BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[Adjudication Order No: Order/GR/PU/2022-23/18215-18256]

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

In respect of

S. No.	Name of the Noticees	PAN
1	Roongta Rising Stock Pvt. Ltd.	AAACH9471P
2	Anil Satyanarayan Roongta	ABBPR3992G
3	Sudha Anil Roongta	AAQPR4466F
4	Pawan Darak	AAAPD9261A
5	Megha Ravi Wattamwar	AAAPW9319A
6	A. K. Roongta HUF- Karta Anil Satyanarayan Roongta	AABHA9528A
7	Vijay Kumar Soni HUF	AAGHV5661L
8	Ritu S Saraf	AAHPB4095P
9	Kanta Balkishan Jaju	AAJPJ4245M
10	Ravi B Wattamwar HUF	AALHR3103E
11	Sunita Toshniwal	AANPT7118D
12	Sanjay Ambadas Joshi	ABGPJ9472Q
13	Vinita Sanjay Joshi	ABGPJ9502P
14	Kiran Narayanprasad Toshniwal	ABHPT5940L
15	Tejal Piyush Mehta	ABQPM1056P
16	Sainik Kumar Jain	ABYPJ9823B
17	Sorabh Kumar Poddar	AELPP0173Q
18	Rupesh Poddar	AELPP0183N
19	Hemraj Raneja	AFOPR0263B
20	Tushar Ashok Thakur	AFZPT5149K
21	Sunayana Jain	AGBPJ8881F
22	Kiritkumar Ramniklal Mehta	AHXPM6863F
23	Anand Raneja	AIUPR9150N
24	Mansi Manoj Rane	AJFPR5740L
25	Vikram Navinchanra Shah	AKCPS7427B
26	Parul Poddar	AKKPP3508Q
27	Ketan Jumakhlal Mehta	AMHPM0156A
28	Usha Rakeshkumar Dixit	AMYPD3165F
29	Sandeep V Saraf	ANQPS5905F
30	Neha Narayan Toshniwal	ANZPT6807C
31	Manish Kumar Bhati	APPPB5638F
32	Savita Soni	ASZPS1277J
33	Priyanka Pramod Mhapsekar	ATRPM4285D
34	Tejas Gala	AZAPG1972C
35	Mukesh Kumar	BAPPK2160M
36	Kavita Raneja	BNNPK9250R

37	Ashish Ishwarlal Shah	BPXPS8075L
38	Omprakash Sharma	BQFPS5917N
39	Asifatanveer M Shaikh	CNAPS8962G
40	Chandravati M Shah	AAKPS3275M
41	Manharlal N Shah	AAKPS3276J
42	Nikunj S Agarwal	AYOPA2382B

In the matter of Mishka Finance and Trading Ltd.,

(The aforesaid entities are hereinafter individually referred to by their respective names/ Noticee numbers and collectively as "Noticees", unless the context specifies otherwise).

BACKGROUND OF THE CASE

1. The Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") had conducted an investigation in the matter of trading activity of certain entities in the scrip of Mishka Finance and Trading Ltd., (hereinafter referred to as **'MFTL/Company'**) from February 14, 2013 to December 31, 2014 (hereinafter referred to as '**Investigation Period/IP**') to ascertain whether there were any violation of the provisions of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as '**PFUTP Regulations**'), BSE Regulations for Capital Market Segment (hereinafter referred to as '**BSE Regulations**'), NSE Regulations for Capital Market Segment (hereinafter referred to as '**NSE Regulations**'), BSE Bye-laws, NSE Bye-laws, SEBI (Stock Brokers and Sub-brokers) Regulations, 1992 (hereinafter referred to as '**Stock Brokers Regulations**') and SEBI (Stock Brokers and Sub-brokers) (Amendment) Regulations, 2014, alleged to have been committed by the Noticees. Further, wherever deemed necessary, reference has been made to the period outside the IP.

2. In this regard, the investigation alleged 54 entities, out of which, Settlement Order dated 24.09.2020 was passed against 12 entities namely, 1. Atul Moreshwar Save, 2. Pritish Kumar Chatterjee, 3. Anjali Save, 4. Tripti Chaterjee, 5. Jugal Ramesh Deorah, 6. Sonal Jugal Deorah, 7. Jay Ketan Somaiya, 8. Harshal Ashok Kumat, 9. Atul Sumatilal Kankaria, 10. Atul Sumatilal Kankaria HUF, 11. Priyanka Atul Kankaria, 12. Kajalkiran Sumatilal Kankaria, (hereinafter referred to as "**12 other entities**") by Whole Time Member, SEBI, Shri Ananta Barua.

