs. 618/- by execution of 822 trades. Therefore, the contribution of the Noticee to +ve LTP was too insignificant and thus requires no regulatory action.

47. The Noticee further submits that in the SCN allegation has been made against as many as 10 trades whereas total 822 trades had been executed during the course of investigation. SEBI has not found any illegality in execution of 812 out of 822

trades in the scrip of the Company. This is nothing but cherry picking by the Investigative Authority for making bald allegation against the Noticee herein.

48. The Noticee further submits that the Investigative Authority of SEBI has arbitrarily made allegation against the Noticee herein for mere contribution of Rs. 14/- to +ve LTP whereas found no illegality in couple of other trades executed by suspected entities who had contributed significantly to +ve LTP. It is needless to mention that Investigative Authority itself found Mr. Muralidharan Gopalakrishnan Iyengar, Durgapur Construction Private Limited, Goodtime Advisory Private Limited and Vasudha Vanijya Private Limited part of 28 suspected connected entities. Similarly, certain Preferential Allottees by execution of trades with suspected entities had contributed significantly to +ve LTP. Despite all this, the Investigative Authority has rightly held that they had not manipulated the price of the scrip of the Company. The Noticee's contribution to +ve LTP was comparatively lesser than the contribution made by these entities. Therefore, the adverse findings recorded by the Investigative Authority qua the Noticee herein are arbitrary. Thus, the Noticee request for similar treatment as provided to the other exonerated suspected entities and preferential allottees.

49. The Noticee is not facing any allegation of synchronized / circular / reversal trade allegation. Further, there were time difference in between placing of buy / sell orders by the Noticee and sell / buy orders placed by the counterparties for the alleged 2 trades. Thus, the allegation that the Noticee had executed trades with premediated mindset is liable to be dropped.

50. The Noticee further submits that it is the finding of the investigative authority that contribution to total market volume by execution of matched trades amongst suspected entities was mere 7.58%. This proves that the matching of orders placed by the purported connected entities is nothing but coincidence.

51. It is further submitted that the SCN is silent on the point as to how the Noticee on the buy/sell side was able to match its trades with the other entities when the

alleged trades were not termed as synchronize trades. On an anonymous screen-based platform, an entity is unable to know the identity of the other buyers or sellers. Thus, unless the buyers and sellers have a prior understanding of placing the orders at pre-decided price and time, they cannot be assured of matching each other's' order. The SCN does not mention that the buy and sell orders for alleged trades were placed at same point of time. In this regard, it is pertinent to refer to the observations made by the Hon'ble Supreme Court of India in the matter of SEBI v. Kishore P. Ajmera (Order dated February 23, 2016).

52. In light of the above observations of the Hon'ble Court, in absence of any direct evidence to that effect, meeting of minds between the buyer and seller can be proved considering the preponderance of probabilities, which essentially would require assessment of the circumstances such as proximity of placement of orders, repetitive nature of trades, the volume of trades, etc. In the present case, however, no circumstances have been brought out in the SCN to suggest that the intra-group buyers and sellers had a prior meeting of minds. Further, no allegation has been made against 812 out of total 822 trades executed during the period of investigation.

53. The Noticee further submits that in the para 13 of the IR, it became abundant clear that the investigative authority of SEBI itself has recorded favourable findings qua the Preferential Allottees and found that the trades executed by them were not in violation of SEBI PFUTP Regulations. The Noticee herein is also one of the Preferential Allottees though in the SCN allegation has been made against the Noticee for violation of SEBI PFUTP Regulations. Thus, the findings recorded in the para 13 of the Investigation Report is contradictory to the findings recorded in para 13 to 15 of the SCN. This further show arbitrary approach of the Investigative Authority towards the Noticee.

54. There is no allegation at all in the SCN that the Noticees were funded by certain entities for the purpose of trading in the scrip of Company or that they had borrowed funds for the purpose of trading.

55. The Noticee further submits that the trades executed by the Noticee in the scrip of the Company were all delivery-based transactions and transfer of beneficial ownership effected and the Noticee had no intention to operate only as a device to inflate, depress or cause fluctuations in the price of such security for wrongful gain or avoidance of loss. Indeed, no such findings has been recorded in the SCN.

Notice 3

56. In the SCN, allegation has been made against one single buy trade executed on 18-12-2014 at the rate of Rs. 254/- by the Notice. The price of the scrip of the Company had already touched a high of Rs. 250/-. The Notice had executed its trade at prevailing market price without any intention to increase and / or decrease in the price of the scrip of the Company. Indeed, in the entire investigation period, the Notice had executed one single buy trade only. Thus, the allegation that the Notice had placed its order for one single alleged buy trade with premediated mindset to influence the price of the scrip of the Company cannot be established and therefore liable to be dropped.

57. The Notice further submits that it had executed the said one single alleged buy trade at the rates of Rs. 254/- whereas the price of the scrip had increased upto Rs. 300/. The price of the scrip of the Company had already touched a high of Rs. 250/- before the Notice had executed its alleged one single buy trade. Further as many as 769 trades had been executed in the market by suspected connected entities and/or non-suspected connected entities which have neither been disputed or challenged in the IR. Thus, the Notice cannot be held liable for increase in the price of the scrip of the Company as the price was increasing normally.

58. The Notice further submits that the Notice's contribution to +ve LTP was too insignificant to influence the market equilibrium and therefore requires no attention. In the SCN, the Notice is facing allegation of contribution of Rs. 4/- to +ve LTP by execution of one single alleged buy trade whereas the total market +ve LTP contribution was Rs. 618/- by execution of 822 trades. Therefore, the contribution

of the Noticee to +ve LTP was too insignificant and thus requires no regulatory action. Indeed, in the matter of Nikki Global Finance Limited, the Ld. WTM vide Order dated 26-02-2021 has held that

"d. From the above Table, I find that out of the above 75 Noticees, except for Noticee no. 1, 3, 18, 9, 5, 2, 4, 8, 20 and 82, the +ve LTP contribution to the market +ve LTP of the other Noticees during Patch 1 is less than 1%. The trades of Noticee no. 1, 3, 18, 9, 5, 2, 4, 8, 20 and 82 (hereinafter referred to as 'the 10 Noticees'), have resulted into 31.24% of contribution to market positive LTP during Patch 1 and 26.7% of the total market volume during Patch 1. I also note that except for the 10 Noticees, the other Noticees contribution to the market +ve LTP is not so significant to invite the rigors of regulatory direction under section 11B of SEBI Act, 1992.

During the period of investigation, the total market +ve LTP was Rs. 618. The Noticee's alleged contribution to +ve LTP was only Rs. 4/- i.e. 0.64% of the market +ve LTP. Thus, the ratio laid down by the Ld. WTM in the aforesaid matter squarely applies in the case of the Noticee herein.

59. The Noticee further places reliance on the Hon'ble SAT's Order dated 29-07-2011 in Appeal No. 47 of 2011 in the matter of Narendra Ganatra v/s SEBI wherein the Hon'ble SAT has held that

"However, in para 33 of his order, the Adjudicating Officer has concluded that although the individual trades of the appellant in the scrip are not many, he is not inclined to give him any benefit of doubt. We are of the considered view that it is here that the Adjudicating Officer has failed to arrive at the right conclusion. We should not lose sight of the fact that the charge against the appellant is of conniving with the group entities in creating false and misleading appearance of trading in the market and artificially raising the price of the scrip and for such a serious charge, higher degree of probability is required. Such a charge cannot stand on surmises and conjectures. The allegations in the show cause notice as well as in the impugned order are against the Ganatra Group entities. No

evidence has been brought on record to show the role that the appellant has played in the group in executing synchronized or circular trades thereby creating false or misleading appearance of trading in the scrip. The appellant had traded only during the period from November 6, 2006 to January 19, 2007 in the price range of Rs. 6.90 to Rs. 17.00. During the investigation period, the price of the scrip rose from Rs. 2.94 on August 28, 2006 to Rs. 45.45 on November 12, 2007 and thereafter it came down to Rs. 14.85 on April 15, 2008 and increased to Rs. 51.80 on August 21, 2008. The price fluctuation during the period when the appellant traded was small in comparison to market volatility. Therefore, the appellant cannot be held guilty of manipulating the price of the scrip. We also notice that out of 446 days of trading where 2,55,37,175 shares were traded, the appellant traded only on ten days with a total buy and sell quantity of 25,100 shares. All his transactions were through the trading system and were delivery based. The connection of the appellant with other group entities is also restricted to his brother Nimesh Ganatra and Mr. Bhavesh Pabari. The fact that the appellant shares common address with his brother Nimesh Ganatra or has introduced Bhavesh Pabari to broker is not sufficient evidence to prove the charge of connivance in executing circular trades. The adjudicating officer has discussed in the impugned order the total shares sold and purchased by the Ganatra group entities but has failed to bring on record the role played by the appellant in executing these trades. As far as individual role of the appellant is concerned, admittedly, his trades have not been considered 'very significant'. In the absence of any evidence on record, direct or circumstantial, against the appellant in manipulating the trades or raising the price of the scrip, he deserves to be given the benefit of doubt."

60. In the present case, the Noticee is facing allegation of execution one single buy trade during the period of investigation. Thus, the trade / volume of the Noticee was not significant to influence the market equilibrium.

61. The Noticee further submits that in the SCN allegation has been made against as many as 10 trades whereas total 822 trades had been executed during the course of investigation. SEBI has not found any illegality in execution of 812 out of 822 trades in the scrip of the Company. This is nothing but cherry picking by the Investigative Authority for making bald allegation against the Noticee herein.