3. The aforesaid investigation inter-alia revealed that Roongta Rising Stock Pvt. Ltd. (**Noticee No.1/ Roongta**) had devised a scheme to manipulate the price of the scrip by issuing an advertisement, buying shares from the promoter entities and manipulating the price of the scrip

through 53 entities. Further, Roongta dealt in the suspended scrip and issued fake Contract Notes. Further, two directors of Noticee No. 1, namely, Anil Satyanarayan Roonta (**Noticee No.2**) and Sudha Anil Roongta (**Noticee No. 3**) manipulated the price of the scrip.

4. Accordingly, SEBI initiated Adjudication Proceedings against Noticee No. 1 to 3, for the alleged violation of provisions of Regulations 3(a), (b), (c), (d) and 4(1) of PFUTP Regulations, Regulation 4.6.4 of BSE Regulations, Regulation 4.5.4 of NSE Regulations, Clause 2(b) of Chapter VI and Clause 5 of Chapter X of BSE Bye-laws, Clause 8 and Clause 10 of Chapter IX of NSE Bye-laws, Regulation 6A and Regulation 7 r/w Clause A (1), (2), (3), (4) & (5) and Clause C (4) of code of conduct for stock brokers specified under Schedule II of Stock Brokers Regulations r/w Regulation 9(b) and 9(f) of SEBI (Stock Brokers and Sub-brokers) (Amendment) Regulations, 2014.

5. Further, as the investigation also revealed that Noticee No. 2-42 had indulged in an act amounting to manipulation of the price of the scrip, while some of the Noticees had benefitted by selling the shares at an inflated price in the market, SEBI initiated Adjudication Proceedings against the said Noticees for the alleged violation of provisions of Regulations 3 (a), (b), (c), (d), 4(1), 4(2)(a) and (e) of PFUTP Regulations.

APPOINTMENT OF THE ADJUDICATING OFFICER

6. SEBI appointed Ms. Rachna Anand, as Adjudicating Officer ('**AO**') vide communique dated February 22, 2018 under Section 19 read with 15-I of the SEBI Act, 1992 and Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') to inquire into and adjudge the violations alleged to have been committed by the 54 entities as mentioned above. Subsequently, Shri Suresh B. Menon, CGM was appointed as the AO in the matter in the place of Ms. Rachna Anand. Thereafter, pursuant to the transfer of Shri Suresh B. Menon, the undersigned was appointed as the AO vide communique dated April 09, 2019 in the present matter.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

7. Show Cause Notice dated March 29, 2019 (hereinafter referred to as 'SCN') was issued by the erstwhile AO Mr. Suresh B. Menon, to 54 entities in terms of Rule 4 of the Adjudication Rules read with Section 15-I of the SEBI Act, 1992 to show-cause as to why an inquiry should not be initiated and penalty be not imposed under Section 15 HA, 15 HB and 15 F (a) of the SEBI Act, 1992 on the Noticees for the alleged aforesaid violation as specified in the SCN.

8. As the settlement order has already been passed against 12 entities (as stated in para 2 above), the present proceedings is against the remaining 42 (54-12) Noticees.