62. The Noticee further submits that the Investigative Authority of SEBI has arbitrarily made allegation against the Noticee herein for mere contribution of Rs. 4/- to +ve LTP whereas found no illegality in couple of other trades executed by suspected entities who had contributed significantly to +ve LTP. It is needless to mention that Investigative Authority itself found Mr. Muralidharan Gopalakrishnan Iyengar, Durgapur Construction Private Limited, Goodtime Advisory Private Limited and Vasudha Vanijya Private Limited part of 28 suspected connected entities. Similarly, certain Preferential Allottees by execution of trades with suspected entities had contributed significantly to +ve LTP. Despite all this, the Investigative Authority has rightly held that they had not manipulated the price of the scrip of the Company. The Noticee's alleged contribution to +ve LTP was comparatively lesser than the contribution made by these entities. Therefore, the adverse findings recorded by the Investigative Authority qua the Noticee herein are arbitrary. Thus, the Noticee request for similar treatment as provided to the other exonerated suspected entities and preferential allottees.

63. The Noticee is not facing any allegation of synchronized / circular / reversal trade allegation. Even the Noticee had not placed any sell order in the scrip of the Company during the period of investigation. Thus, the allegation that the Noticee had executed trades with premediated mindset is liable to be dropped.

64. The Noticee further submits that it is the finding of the investigative authority that contribution to total market volume by execution of matched trades amongst suspected entities was mere 7.58%. This proves that the matching of orders placed by the purported connected entities was nothing but coincidence.

65. It is further submitted that on an anonymous screen-based trading platform, an entity is unable to know the identity of the other buyers or sellers. Thus, unless the buyers and sellers have a prior understanding of placing the orders at pre-decided price and time, they cannot be assured of matching each other's' order. It is not an allegation in the SCN that the trades were repetitive. In this regard, it is pertinent to refer to the observations made by the Hon'ble Supreme Court of India in the matter of SEBI v. Kishore P. Ajmera (Order dated February 23, 2016).

66. In light of the above observations of the Hon'ble Court, in absence of any direct evidence to that effect, meeting of minds between the buyer and seller can be proved considering the preponderance of probabilities, which essentially would require assessment of the circumstances such as proximity of placement of orders, repetitive nature of trades, the volume of trades, etc. In the present case, however, no circumstances have been brought out in the SCN to suggest that the intra-group buyers and sellers had a prior meeting of minds. Further, no allegation has been made against 812 out of total 822 trades executed during the period of investigation.

67. The Noticee further submits that 79 Preferential Allottees including the Noticee herein had sold 12,62,800 shares during the period of investigation and counterparties to their most of the sell trades were purported connected entities only. Indeed, 5 of them were found connected with the Promoter Group of the Company who had sold 2,60,800 shares. Despite all these, the Investigative Authority of the SEBI itself has given clean chit to all the Preferential Allottees except four whereas recorded adverse findings against the Noticee herein. This is nothing but arbitrary approach of the Investigative Authority towards Noticee.

68. There is no allegation at all in the SCN that the Noticees were funded by certain entities for the purpose of trading in the scrip of Company or that they had borrowed funds for the purpose of trading.

69. The Noticee further submits that the trades executed by the Noticee in the scrip of the Company were all delivery-based transactions and transfer of beneficial ownership effected and the Noticee had no intention to operate only as a device to inflate, depress or cause fluctuations in the price of such security for wrongful gain or avoidance of loss. Indeed, no such findings has been recorded in the SCN.

<u>Noticee 7</u>

70. In the SCN allegation has been made against one buy trade executed on 11-09-2014 at the rate of Rs. 138/- by the Noticee. The Noticee submits that it had executed as many as 6 buy trades during the course of investigation whereas allegation has been made against one single buy trade only. Thus, no allegation has been made against remaining 5 buy trades. The Noticee had executed its trades at prevailing market price without any intention to increase and / or decrease in the price of the scrip of the Company. Indeed, in the entire investigation report, the Investigative Authority of SEBI has not made any allegation against 3 other buy trades i.e. executed above the LTP by the Noticee. Thus, the allegation that the Noticee had placed its order for one single alleged buy trade with premediated mindset to influence the price of the scrip of the Company cannot be established and therefore liable to be dropped.

71. The Noticee further submits that it had executed the said one single alleged buy trade at the rates of Rs. 138/- whereas the price of the scrip had increased upto Rs. 300/. Thus, the Noticee cannot be held liable for increase in the price of the scrip of the Company as the price was increasing normally.

72. The Noticee further submits that its 6 buy trades (including the alleged trade) had been matched with 6 different entities including one suspected entity. If there was any prior meeting of mind with the counterparties, the Noticee’s trades would not have matched with 5 non-suspected entities. This further show that the Noticee had not placed its order with predetermined mindset.

73. The Noticee further submits that the Noticee's contribution to +ve LTP was too insignificant to influence the market equilibrium and therefore requires no attention. In the SCN, the Noticee is facing allegation of contribution of Rs. 6/- to +ve LTP by execution of one single alleged buy trade whereas the total market +ve LTP contribution was Rs. 618/- by execution of 822 trades. Therefore, the contribution of the Noticee to +ve LTP was too insignificant and thus requires no regulatory action. Indeed, in the matter of Nikki Global Finance Limited, the Ld. WTM vide Order dated 26-02-2021. has held that

74. The Noticee further places reliance on the Hon'ble SAT's Order dated 29-07-2011 in Appeal No. 47 of 2011 in the matter of Narendra Ganatra v/s SEBI.

75. In the present case, the Noticee is facing allegation of execution one single buy trades out of the total 6 buy trades executed by the Noticee during the period of investigation. Thus, the trade / volume of the Noticee was not significant to influence the market equilibrium.

76. The Noticee further submits that in the SCN allegation has been made against as many as 10 trades whereas total 822 trades had been executed during the course of investigation. SEBI has not found any illegality in execution of 812 out of 822 trades in the scrip of the Company. This is nothing but cherry picking by the Investigative Authority for making bald allegation against the Noticee herein.

77. The Noticee further submits that the Investigative Authority of SEBI has arbitrarily made allegation against the Noticee herein for mere contribution of Rs. 6/- to +ve LTP whereas found no illegality in couple of other trades executed by suspected entities who had contributed significantly to +ve LTP. It is needless to mention that Investigative Authority itself found Mr. Muralidharan Gopalakrishnan Iyengar, Durgapur Construction Private Limited, Goodtime Advisory Private Limited and Vasudha Vanijya Private Limited part of 28 suspected connected entities. Similarly, certain Preferential Allottees by execution of trades with suspected entities had contributed significantly to +ve LTP. Despite all this, the Investigative Authority has

rightly held that they had not manipulated the price of the scrip of the Company. The Noticee's alleged contribution to +ve LTP was comparatively lesser than the contribution made by these entities. Therefore, the adverse findings recorded by the Investigative Authority qua the Noticee herein are arbitrary. Thus, the Noticee request for similar treatment as provided to the other exonerated suspected entities and preferential allottees.

78. The Noticee is not facing any allegation of synchronized / circular / reversal trade allegation. Even the Noticee had not placed any sell order in the scrip of the Company during the period of investigation. Thus, the allegation that the Noticee had executed trades with premediated mindset is liable to be dropped.

79. The Noticee further submits that it is the finding of the investigative authority that contribution to total market volume by execution of matched trades amongst suspected entities was mere 7.58%. This proves that the matching of orders placed by the purported connected entities was nothing but coincidence.

80. It is further submitted that on an anonymous screen-based trading platform, an entity is unable to know the identity of the other buyers or sellers. Thus, unless the buyers and sellers have a prior understanding of placing the orders at pre-decided price and time, they cannot be assured of matching each other's' order. It is not an allegation in the SCN that the trades were repetitive. In this regard, it is pertinent to refer to the observations made by the Hon'ble Supreme Court of India in the matter of SEBI v. Kishore P. Ajmera (Order dated February 23, 2016).

81. In light of the above observations of the Hon'ble Court, in absence of any direct evidence to that effect, meeting of minds between the buyer and seller can be proved considering the preponderance of probabilities, which essentially would require assessment of the circumstances such as proximity of placement of orders, repetitive nature of trades, the volume of trades, etc. In the present case, however, no circumstances have been brought out in the SCN to suggest that the intra-group buyers and sellers had a prior meeting of minds. Further, no allegation has been

made against 812 out of total 822 trades executed during the period of investigation.

82. The Noticee further submits that 79 Preferential Allottees including the Noticee herein had sold 12,62,800 shares during the period of investigation and counterparties to their most of the sell trades were purported connected entities only. Indeed, 5 of them were found connected with the Promoter Group of the Company who had sold 2,60,800 shares. Despite all these, the Investigative Authority of the SEBI itself has given clean chit to all the Preferential Allottees except four whereas recorded adverse findings against the Noticee herein. This is nothing but arbitrary approach of the Investigative Authority towards Noticee.

83. There is no allegation at all in the SCN that the Noticees were funded by certain entities for the purpose of trading in the scrip of Company or that they had borrowed funds for the purpose of trading.

84. The Noticee further submits that the trades executed by the Noticee in the scrip of the Company were all delivery-based transactions and transfer of beneficial ownership effected and the Noticee had no intention to operate only as a device to inflate, depress or cause fluctuations in the price of such security for wrongful gain or avoidance of loss. Indeed, no such findings has been recorded in the SCN.

Noticee 8

85. It is to be noted that the details of Noticee's alleged trades have been provided at S. Nos. 3, 5 and 10 in the Table 12 provided under the para 13 of the SCN. So far as Trade data at S. No. 5 in the said Table is concerned, it is alleged the Noticee had contributed Rs. 7/- to +ve LTP on 05-12-2014. However, on perusal of the Trade Log, it is revealed that the said alleged trade executed by the Noticee on 05-12-2014 had contributed Rs. 4/- to +ve LTP. Therefore, the Noticee request to rectify the error made in the SCN. The Noticee alleged contribution to +ve LTP trades was Rs. 14/- only.

86. The Noticee further submits that during the course of investigation as many as 822 trades had been executed in the scrip of the Company. However, allegation has been made against 10 trades only. Out of the total 822 trades, as many as 295 trades were executed above the LTP, 342 trades were executed at par to the LTP and 185 trades were executed below the LTP. Out of the total 295 trades executed above the LTP, allegation has been made against 10 trades which is mere 3.38% of the total market +ve LTP trades and 1.21% of the total market trades during the period of investigation. Thus, the alleged 10 trades are too insignificant to influence the market equilibrium and therefore cannot be alleged.