9. The details of the status of the SCNs served on the Noticees and the date of replies filed are as under;

Table -1

Sr.No	Name of Noticees	SCN Delivery status	Reply Received date
1	Roongta Rising Stock Pvt. Ltd	Yes	18.05.2022
2	Anil Satyanarayan Roongta	Yes	28.05.2019; 18.05.2022
3	Sudha Anil Roongta	Yes	28.05.2019; 18.05.2022
4	Pawan Darak	Yes	24.05.2022
5	Megha Ravi Wattamwar	Yes	13.05.2019; 3.5.2022; 13.5.2022
6	A. K. Roongta HUF	Yes	28.05.2019; 18.05.2022
7	Vijay Kumar Soni HUF	Yes	Not received
8	Ritu S Saraf	Yes	24.05.2022
9	Kanta Balkishan Jaju	Yes	Not received
10	Ravi B Wattamwar HUF	Yes	13.05.2019; 3.5.2022; 13.5.2022
11	Sunita Toshniwal	Yes	24.05.2022
12	Sanjay Ambadas Joshi	Yes	13.05.2019; 3.5.2022; 13.5.2022
13	Vinita Sanjay Joshi	Yes	13.05.2019; 3.5.2022; 13.5.2022
14	Kiran Narayanprasad Toshniwal	Yes	24.05.2022
15	Tejal Piyush Mehta	Yes	27.04.2019
16	Sainik Kumar Jain	Yes	Not received
17	Sorabh Kumar Poddar	Yes	08.06.2019; 13.05.2022; 02.05.2022
18	Rupesh Poddar	Yes	17.06.2019; 14.06.2022
19	Hemraj Raneja	Yes	Not received
20	Tushar Ashok Thakur	Yes	01.05.2019
21	Sunayana Jain	Yes	Not received
22	Kiritkumar Ramniklal Mehta	Yes	29.04.2019
23	Anand Raneja	Yes	Not received
24	Mansi Manoj Rane	Yes	Not received
25	Vikram Navinchanra Shah	Yes	09.05.2019
26	Parul Poddar	Yes	17.06.2019; 14.06.2022
27	Ketan Jumakhlal Mehta	Yes	02.05.2019
28	Usha Rakeshkumar Dixit	Yes	05.05.2019
29	Sandeep V Saraf	Yes	24.05.2022
30	Neha Narayan Toshniwal	Yes	24.05.2022
31	Manish Kumar Bhati	Yes	Not received
32	Savita Soni	Yes	Not received
33	Priyanka Pramod Mhapsekar	Yes	27.04.2019
34	Tejas Gala	Yes	27.04.2019
35	Mukesh Kumar	Yes	Not received

36	Kavita Raneja	Yes	Not received
37	Ashish Ishwarlal Shah	Yes	02.05.2019
38	Omprakash Sharma	Yes	Not received
39	Asifatanveer M Shaikh	Yes	02.05.2019
40	Chandravati M Shah	Yes	Not received
41	Manharlal N Shah	Yes	Not received
42	Nikunj S Agarwal	Yes	Not received

10. The SCNs were issued to the Noticees, by way of SPAD and were duly delivered to Noticees No. 1 -6, 8-15, 17-19, 22, 24-30, 33, 39, 42. Pursuant to the service of the SCN, an opportunity of personal hearing was granted to the said Noticees on May 09, 18, 20, 27, 2022 and June 06, 2022, vide hearing notices that were also duly delivered through SPAD/e-mail except with regard to Noticee No. 19, 24, 30 and 39 for whom hearing notices were served through newspaper publication. As regards to the Noticees, to whom SCN could not be served through SPAD i.e. Noticee No. 7, 16, 20, 21, 23, 31, 32, 34 – 38, 40 & 41, a copy of the SCN along with hearing notice was served vide newspaper publication done on May 21, 2022 and July 06, 2022 which includes the Noticee no. 19, 24, 30 and 39.

11. The aforesaid newspaper publications was done in Hindusthan Times (English- Mumbai Edition), Lokmat (Marathi- Mumbai Edition), Navbharat (Hindi-Mumbai Edition), Times of India (English – Pune-Nashik Edition), Navbharat (Hindi-Pune-Nashik Edition),Dainik Jagran (Hindi – Delhi edition), Hindusthan Times (English – Delhi Edition), Sandesh (Gujarati – Surat Edition), Gujarat Vibhav (Hindi - Surat and Kutch Edition), Sentinel (Hindi- Guwahati Edition) and Rajasthan Patrika (Hindi – Jaipur Edition). Vide the said newspaper publications, the Noticees mentioned above were advised to download a copy of the SCN/HN from the SEBI website (www.sebi.gov.in) under the head Enforcement→ Unserved Summons/Notices and Enforcement → Orders that could not be served, or to collect it with Annexures from the Office of the Adjudicating Officer at the address mentioned in the said publication, or to obtain it through e-mail sent to preethiu@sebi.gov.in. Further, vide the said newspaper publication, they were granted an opportunity for personal hearing on May 24, 2022 and July 18, 2022.

12. The details of dates of hearing, delivery status of the hearing notices and their status of attendance are specified in the table below;

Table -2

Noticee No.	**Name of Noticees**	**HN Date**	**HN Delivery status**	**Status of attendance**
1	Roongta Rising Stock Pvt. Ltd	09.05.2022 18.05.2022	No Yes	Yes