87. In the SCN allegation has been made against three sell trades executed on 11-09-2014, 05-12-2014 and 18-12-2014 at the rate of Rs. 138/-, Rs.235/- and Rs. 254/- respectively by the Noticee. The Noticee submits that it had executed as many as 7 sell trades during the course of investigation whereas allegation has been made against 3 sell trades only. Thus, no allegation has been made against remaining 4 sell trades. The Noticee had executed its trades at prevailing market price without any intention to increase and / or decrease in the price of the scrip of the Company. Indeed, in the entire investigation report, the Investigative Authority of SEBI has not made any allegation against 4 remaining sell trades i.e. executed above the LTP by the Noticee. Further, there were time difference in between placing of buy and sell orders by the Noticee and counterparties buyer to sell trades of the Noticee herein. Thus, the allegation that the Noticee had placed its orders for 3 alleged sell trades with premediated mindset to influence the price of the scrip of the Company cannot be established and therefore liable to be dropped.

88. The Noticee further submits that it had executed the said 3 alleged sell trades at the rates of Rs. 138/-, Rs.235/- and Rs. 254/- whereas the price of the scrip had increased upto Rs. 300/. It is very pertinent to mention that more than 700 trades had been executed after the last alleged trade has been executed by the Noticee. If the price of the scrip would have increased artificially, the price of the scrip would not have been sustained after the Noticee had stopped trading in the scrip of the

Company. Thus, the Noticee cannot be held liable for increase in the price of the scrip of the Company as the price was increasing normally.

89. The Noticee further submits that its 7 sell trades had been matched with 6 different entities. If there was any prior meeting of mind with the counterparties, the Noticee's trades would not have matched with 6 different entities. This further show that the Noticee had not placed its order with predetermined mindset.

90. The Noticee further submits that the Noticee's contribution to +ve LTP was too insignificant to influence the market equilibrium and therefore requires no attention. In the SCN, the Noticee is facing allegation of contribution of Rs. 14/- to +ve LTP by execution of 3 alleged sell trades whereas the total market +ve LTP contribution was Rs. 618/- by execution of total 822 trades. Therefore, the contribution of the Noticee to +ve LTP was too insignificant and thus requires no regulatory action.

91. The Noticee further submits that in the SCN allegation has been made against as many as 10 trades whereas total 822 trades had been executed during the course of investigation. SEBI has not found any illegality in execution of 812 out of 822 trades in the scrip of the Company. This is nothing but cherry picking by the Investigative Authority for making bald allegation against the Noticee herein.

92. The Noticee further submits that the Investigative Authority of SEBI has arbitrarily made allegation against the Noticee herein for mere contribution of Rs. 14/- to +ve LTP whereas found no illegality in couple of other trades executed by suspected entities who had contributed significantly to +ve LTP. It is needless to mention that Investigative Authority itself found Mr. Muralidharan Gopalakrishnan Iyengar, Durgapur Construction Private Limited, Goodtime Advisory Private Limited and Vasudha Vanijya Private Limited part of 28 suspected connected entities. Similarly, certain Preferential Allottees by execution of trades with suspected entities had contributed significantly to +ve LTP. Despite all this, the Investigative Authority has rightly held that they had not manipulated the price of the scrip of the Company. The Noticee's alleged contribution to +ve LTP was comparatively lesser than the

contribution made by these entities. Therefore, the adverse findings recorded by the Investigative Authority qua the Noticee herein are arbitrary. Thus, the Noticee request for similar treatment as provided to the other exonerated suspected entities and preferential allottees.

93. The Noticee is not facing any allegation of synchronized / circular / reversal trade allegation. Thus, the allegation that the Noticee had executed trades with premediated mindset is liable to be dropped.

94. The Noticee further submits that it is the finding of the investigative authority that contribution to total market volume by execution of matched trades amongst suspected entities was mere 7.58%. This proves that the matching of orders placed by the purported connected entities was nothing but coincidence.

95. It is further submitted that the SCN is silent on the point as to how the Noticee on the sell side was able to match its trades with the other entities when the alleged trades were not termed as synchronize trades. On an anonymous screen-based platform, an entity is unable to know the identity of the other buyers or sellers. Thus, unless the buyers and sellers have a prior understanding of placing the orders at pre-decided price and time, they cannot be assured of matching each other's' order. The SCN does not mention that the buy and sell orders for alleged trades were placed at same point of time. In this regard, it is pertinent to refer to the observations made by the Hon'ble Supreme Court of India in the matter of SEBI v. Kishore P. Ajmera (Order dated February 23, 2016).

96. In light of the above observations of the Hon'ble Court, in absence of any direct evidence to that effect, meeting of minds between the buyer and seller can be proved considering the preponderance of probabilities, which essentially would require assessment of the circumstances such as proximity of placement of orders, repetitive nature of trades, the volume of trades, etc. In the present case, however, no circumstances have been brought out in the SCN to suggest that the intra-group buyers and sellers had a prior meeting of minds. Further, no allegation has been

made against 812 out of total 822 trades executed during the period of investigation.

97. The Noticee further submits that the investigative authority of SEBI itself has recorded favourable findings qua the Preferential Allottees and found that the trades executed by them were not in violation of SEBI PFUTP Regulations. The Noticee herein is also one of the Preferential Allottees though in the SCN allegation has been made against the Noticee for violation of SEBI PFUTP Regulations. Thus, the findings recorded in the para 13 of the Investigation Report is contradictory to the findings recorded in para 13 to 15 of the SCN. This further show arbitrary approach of the Investigative Authority towards the Noticee.

98. There is no allegation at all in the SCN that the Noticees were funded by certain entities for the purpose of trading in the scrip of Company or that they had borrowed funds for the purpose of trading.

99. The Noticee further submits that the trades executed by the Noticee in the scrip of the Company were all delivery-based transactions and transfer of beneficial ownership effected and the Noticee had no intention to operate only as a device to inflate, depress or cause fluctuations in the price of such security for wrongful gain or avoidance of loss. Indeed, no such findings has been recorded in the SCN.

<u>Noticee 9:</u>

100. In the SCN allegation has been made against two sell trades executed on 29-05-2014 and 12-06-2014 at the rate of Rs. 50/- and Rs. 56/- respectively by the Noticee. The Noticee submits that it had executed as many as 15 buy/sell trades during the course of investigation whereas allegation has been made against 2 sell trades only. Thus, no allegation has been made against remaining 3 sell trades and 10 buy trades. The Noticee had executed its trades at prevailing market price without any intention to increase and / or decrease in the price of the scrip of the Company. Indeed, in the entire investigation report, the Investigative Authority of SEBI has not made any allegation against 9 other buy/sell trades i.e. executed

above the LTP by the Noticee. Further, there were time difference in between placing of buy and sell orders by the Noticee and counterparties buyer to sell trades of the Noticee herein. Thus, the allegation that the Noticee had placed its order for 2 alleged sell trades with premediated mindset to influence the price of the scrip of the Company cannot be established and therefore liable to be dropped.

101. The Noticee further submits that it had executed the said 2 alleged sell trades at the rates of Rs. 50/- and Rs. 56 whereas the price of the scrip had increased upto Rs. 300/. The scrip was listed at the rate of Rs. 38/-. Thus, the Noticee cannot be held liable for increase in the price of the scrip of the Company as the price was increasing normally.

102. The Noticee further submits that its 15 buy / sell trades had been matched with 12 different entities. If there was any prior meeting of mind with the counterparties, the Noticee's trades would not have matched with 12 different entities. This further show that the Noticee had not placed its order with predetermined mindset.

103. The Noticee further submits that the Noticee's contribution to +ve LTP was too insignificant to influence the market equilibrium and therefore requires no attention. In the SCN, the Noticee is facing allegation of contribution of Rs. 14/- to +ve LTP by execution of 2 alleged sell trades whereas the total market +ve LTP contribution was Rs. 618/- by execution of 822 trades. Therefore, the contribution of the Noticee to +ve LTP was too insignificant and thus requires no regulatory action.

104. The Noticee further submits that in the SCN allegation has been made against as many as 10 trades whereas total 822 trades had been executed during the course of investigation. SEBI has not found any illegality in execution of 812 out of 822 trades in the scrip of the Company. This is nothing but cherry picking by the Investigative Authority for making bald allegation against the Noticee herein.

105. The Noticee further submits that the Investigative Authority of SEBI has arbitrarily made allegation against the Noticee herein for mere contribution of Rs. 14/- to +ve

LTP whereas found no illegality in couple of other trades executed by suspected entities who had contributed significantly to +ve LTP. The Noticee in the below Table providing details of few of such trades:

Table No. 15

TRADE DATE	CLIENT NAME	CP CLIENT NAME	TRADE RATE (Rs.)	LTP RATE (Rs.)	TRADED QTY
16-06-15	Durgapur Construction Private Limited	Muralidharan Gopalakrishnan Iyengar	297	16	10000
05-06-15	Goodtime Advisory Private Limited	Muralidharan Gopalakrishnan Iyengar	297	1	5000
12-08-15	Durgapur Construction Private Limited	Muralidharan Gopalakrishnan Iyengar	299	1	10000
13-07-15	Vasudha Vanijya Private Limited	Muralidharan Gopalakrishnan Iyengar	298	1	5000

106. It is needless to mention that Investigative Authority itself found Mr. Muralidharan Gopalakrishnan Iyengar, Durgapur Construction Private Limited, Goodtime Advisory Private Limited and Vasudha Vanijya Private Limited part of 28 suspected connected entities. Similarly, certain Preferential Allottees by execution of trades with suspected entities had contributed significantly to +ve LTP. Despite all this, the Investigative Authority has rightly held that they had not manipulated the price of the scrip of the Company. The Noticee's alleged contribution to +ve LTP was comparatively lesser than the contribution made by these entities. Therefore, the adverse findings recorded by the Investigative Authority qua the Noticee herein are arbitrary. Thus, the Noticee request for similar treatment as provided to the other exonerated suspected entities and preferential allottees.

107. The Noticee is not facing any allegation of synchronized / circular / reversal trade allegation. Further, there were time difference in between placing of sell orders by the Noticee and buy orders placed by the counterparties for the alleged 2 trades. Thus, the allegation that the Noticee had executed trades with premediated mindset is liable to be dropped.

108. The Noticee further submits that it is the finding of the investigative authority that contribution to total market volume by execution of matched trades amongst

suspected entities was mere 7.58%. This proves that the matching of orders placed by the purported connected entities was nothing but coincidence.

109. It is further submitted that the SCN is silent on the point as to how the Noticee on the buy/sell side was able to match its trades with the other entities when the alleged trades were not termed as synchronized trades. On an anonymous screen-based platform, an entity is unable to know the identity of the other buyers or sellers. Thus, unless the buyers and sellers have a prior understanding of placing the orders at pre-decided price and time, they cannot be assured of matching each other's' order. The SCN does not mention that the buy and sell orders for alleged trades were placed at same point of time. In this regard, it is pertinent to refer to the observations made by the Hon'ble Supreme Court of India in the matter of SEBI v. Kishore P. Ajmera (Order dated February 23, 2016):

> *"While the screen based trading system keeps the identity of the parties anonymous it will be too naive to rest the final conclusions on 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. Prosecution under Section 24 of the Act for violation of the provisions of any of the Regulations, of course, has to be on the basis of proof beyond reasonable doubt. …*
>
> *The conclusion has to be gathered from various circumstances like that volume of the trade effected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such other relevant factors."*

110. In light of the above observations of the Hon'ble Court, in absence of any direct evidence to that effect, meeting of minds between the buyer and seller can be

proved considering the preponderance of probabilities, which essentially would require assessment of the circumstances such as proximity of placement of orders, repetitive nature of trades, the volume of trades, etc. In the present case, however, no circumstances have been brought out in the SCN to suggest that the intra-group buyers and sellers had a prior meeting of minds. Further, no allegation has been made against 812 out of total 822 trades executed during the period of investigation.

111. The Noticee further submits that in the para 13 of the IR, the investigative authority himself has recorded that

> *"From the table above, it can be observed that entities with connections to the promoters are only 5 in number and their sale of shares constitutes only 2.06% of the total shares issued through preferential allotment. It is to be noted that such partial exit by preferential allottees does not appear to be in violation of SEBI (PFUTP) Regulations 2003. Further when compared to the overall number of shares issued in preferential allotment the sale by preferential allottees are not significant in quantity."*

112. On plain reading of the said para, it became abundant clear that the investigative authority of SEBI itself has recorded favourable findings qua the Preferential Allottees and found that the trades executed by them were not in violation of SEBI PFUTP Regulations. The Noticee herein is also one of the Preferential Allottees though in the SCN allegation has been made against the Noticee for violation of SEBI PFUTP Regulations. Thus, the findings recorded in the para 13 of the Investigation Report is contradictory to the findings recorded in para 13 to 15 of the SCN. This further show arbitrary approach of the Investigative Authority towards the Noticee.

113. There is no allegation at all in the SCN that the Noticees were funded by certain entities for the purpose of trading in the scrip of Company or that they had borrowed funds for the purpose of trading.

114. The Noticee further submits that the trades executed by the Noticee in the scrip of the Company were all delivery-based transactions and transfer of beneficial ownership effected and the Noticee had no intention to operate only as a device to inflate, depress or cause fluctuations in the price of such security for wrongful gain or avoidance of loss. Indeed, no such findings has been recorded in the SCN.

<u>Submissions of Noticee 10 and 11</u>

115. The SCN 2 has been issued to 2 entities including the Noticee herein and therefore the Noticee herein will be only dealing with the violations as alleged against the Noticee herein or its acts which have been held to be in violations to the above-mentioned Regulations.

116. The SCN is bad in law as the same has been issued after a period of almost 9 years from the date of execution of alleged transactions by the Noticee herein. The issue of SCN after a lapse of 9 years has caused extreme mental agony to the Noticee and Noticee is not recollecting all the circumstances happened 9 years before. This highly prejudiced the case of the Noticee as justice delayed is justice denied. The Noticee further submits that although under the SEBI Act, there is no mention about limitation period for starting and conclusion of the Proceedings. However, the Hon'ble SAT and Hon'ble Supreme Court of India in catena of cases have held that whenever in a Statute, limitation period is not mentioned, the proceedings should be initiated and concluded within a reasonable period of time. The reasonable period depends on fact and circumstances of each case. The Noticee further submits that SEBI has not been clothed with blanket powers to initiate and conclude proceedings at any time. The proceedings should be initiated and concluded within a reasonable period of time. In this connection, the Noticee places reliance on the following Judgments and Orders passed by the Hon'ble Supreme Court of India and Hon'ble Tribunal. In all these following Judgment and Orders, SEBI, the Hon'ble Supreme Court of India and Hon'ble Securities Appellate Tribunal allowed the Appeals/Matters of the respective parties on the ground of inordinate delay and latches:

a. Hon’ble SAT’s Order dated 28-06-2023 in the Appeal No. 524/2023 in the matter of Mr. Kiran M Joshi v/s SEBI
b. Order dated 04-09-2023 passed by the Ld. Whole Time Member of SEBI in the matter of Yamini Investment Company Limited
c. In the Appeals filed by Mr. Ashok Shivpal Rupani & Ors. v/s SEBI, the Hon’ble Tribunal vide its Order dated 22-08-2019 set aside the Order of the SEBI and allowed the Appeal. (Appeal Nos. 417 and 440 of 2018)
d. SAT’s Order dated 05-12-2019 wrt Appeal filed by Anilkumar Nandkumar Harchandani & Ors. vs. SEBI (Appeal No. 75 of 2019), and subsequent Supreme Court order dated February 02, 2020 dismissing appeals filed by SEBI against SAT’s order
e. SAT’s order in the appeals filed by Mr. Rajiv Bhanot & Ors. vs SEBI (Appeal No. 396 of 2018, Order dated 09-07-2021) and other connected Appeals, and subsequent Supreme Court order dated November 08, 2021 dismissing appeals filed by SEBI against SAT’s order
f. SAT’s order dated 04-01-2022 in the Appeal filed by Shriram Insight Share Brokers Ltd (Appeal No. 559/2020) and subsequent Supreme Court order dated March 28, 2022 dismissing appeals filed by SEBI against SAT’s order
g. in the matter of Yatin Pandey HUF v/s SEBI (Appeal No. 719 of 2021), the Hon’ble Tribunal vide its Order dated 24-03-2022

117. The case of the Noticee is no different from the case laws cited by the Noticee hereinabove. The purported disclosures required to make in the year 2014 whereas the SCN has been issued in the year 2023. SEBI took almost 9 years to issue the present SCN. Since the matter pertains to year 2014, the Noticee is unable to produce the requisite acknowledgements.

118. The Noticee further submits that no purpose will solve, if a penalty is being imposed against the Noticee in 2024 for an alleged violation which was purportedly committed in the year 2014. On the contrary, it will be highly prejudice to the Noticee. The Noticee further wishes to submit that in the Investigation Report, SEBI has not found any serious allegation against the Noticee herein.

CONSIDERATION OF ISSUES AND FINDINGS

119. I have taken into consideration the facts and material available on record. The issues that arise for consideration in the present case are as follows:

   I. **(i) Whether Noticee 1 to 9 have violated provisions of 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a) and 4(2)(e) of PFUTP Regulations.**
   (ii) Whether Noticee 10 and 11 have violated Regulations 13(4A) read with 13 (5) of SEBI (PIT), 1992.

   II. **Do the violations, if any, attract monetary penalty under Sections 15A(a) and 15HA of the SEBI Act,1992?**

   III. **If the answer to Issue No. I & II is in affirmative, then what should be the quantum of monetary penalty?**

Issue I (i) Whether Noticee 1 to 9 have violated provisions of 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a) and 4(2)(e) of PFUTP Regulations.

120. Before proceeding with the consideration of the issues, it is necessary to address the preliminary issue raised by the Noticees regarding the alleged inordinate delay in initiating the proceedings and the resulting prejudice caused to the entity. The Noticees placed reliance on the following Orders of Hon'ble SAT, Hon'ble SEBI WTM and Ld. Adjudicating Officer, SEBI, and subsequent orders of Supreme Court in appeals of some of these cases in their defense:

   a. *Order dated 04-09-2023 passed by SEBI in the matter of Yamini Investment Company Limited*
   b. *SAT's order dated 22-08-2019 in the Appeals filed by Mr. Ashok Shivpal Rupani & Ors. v/s SEBI (Appeal Nos. 417 and 440 of 2018)*
   c. *SAT's order dated 27-05-2019 in the Appeal No. 07 of 2016 (Mr. Rakesh Kathotia & Ors. vs. SEBI)*
   d. *SAT's Order dated 05-12-2019 wrt Appeal filed by Anilkumar Nandkumar Harchandani & Ors. vs. SEBI (Appeal No. 75 of 2019),*

e. *SAT's order in the appeals filed by Mr. Rajiv Bhanot & Ors. vs SEBI (Appeal No. 396 of 2018, Order dated 09-07-2021) and other connected Appeals,*
f. *SAT's order dated 04-01-2022 in the Appeal filed by Shriram Insight Share Brokers Ltd (Appeal No. 559/2020)*
g. *SAT's order dated 24-03-2022 in the matter of Yatin Pandey HUF v/s SEBI (Appeal No. 719 of 2021)*

121. In this regard, I note that, in the judgment in the matter of Ashlesh Gunvantbhai Shah (Order dated 31-1-2020), the Hon'ble SAT has made the following pertinent remarks:

"It is no doubt true that no period of limitation is prescribed in the Act or the Regulations for issuance of a show cause notice or for completion of the adjudication proceedings. The Supreme Court in Government of India vs, Citedal Fine Pharmaceuticals, Madras and Others, [AIR (1989) SC 1771] held that in the absence of any period of limitation, the authority is required to exercise its powers within a reasonable period. What would be the reasonable period would depend on the facts of each case and that no hard and fast rule can be laid down in this regard as the determination of this question would depend on the facts of each case." This proposition of law has been consistently reiterated by the Supreme Court.

122. I further note that in Pooja Vinay Jain vs. SEBI (Appeal No. 152 of 2019) decided on March 17, 2020, the Hon'ble SAT *inter alia* held the following: "On the issue of delay, in the case of Ashok Rupani (supra), this Tribunal, inter-alia, noted the ratio in the case of Mr. Rakesh Kathotia and Ors. vs. SEBI [Appeal No 7 of 2016 decided on May 27, 2019]. Paragraph No. 7 of the case of Ashok Rupani Judgment is as under:

"....The decision would show that the power to initiate the proceedings must be exercised by the authorities within a reasonable time. This would depend upon the facts and circumstances of the case, nature of the default / statute and prejudice caused to the noticee."

123. In the context of delay in initiating the proceeding, Hon'ble SAT in Mr. Rakesh Kathotia & Ors. vs SEBI vide order dated May 27, 2019 has held the following:

"23. It is no doubt true that no period of limitation is prescribed in the Act or the Regulations for issuance of a show cause notice or for completion of the adjudication proceedings. The Supreme Court in Government of India vs, Citedal Fine Pharmaceuticals, Madras and Others, [AIR (1989) SC 1771] held that in the absence of any period of limitation, the authority is required to exercise its powers within a reasonable period. What would be the reasonable period would depend on the facts of each case and that no hard and fast rule can be laid down in this regard as the determination of this question would depend on the facts of each case."

124. The Hon'ble Supreme Court in the matter of Adjudicating Officer, SEBI Vs. Bhavesh Pabari wherein the Hon'ble Supreme Court, while dealing with the issue of delay in issuance of the show cause notice by the Adjudicating Officer, has observed that,

".... There are judgments which hold that when the period of limitation is not prescribed, such power must be exercised within a reasonable time. What would be reasonable time, would depend upon the facts and circumstances of the case, nature of the default / statute, prejudice caused, whether the third - party rights had been created etc......"

125. The Noticees have also placed reliance on the order passed by the Hon'ble SAT in the case of *Anilkumar Nandkumar Harchandani Vs. SEBI* wherein the Hon'ble SAT had allowed the appeal by observing that there was an inordinate delay in initiation of the proceedings. It is once again noted that the Hon'ble SAT while holding that there was an inordinate delay also observed that in the case of Anilkumar Nandkumar Harchandani, the investigation report itself showed non-availability of the documentary evidence because of which the investigating authority did not recommend taking drastic action to direct making of public announcement. Also, the said appeal was filed by the appellants for imposition of monetary penalty by the Adjudicating Authority for the violation of Regulation 11(1)

of the SAST Regulations, 1997. Thus, the said order passed by the Hon'ble SAT stands differentiated.

126. I find that the fact of delay in completion of investigation and/or initiation or completion of enforcement proceedings, in itself, cannot be a ground for dropping the proceedings. Only in cases where a Noticee is adversely affected, such a submission be considered. In this context, I find it relevant to refer to the order passed by Hon'ble SAT in the case of Metex Marketing Pvt. Ltd. vs. SEBI (order dated June 4, 2019) wherein Hon'ble SAT held that: *"This Tribunal has consistently held that in the absence of any specific provision in the SEBI Act or in the Takeover Regulations, the fact that there was a delay on the part of SEBI in initiating proceedings for violation of any provision of the Act cannot be a ground to quash the penalty imposed for such violation"*. In this regard, I also find that, PFUTUP Regulations and/or SEBI Act also does not have any specific provisions w.r.t., timeline /limitation etc., and therefore, a parallel can be drawn and the fact of delay in completion of investigation and initiation or completion of enforcement proceedings, in itself, cannot be a ground for dropping the proceedings.

127. Further, I find that the ratio laid out in the various judgments referred by the Noticees and otherwise above, is that wherever essentially period of limitation is not prescribed, such power must be exercised within a reasonable time. In this regard, I note that though the impugned transactions pertain to 2014, SEBI received a complaint in the matter only in November 2017, and SEBI initiated action upon receipt of complaint in 2017. Further, in April 2018, the complaint was forwarded to BSE for analysis in the scrip. BSE submitted its Analysis report to SEBI in June 2019, and upon further scrutiny of the issue and the BSE report, subsequently investigation was initiated by SEBI in February 2020 and was concluded by December 2022 in the matter. In the matter, erstwhile Adjudicating Officer was appointed in April 2023 and the SCNs were issued in May and June 2023. Subsequently the matter was later transferred to undersigned in August 2023. It is also noted that the SCN and hearing Notices were sent to some of the entities through email, and SPAD, which were returned undelivered and attempt to

serve SCN and HN through affixture also failed. Accordingly, the SCNs and HNs to such Noticees were served through publication in Newspapers in Bartaman Patrika, Sanmarg and Times of India in March 2024.

128. Thus, I note that the time taken by SEBI from the date of receiving the complaint and the preliminary examination report from BSE and the investigation conducted by SEBI and issuance of Notice, is a reasonable time required to deal with the issues considering the number of entities involved, the nature of the trades, details of the bank, KYC, mobile, address, email id, etc. that were required to be analyzed to determine inter se connection in the trades executed by each of them. Thus, it cannot be argued that there was substantial delay and that for the said reason, the proceedings are bad in law. In view of the above, in my opinion the time taken to complete the investigation and for the adjudication proceedings is accounted for as mentioned in above paragraphs, and is reasonable, hence the contention of the Noticees that there was inordinate delay is not acceptable.

129. At the same time it is important to consider whether the passage of time/gap from time of impugned transactions has caused any prejudice to the Noticees, I note that all relevant and relied upon documents related to the allegations made in the SCN were provided to the Noticees and in my view the Noticees had sufficient material to defend their case. In fact, Noticees were able to put forth their defense in detail, as apparent from their reply and submissions. Thus, I find that delay has not caused any prejudice to the Noticee 1 to 9. With regards to Noticee 10 and 11, since their alleged violation is different from other Noticees, I will deal with the issue of any prejudice caused separately later in the order.

130. Another preliminary contention of the Noticees is that proper procedure according to the Adjudication Rules has not been followed while issuing the captioned SCN, since:

   a. as per rule 4(1) of adjudication rules, Noticees were not given time (being not less than 14 days from the date of service of SCN) to show cause that why an inquiry should not be held against it.

b. as per rule 4(3) of adjudication rules, only after considering the cause, if any, shown by the Noticees, the Adjudicating Officer (AO) is of the opinion that an inquiry should be held then only AO shall issue a Notice fixing a date for the appearance of Noticee.
c. the first stage of issuing a Notice to the Noticees for the purposes of holding inquiry has been given complete go-bye and the Noticees have been issued SCN.

131. The Noticees have raised certain common technical objections w.r.t. due process followed in instant proceedings. In this regard, it will be appropriate to refer to the relevant provisions specified under the Adjudication Rules, reproduced herein:

"Appointment of adjudicating officer for holding inquiry.

3. Whenever the Board is of the opinion that there are grounds for adjudging under any of the provisions in Chapter VI-A of the Act, it may appoint any of its officers not below the rank of Division Chief to be an adjudicating officer for holding an inquiry for the said purpose.

Holding of inquiry.

4.(1) In holding an inquiry for the purpose of adjudging under sections 15A, 15B, 15C, 15D, 15E, 15F, 15G, 15HA and 15HB, whether any person has committed contraventions as specified in any of sections 15A, 15B, 17 15C, 15D, 15E, 15F, 15G, 15HA and 15HB the adjudicating officer shall, in the first instance, issue a notice to such person requiring him to show cause within such period as may be specified in the notice (being not less than fourteen days from the date of service thereof), why an inquiry should not be held against him.

(2) Every notice under sub-rule (1) to any such person shall indicate the nature of offence alleged to have been committed by him.

(3) If, after considering the cause, if any, shown by such person, the adjudicating officer is of the opinion that an inquiry should be held, he shall issue a notice fixing a date for the appearance of that person either personally or through his lawyer or other authorised representative.

(4) On the date fixed, the adjudicating officer shall explain to the person proceeded against or his lawyer or authorised representative, the offence, alleged to have been committed by such person indicating the provisions of the Act, rules or regulations in respect of which contravention is alleged to have taken place.

(5) The adjudicating officer shall then give an opportunity to such person to produce such documents or evidence as he may consider relevant to the inquiry and if necessary the hearing may be adjourned to a future date and in taking such evidence the adjudicating officer shall not be bound to observe the provisions of the Evidence Act, 1872 (11 of 1872) Provided that the notice referred to in sub-rule (3), and the personal hearing referred to in sub-rules (3),(4) and (5) may, at the request of the person concerned, be waived.

(5A) The Board may appoint a presenting officer in an inquiry under this rule.

(6) While holding an inquiry under this rule the adjudicating officer shall have the power to summon and enforce the attendance of any person acquainted with the facts and circumstances of the case to give evidence or to produce any document which, in the opinion of the adjudicating officer, may be useful for or relevant to, the subject-matter of the inquiry.

(7) If any person fails, neglects or refuses to appear as required by sub-rule (3) before the adjudicating officer, the adjudicating officer may proceed with the inquiry in the absence of such person after recording the reasons for doing so."

132. In this regard I note that while the SCNs did not specifically call upon the Noticees to show cause why an inquiry should not be held against them, however it is noted that it specified the Noticees to submit the reply to SCN within 14 days. I also, note that the subject of the Show Cause Notices, refers that the SCNs have been issued under Rule 4 of the Adjudication Rules, informing the Noticees that the adjudication proceedings are conducted as per Adjudication Rules. Further, the subject line also refer that the Notices are "Show Cause" Notices. It is also understood that as per existent practices the entities in adjudication proceedings show their cause by filing replies to the SCN, which was essentially sought from the Noticees. Further, subsequent to issuance of SCNs, the Noticees requested for inspection of relevant and relied upon documents, which was granted. Subsequent to Noticees completing the inspection, the Noticees submitted their replies to the SCNs. Subsequently, the personal hearing to Noticees were conducted. I also note that the SCNs specified the nature of offences alleged to have been committed and the penalty proposed to enable the Noticees to effectively reply to the SCN.

133. I find that the Noticees have misconstrued the procedure prescribed under Rule 4 of the Inquiry Rules, 1995 and hence to put into perspective the law as it stands

and for the sake of clarity, seek reference to the recent judgment dated September 14, 2022 of the Hon'ble Supreme Court in the matter of ***Kavi Arora vs. SEBI in SLP no. 15149 of 2021***, where it was pertinently observed as follows:

"46. After the Board forms its opinion to appoint an Adjudicating Officer, comes the next stage, which is the stage under Rule 4 of an inquiry for adjudging under Sections 15A, 15B, 15C, 15D, 15E,15F, 15G, 15H, 15I, 15J and 15HB whether any person has committed contraventions as specified in those sections. The inquiry commences with a Show Cause Notice calling upon the noticee to show cause why an inquiry should not be held against him. The Show Cause Notice has to specify the nature of offence alleged to have been committed and the penalty proposed, to enable the noticee to effectively reply to the show cause. A reading of Section 4(3) makes it clear that, if after considering the cause, if any shown by the noticee, the Adjudicating Officer is of the opinion that an inquiry should be held, he shall issue a notice fixing a date for appearance of that person either personally or through his lawyer or other authorised representative. The noticee is not required to be heard personally or through lawyer before taking a decision to proceed with an inquiry in respect of the contraventions alleged in the Show Cause Notice. <u>Decision to proceed or not to proceed with the inquiry may be taken on the basis of the reply of the noticee to the Show Cause Notice.</u> Once it is decided to proceed with the inquiry, an opportunity of personal hearing is mandatory. The inquiry has to be conducted in accordance with law, in compliance with the principles of natural justice."

Emphasis supplied

134. In view of the above, it is inferred that though the Notices inadvertently missed specifically mentioning in subsequent paragraphs about calling upon Noticees to show cause why an inquiry should not be held against them, during the adjudication proceedings the Notices were issued as 'Show Cause Notice', Noticees have been duly given opportunity to show the cause by submitting reply that why an inquiry should not be held against them, which has been effectively availed by the Noticees as also availing of opportunity of inspection and hearing. In view of the above, I find that there has been no infirmity or deviation in spirit from

the stated Adjudication Rules, and that the procedure has been fair and no prejudice has been caused to the Noticees, while conducting instant proceedings. Hence, the contention of the Noticees are not acceptable.

135. Noticees have also contended that the principle of natural justice has not been followed in the proceedings, since the Noticees have not been provided off market transactions details, KYC documents, Order Logs and MCA data as collected by the SEBI. In this regard, I note that the Noticees have been *inter alia* provided with following documents which were available on records:

   a. Complaint at SCORES
   b. BSE Report,
   c. SEBI Investigation Report,
   d. Transaction Details
   e. Trade Log and UCC Details

136. In this regard, I note that the only the documents which have been provided to the Noticees, have been relied upon in the instant proceedings to adjudicate. In view of the above, I find that the principle of natural justice has been adhered with during the adjudication proceedings.

137. Further the Noticees have alleged that the SCN 1 is issued against 9 entities, whereas allegation of connection has been made amongst 28 purported entities. As, no SCN has been issued to as many as 19 entities, the chain connection has been broken. Since, the chain of connection has been broken the allegation of connection against the Noticee cannot be sustained. Further, the Noticees have contended that it is not clear in the SCN whether the time of connection between entities is prior or after the impugned trades.

138. In this regard, I observe that the SCN has not outlined connection between the 28 suspected entities, but has only categorized these entities on the basis of common mobile number, email id, directors, address, and off market transfers. Further details of off market transfers, KYCs, and the details regarding period when entities had common directors, are not available on records. Though the suspected entities

are 28, investigation report observed that during IP only 9 entities were observed to have been traded among themselves.

139. Further, I also note that the Noticees have primarily relied upon the Order dated May 05, 2021 of the Tribunal in the matter ***of Kaushik Rajnikant Mehta vs. SEBI in Appeal no. 79 of 2019***, to contend that it is erroneous to make connection on the basis of entities who were not charged in the impugned Notice. In the order under reference, the Tribunal held that while the impugned order showed that connection was established between 56 entities, the show cause notice was issued only to 35 entities and hence in its opinion, '*a connection had to be drawn only between 35 entities and not against 56 entities in as much as the charge is one of synchronised trades and reversal trades and if one of the entities who is not charged in the show cause notice is a link for the synchronised trading; then that charge against the opposite entity cannot be proved'*.

140. To counter such rationale which in any case, is peculiar to the facts of that case, it would be appropriate to refer to the subsequent Order dated January 03, 2023 of the Tribunal in ***Dukes Products (India) Ltd vs. SEBI***, wherein, it was held as follows:

".....In the absence of any evidence being placed by the appellants other than the fact that the investigation identified 361 noticees which was reduced to 116 entities when the show cause was issued, in our opinion, is not sufficient to show that no intelligible differentia was exercised by the respondent while issuing the show cause notice. Classification is based on intelligible differentia. The differentia bears a reasonable nexus with the object sought to be achieved. In our opinion, we find that the classification is based on an intelligible criteria and has a nexus with the objectives of the Regulations. The Board exercised intelligible differentia based on the material before it and issued show cause notice to the relevant entities in the attendant circumstances relating to the modus operandi of fraudulent trade practices committed by the appellants. Thus, the contention that the show cause notice issued to 116 entities was not based on any intelligible differentia is patently erroneous......"

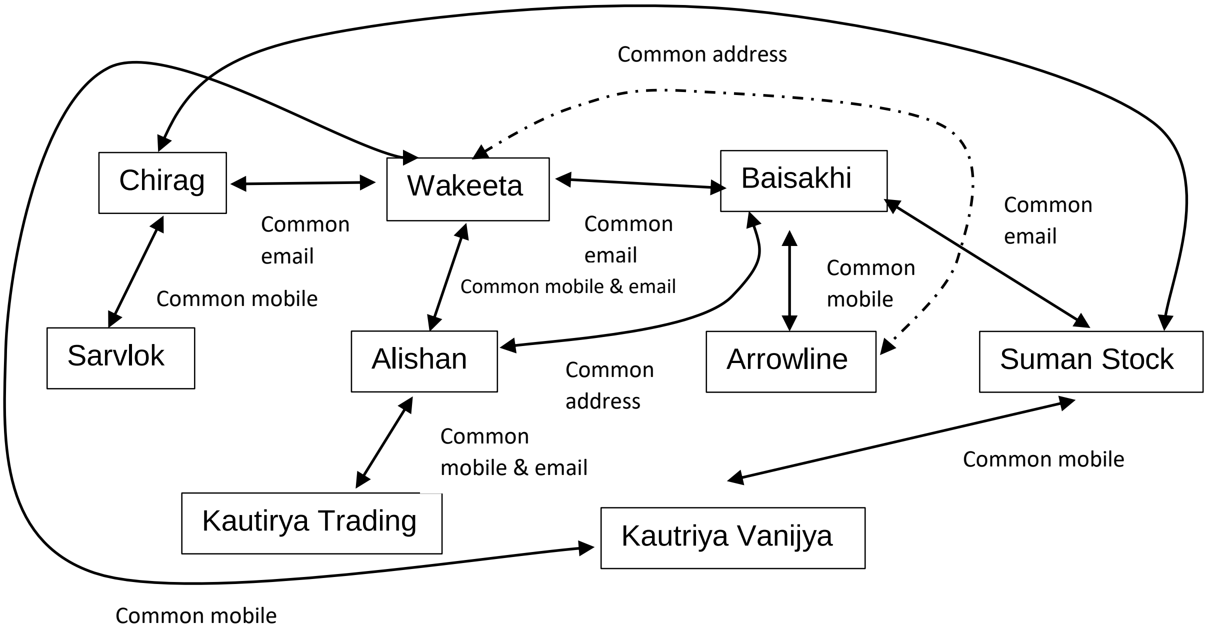
141. In note that there is intelligible differentia exercised in the initiation of the enforcement proceedings against the entities, depending upon their LTP contribution and connection between them and their alleged price manipulation of the scrip of Autumn Builders, which is detailed in the paragraphs below.

142. I note that the since, details of off market transfers and the details regarding period when entities had common directors are not available on records, the same is not being considered while deciding in the instant proceedings. However, I note that the details regarding UCC data, common email addresses, telephone numbers and addresses shared by Noticees is available on records, and Noticees have not disputed them.

143. From the information and documents available on records, following table and diagram details the connections between the said Noticees:

Table 16

Entity PAN	Entity Name	Mobile No.	Email ID	Address
AAECC0915D	Chirag	9007228372	cm93271@gmail.com	29A Weston Street, 2nd Floor, Room No. B3 West Bengal, Kolkata 700013
AARCS4563N	Sarvlok Vincom	9007228372, 9830697177	No email id	NA
AAECB2206L	Baisakhi	9830697177	cm93271@gmail.com	30 Bentinck Street, 3rd Floor, Room No. 307, West Bengal, Kolkata
AADCV0566C	Vandana	9830697177	cm93271@gmail.com	30 Bentinck Street, 3rd Floor, Room No. 307, West Bengal, Kolkata
AAFCM9780P	Monalisa	9830697177	cm93271@gmail.com	HMP house, 4 Fairlie Place, 6th Floor, Room No. 608, Kolkatta 700 001
AAKCA2275L	Arrowline	9830697177	No email id	HMP house, 4 Fairlie Place, 6th Floor, Room No. 608, Kolkatta 700 001
AABCW4428J	Wakeeta	9830897177	cm93271@gmail.com	HMP house, 4 Fairlie Place, 6th Floor, Room No. 608, Kolkatta 700 001
AAFCK3314D	Kautirya Vanijya Pvt. Ltd.	9830897177	No email id	NA
AAFCK3315C	Kautirya Trading Pvt. Ltd.	9830897177	cm93271@gmail.com	NA
AAHCA6662L	Alishan	9830897177	cm93271@gmail.com	30 Bentinck Street, 3rd Floor, Room No. 307, West Bengal, Kolkata
AAPCS3307L	Suman Stock	9830897177	cm93271@gmail.com	29A Weston Street, 2nd Floor, Room No. B3 West Bengal, Kolkata 700013



144. From the above it is noted that all the Noticee 1 to 9 were connected to each other, even if details of common directors and off market transactions are not relied upon. So the contention of the Noticees that the chain of connection is broken is not found acceptable.

145. I note that the Noticees have contended that it is illogical to consider the scrip as illiquid since the scrip was traded on 177 days out of total 302 trading days during the period of investigation and total 45,61,700 shares were traded in 822 trades with average daily volume of 15,104 shares. Further, the scrip was listed at BSE SME ITP platform which is only accessible for investment to informed investors only, with minimum amount of trading as Rs.10 lakh.

146. In this regard I observe from the trade log that the scrip was traded on 173 trading days, and there was no trades on 129 trading days. Further there was in total 580 trades during IP, and in total 822 trades from May 12, 2014 to January 28, 2019. Further for IP duration, the distribution, basis the number of trades per day is as follows:

Table 17

Number of Trades per day	1	2	3	4	5	6	7	8	9	10	11	12	13	16	Total
Total Such Days in IP	64	29	15	27	8	7	5	3	4	4	2	2	2	1	173

147. It is noted from the above that for majority of days when there was trade in the scrip, either 1 or 2 trades took place. For more than 77% of the days the number of trades were less than 5. In view of the same, I am inclined to infer that the scrip was illiquid or infrequently traded. In view of the same, the contention of the Noticee that the scrip is not illiquid is not accepted.

148. Further, the Noticee has contended that the BSE SME ITP platform is for informed investors and the matching of some trades between connected entities on this platform is not unusual. Noticee has also contended that the allegation has been made against 10 trades which is mere 3.38% of the total market +ve LTP trades and 1.21% of the total market trades during the period of investigation. Thus, the alleged 10 trades are too insignificant to influence the market equilibrium.

149. In regard to the above, I have perused the trade log of scrip Autumn Builders available on records and the details observed in respect of impugned trades of the Noticees, are illustrated in table below:

Table 18

S. No.	Trade Date	Buyer	Seller	Order LM Time	CP Order LM Time	Time Difference	Trade Qty	LTP
1	21/05/2014	Kautirya Vanijya	Chirag	12:35:42	12:38:44	00:03:02	25000	6
2	29/05/2014	Kautriya Trading	Alishan	13:07:04	13:09:50	00:02:46	20000	8
3	12/06/2014	Wakeeta	Alishan	12:48:35	12:50:30	00:01:55	18000	6*
4	25/07/2014	Kautirya Vanijya	Chirag	12:38:58	13:07:59	00:29:01	13000	6
5	01/08/2014	Wakeeta	Sarvlok	14:23:20	15:01:03	00:37:43	12000	6
6	22/08/2014	Sarvlok	Wakeeta	13:23:34	13:25:46	00:02:12	10000	7
7	11/09/2014	Suman	Baisakhi	14:11:36	14:11:40	00:00:04	8000	6
8	12/09/2014	Chirag	Wakeeta	15:03:37	15:03:40	00:00:03	7500	6
9	05/12/2014	Wakeeta	Baisakhi	15:10:32	15:10:54	00:00:22	4500	7
10	18/12/2014	Arrowline	Baisakhi	13:02:12	13:02:47	00:00:35	4000	4
Total							1,22,000	62*

** As per trade log correct LTP is 6, but incorrectly mentioned as 4 in the SCN, which makes Total LTP 62.*

150. From the above, it is noted that the Noticees while trading among themselves contributed Rs. 62 to positive LTP during patch 1 (22.46% of market positive LTP) through 10 trades. Further I note from the trade log, that during the IP the Noticees as Buyers traded 31 times, and none of the trade was with negative LTP and only 5 trades were at last traded price. Through these 26 trades the Noticees which were buyers for the trades during the IP contributed positive LTP of Rs. 126.

Hence, though the volume of the overall trades of Noticees as well as the volume of the impugned trades is low, the LTP contribution as a group of the Noticees is significant. Further, it is noted that these small volume of trades among themselves have significantly contributed to the LTP. In view of the above, the contention of the Noticees that the alleged 10 trades are too insignificant to influence the market equilibrium is not acceptable.

151. The Noticees have also contended that there was time difference between buy and sell trades hence the allegation of premeditated mindset to influence the price should be dropped.

In this regard, it is noted that for 8 out of 10 impugned trades, i.e. except for trades at S. No. 4 and 5 in table no. 18, the seller entities placed their trade orders within 3 minutes (approximately) of trade order placement by buyer entities. Since, the orders were placed with matching quantity and price and within a very short time difference, and that the buyer and seller were connected entities, it is inferred that the trades were placed in premeditated manner. Also as mentioned above these 10 trades also were those which had significantly contributed to positive LTP.

152. Further, in regard to two trades at S.No. 4 & 5 with trade dates July 25, 2014 and August 01, 2014 though the time difference between order placement of Buyer and Seller is almost 29 minutes and 38 minutes respectively, however it is noted from the trade log that during those days there was hardly any trading in the scrip, the details for the same is given in Table 19 below. In this regard, I note that since, the scrip was illiquid, even with larger time difference between the buy and sell order placement the trades could be matched. Further, I also note that for these two impugned trades also the price and quantity of buy and sell orders matched and the buyer and seller entities were connected and it is also noted that on those specific days the impugned trade was the only one executed on that day. In view of the above it is inferred that these two impugned trades were also conducted in a premeditated manner to match.

Table 19

Trading Day Date	Total Number of trades in Scrip on the day
May 12, 2014	1
May 13, 2014 to May 20, 2014 (6 trading days)	No Trade
May 21, 2014	1
May 22, 2014 to May 28, 2014 (5 trading days)	No Trade
May 29, 2014	1
May 30, 2014 to June 11, 2014 (9 trading days)	No Trade
Jun 12, 2014	1
June 13, 2014 to June 20, 2014 (6 trading days)	No Trade
Jun 23, 2014	1
June 24, 2014 to June 27, 2014 (4 trading days)	No Trade
Jun 30, 2014	1
Jul 01, 2014 to July 15, 2014 (11 trading days)	No Trade
Jul 16, 2014	1
Jul 17, 2014 to July 24, 2014 (6 trading days)	No Trade
Jul 25, 2014	1
Jul 28, 2014 to July 31, 2014 (3 trading days)	No Trade
Aug 01, 2014	1
Aug 02, 2014 to Aug 11, 2014 (6 trading days)	No trade
Aug 12, 2014	2

153. In this regard, in light of the discussion in the paragraphs above, and details given in tables above the contention of the Noticees is not acceptable.

154. Further I note that all the Noticees who had impugned trades among themselves as detailed in Table 20, had direct connections in terms of sharing common mobile and/or common email address, further by these trades buyers also had contributed to the positive LTP.

Table 20

S. No.	Trade Date	Name Of Buyer	Counter party (CP) Clients - Sellers	Connection	Order LM Qty	CP Order LM Qty	Order LM Rate	CP Order LM Rate	Trade Rate	Trade Qty	LTP	LTP % age
1	12/09/2014	Chirag Tracom Pvt. Ltd.	Wakeeta	Common email and Mobile	7500	7500	144	144	144	7500	6	2.17
2	22/08/2014	Sarvlok Vincom Pvt. Ltd.	Wakeeta	Common Mobile	10000	10000	106	106	106	10000	7	2.54

3	18/12/2014	Arrowline Distributors Pvt. Ltd.	Baisakhi	Common Mobile	4000	4000	254	254	254	4000	4	1.45
4	01/08/2014	Wakeeta Commercial Pvt. Ltd.	Sarvlok	Common Mobile	12000	14500	84	84	84	12000	6	2.17
5	05/12/2014	Wakeeta Commercial Pvt. Ltd.	Baisakhi	Common Mobile	4500	4500	235	235	235	4500	7	2.54
6	12/06/2014	Wakeeta Commercial Pvt. Ltd.	Alishan	Common Mobile	18000	18000	56	56	56	18000	6*	2.17
7	21/05/2014	Kautirya Vanijya Pvt. Ltd.	Chirag	Common email	25000	25000	42	42	42	25000	6	2.17
8	25/07/2014	Kautirya Vanijya Pvt. Ltd.	Chirag	Common email	13000	13000	77	77	77	13000	6	2.17
9	29/05/2014	Kautirya Trading Pvt. Ltd.	Alishan	Common Mobile	20000	20000	50	50	50	20000	8	2.9
10	11/09/2014	Suman Stock Advisory Pvt. Ltd.	Baisakhi	Common email	8000	8000	138	138	138	8000	6	2.17
Total												22.45

*incorrectly mentioned as 4 in SCN

155. In view of the above, it is noted that the Noticees were directly connected by way of common email address and/or mobile numbers, and the buy and sell orders for the impugned trades has matching quantity and price, and were placed within 3 minutes (approximately) except two trades. For these two trades also, it is observed that the scrip was illiquid and there was no trade on the days, other than the impugned trades.

156. In this regard, the SC judgment dated February 23, 2016 in SEBI vs. Kishore R Ajmera may be referred, where it is stated that,

"……….on a screen based trading the identity of the 2nd party be it the client or the broker is not known to the first party/client or broker. According to us, knowledge of who the 2nd party/ 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 naive to rest the final conclusions on 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."

157. I note that the direct connection among Noticees, matching of sell and buy order quantity and price for the impugned trades, along with very small time difference between buy and sell orders in a illiquid scrip, tilts the preponderance of probability towards the situation where Noticees had premeditated meeting of minds, to trade in a manner that would increase the price of the scrip, and which lead to significant price rise in the scrip.

158. Noticees have further contended that suspected entities like Durgapur Construction Private Limited, Muralidharan Gopalakrishnan Iyengar, Goodtime Advisory Private Limited, Vasudha Vanijya Private Limited also had traded among themselves and had contributed positive LTP during the IP, but have not been charged of PFUTP violations, and Noticees have been treated arbitrary. In this regard, I note that there is no direct connection observed during the investigation, between the aforesaid entities, unlike the Noticees where direct connections were observed. In view of the above, the contention of the Noticees are not accepted.

159. The Noticees have further contended that there are instances where Noticees buy / sell trades matched with different Non-Noticee entities, and if there was any prior meeting of mind with the counterparties, the Noticee's trades would not have matched with these entities, which show that the Noticee had not placed its order with predetermined mindset.

160. In this regard, I note that the matching of trades of Noticees with Non-Noticee entities has no bearing on the findings on the basis of which the pre-determined mindset for order placement is found for the impugned trades, hence the contention is not logically correct.

161. The Noticees have also contended that the individual LTP contribution of the Noticees and the number of impugned trades is too insignificant to have impact on

market equilibrium, further, certain entities who traded in the scrip during IP and contributed higher LTP have not been charged, and similar benefit may be given to Noticees too. In this regard, I note that as discussed above, the Noticees have been found to be directly connected and have contributed significantly to LTP as a group, and it had impact on market equilibrium.

162. Some of the Noticees who were preferential allottees have contended that the para 13 of the Investigation report (IR) and paragraphs 13 to 15 of SCN 1 is contradictory, since the IR has given favorable findings wrt PFUTP regulations for some preferential allottees, whereas same favourable findings were not extended to some of the Noticees who were also preferential allottees.

163. In this regard I note that the specific observation in paragraph 13 of the IR is in regard to the quantum of off-loading of preferential shares, and exit by preferential allottees by direct or indirect selling through connected entities, and compliance regarding ICDR and PFUTP regulations in respect to such sales and to indicate if any pattern is observed during investigation. I note that the paragraph does not refer to LTP contributions of therein referred sales, and is totally different from the alleged violations of SCN. In view of the above, the contention of the Noticees are not acceptable.

164. In view of the discussions above in the order I find that that placement of the impugned trades of the Noticees, in both legs were entered in a premeditated manner by buyers and sellers who are connected to each other at matching price and quantity, within a short span of time, which could not be possible unless there was prior meeting of minds and hence these trades were not genuine. In view of above it is found that the Noticee 1 to 9 manipulated the scrip price and created a misleading appearance of trading in the scrip. Therefore, it is established that Noticee 1 to 9 have **violated Regulation 3(b) and Regulation 4(1), 4(2)(a) and 4(2)(e) of PFUTP Regulations.**

Issue I: (ii) Whether Noticee 10 and 11 have violated Regulations 13(4A) read with 13 (5) of SEBI (PIT), 1992.

165. It was alleged in SCN 2 that Noticee 10 a Promoter entity sold a total of 49,800 shares worth of ₹92.99 lakh during Oct-Nov 2014, and Noticee 11 a Promoter entity Monalisa sold a total of 10,500 shares worth of ₹20.73 lakh during Oct-Nov 2014, and the aforementioned transactions of Noticee 10 and Noticee 11 were not disclosed by the Noticees under regulation 13 (4A) read with 13 (5) of SEBI (PIT) Regulations, 1992 within 2 working days.

166. In this regard, Noticees 10 and 11 have essentially contended there have been inordinate delay of 9 years in initiation of proceedings and since the matter pertains to year 2014, the Noticee is unable to produce the requisite acknowledgements.

167. In regard to the Noticees 10 and 11's contention of the inordinate delays which are similar to the one raised by Noticees 1 to 9, I note that the arguments of the contentions have been dealt earlier in the order and are not accepted on the same grounds.

168. Further, in regard, to the Noticees contention that the Noticees made the disclosures to the exchange but since long time has passed since such disclosures, they are unable to find acknowledgments. I note that, the Noticees have indirectly also contended that they made the disclosures but Exchange failed to take the same on records.

169. It may be argued that since, the Noticees were promoter entities and since claimed to have made disclosures, were well aware about the PIT Regulations, and hence by corollary it may be assumed that they would also be aware that any disclosure made by them to exchange and company, should have been reflected on the exchange website. Since no such disclosure was reflected on the exchange website, it should have caused them to take up the issue with the exchange and the company for proper reflection of the same on exchange website. However, I

note that the Noticees have not placed on records, any documents to demonstrate that such an effort was made by them in the year 2014. Further, the Noticees have not placed on records, any documents to demonstrate that they made efforts to obtain any document from company which could reflect that they made disclosures with them for the transactions. In this regard, it is observed that the lack of such an effort by Noticees could only tantamount to lack of diligence.

170. I also note that the transactions were carried out in the year 2014, and the SCN was issued in 2023, whereas BSE reported the non-disclosures of Noticees to SEBI in June, 2019. There is no document on record, reflecting that the Noticees/Autumn Builders Ltd. (company) were contacted by SEBI/BSE during their investigation or analysis and any submissions were sought from the Noticees on the alleged non-disclosures. In view of the above, given the duration of time passed, in this case, the benefit of doubt can be given to the Noticees that they made disclosures and received acknowledgement from the exchange but not had any obvious reason to maintain the records or acknowledgements for the transactions till 2023, and now are unable to produce the same. Further, it is also noted from corporate announcements pertaining to shareholding patterns available on exchange website that at different times the changes in shareholding of Noticee 11 and 12 were reflected in the shareholding patterns. Hence, it could be inferred that changes in the shareholding were available in public domain through disclosure of shareholding pattern. In view of the above, and given the time lapsed since alleged transactions, in my opinion, benefit of doubt may be given to the Noticees.

171. In view of the above, I find that the **documents on records are insufficient to establish** that Noticee 10 and 11 have violated Regulations 13(4A) read with 13 (5) of SEBI (PIT), 1992.

Issue II. Does the violation, if any, attract monetary penalty under Section 15HA of the SEBI Act.

172. In light of findings and observations made against the Noticees brought out in the foregoing paragraphs, I hold that Noticees 1 to 9 have violated Regulation 3(b) and Regulation 4(1), 4(2)(a) and 4(2)(e) of PFUTP Regulations. The violations established above, make the said Noticees 1 to 9 liable for monetary penalty under the provisions of Section 15HA of the SEBI Act. In this regard, reliance is placed upon the judgment of Hon'ble Supreme Court of India in the matter of *SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC) which inter-alia has 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...".* The relevant provisions of the aforementioned Section 15HA of the SEBI Act. are as under:

SEBI Act

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 [5][which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.].*

Issue III. If the answer to Issue No. I & II is in affirmative, then what should be the quantum of monetary penalty?

173. While determining the quantum of penalty under the provisions of Section 15HA of the SEBI Act, it is important to consider the relevant factors as stipulated in Section Section 15J of the SEBI Act, respectively, which reads as under:

SEBI Act, 1992

Factors to be taken into account while adjudging quantum of penalty

[5] 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.

15J *While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or 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.

[Explanation. —For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.]

174. In the present matter, I note from the material available on record, it is difficult to quantify the disproportionate gains made by the Noticees. I also note that, it may not be possible to ascertain the exact monetary loss to the investors on account of default by the Noticees in the instant matter. Further, I note that other than Noticee 3 there are no past actions against Noticees.

175. At the same time, as brought out in the order, the Noticees 1 to 9 who had direct connection with each other, placed buy and sell orders with matching quantity and price, at very small time difference between the buy and sell orders in an illiquid scrip, in a pre-meditated manner, increasing the price of the scrip and through these non-genuine trades manipulated the scrip price and created misleading appearance of trading in the scrip, leading to violation of SEBI PFUTP Regulations.

176. In view of the above, and in order to protect the interest of all the investors and considering the past actions against the Noticees, I feel appropriate to levy a penalty, which is commensurate with the nature of violation and which acts as a deterrent factor for the Noticees and others in protecting the interest of the investors in securities market.

ORDER

177. Having considered all the facts and circumstances of the case, the material available on record, the factors mentioned in Section 15J of the SEBI Act and in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the SEBI Adjudication Rules 1995;, I hereby impose following penalties on the Noticees:

Sr. No.	Noticee	Violative Provisions	Penalty Provisions	Amount of penalty (in ₹)
1.	Chirag Tracom Pvt. Ltd.	Regulation 3(b) and Regulation 4(1), 4(2)(a) and 4(2)(e) of PFUTP Regulations	Section 15HA of the SEBI Act	₹ 5,00,000/- (Rupees Five Lakh only) on each Noticee
2.	Sarvlok Vincom Pvt. Ltd			
3	Arrowline Distributors Pvt. Ltd.			
4	Wakeeta Commercial Pvt. Ltd.			
5	Kautirya Vanijya Pvt. Ltd.			
6	Kautirya Trading Pvt. Ltd.			
7	Suman Stock Advisory Pvt Ltd			
8	Baisakhi Tracom Pvt Ltd			
9	Alishan Merchants Pvt. Ltd.			

178. I am of the view that the aforesaid penalty is commensurate with the violations committed by the Noticees.

179. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT → ORDERS → ORDERS OF AO → PAY NOW

180. 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.

181. In terms of Rule 6 of the SEBI Adjudication Rules copy of this order is sent to the Noticees and also to the SEBI.

Place: Mumbai	**SHASHI KUMAR VALSAKUMAR**
Date: April 30, 2024	**ADJUDICATING OFFICER**