2	Anil Satyanarayan Roongta	09.05.2022 18.05.2022	No Yes	Yes
3	Sudha Anil Roongta	09.05.2022 18.05.2022	No Yes	Yes
4	Pawan Darak	09.05.2022 18.05.2022	No Yes	Yes
5	Megha Ravi Wattamwar	09.05.2022 20.05.2022	No Yes	Yes
6	A. K. Roongta HUF- Karta Anil Satyanarayan Roongta	09.05.2022 18.05.2022	No Yes	Yes
7	Vijay Kumar Soni HUF	24.05.2022	Yes	No
8	Ritu S Saraf	09.05.2022 18.05.2022	No Yes	Yes
9	Kanta Balkishan Jaju	09.05.2022 27.5.2022	No Yes	No
10	Ravi B Wattamwar HUF	09.05.2022 20.05.2022	No Yes	Yes
11	Sunita Toshniwal	09.05.2022 18.05.2022	No Yes	Yes
12	Sanjay Ambadas Joshi	09.05.2022 20.05.2022	No Yes	Yes
13	Vinita Sanjay Joshi	09.05.2022 20.05.2022	No Yes	Yes
14	Kiran Narayanprasad Toshniwal	09.05.2022 18.05.2022	No Yes	Yes
15	Tejal Piyush Mehta	09.05.2022 18.05.2022	No Yes	Yes
16	Sainik Kumar Jain	24.5.2022	Yes	No
17	Sorabh Kumar Poddar	09.05.2022 20.05.2022	No Yes	Yes
18	Rupesh Poddar	09.05.2022 06.06.2022	No Yes	Yes
19	Hemraj Raneja	09.05.2022 24.05.2022	No Yes	No
20	Tushar Ashok Thakur	09.05.2022 24.05.2022	No Yes	No
21	Sunayana Jain	24.05.2022	Yes	No
22	Kiritkumar Ramniklal Mehta	09.05.2022 18.05.2022	No Yes	Yes
23	Anand Raneja	09.05.2022 24.05.2022	No Yes	No
24	Mansi Manoj Rane	09.05.2022 24.05.2022	No Yes	No
25	Vikram Navinchanra Shah	09.05.2022 18.05.2022	No Yes	Yes
26	Parul Poddar	09.05.2022 06.06.2022	No Yes	Yes
27	Ketan Jumakhlal Mehta	09.05.2022	Yes	No
28	Usha Rakeshkumar Dixit	09.05.2022	Yes	No
29	Sandeep V Saraf	18.05.2022	Yes	Yes
30	Neha Narayan Toshniwal	09.05.2022 24.05.2022	No Yes	Yes

31	Manish Kumar Bhati	24.05.2022	Yes	No
32	Savita Soni	24.05.2022	Yes	No
33	Priyanka Pramod Mhapsekar	09.05.2022 18.05.2022	No Yes	No
34	Tejas Gala	09.05.2022 24.05.2022	No Yes	No
35	Mukesh Kumar	24.05.2022	Yes	No
36	Kavita Raneja	24.05.2022	Yes	No
37	Ashish Ishwarlal Shah	24.05.2022	Yes	No
38	Omprakash Sharma	24.05.2022	Yes	No
39	Asifatanveer M Shaikh	09.05.2022 24.05.2022	No Yes	No
40	Chandravati M Shah	24.05.2022	Yes	No
41	Manharlal N Shah	24.05.2022	Yes	No
42	Nikunj S Agarwal	09.05.2022	Yes	No

13. From the above table, it is observed that Noticee No.7, 9, 16, 19, 21, 23, 24, 31, 32, 35, 36, 38, 40, 41 & 42 have neither attended the said personal hearing nor submitted their reply in the matter though the notices were served to them through Newspaper publication as the SPAD returned undelivered.

14. In view of the above, I am of the view that principles of natural justice have been duly complied with, as SCN and hearing Notice were duly served upon Noticee No.7, 9, 16, 19, 21, 23, 24, 31, 32, 35, 36, 38, 40, 41 & 42 and sufficient opportunity was also granted to them to reply to the SCN and appear for hearing. Thus, in the facts and circumstances of this case, I am of the view that they have nothing to submit and in terms of Rule 4(7) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and the matter can be proceeded ex parte on the basis of material available on record. In the absence of any response from them to the SCN, I presume that Noticee No.7, 9, 16, 19, 21, 23, 24, 31, 32, 35, 36, 38, 40, 41 & 42, have admitted the charges levelled against them.

15. In this regard, it is pertinent to note that the Hon'ble Securities Appellate Tribunal (SAT) in the matter of **Classic Credit Ltd. vs. SEBI** (Appeal No. 68 of 2003 decided on December 08, 2006) has, inter alia, observed that, *"......the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show cause notice were admitted by them*".

16. Further, the Hon'ble SAT in the matter of **Sanjay Kumar Tayal & Others vs SEBI** (Appeal No. 68 of 2013 decided on February 11, 2014), has also, inter alia, observed that: "........... *appellants have neither filed reply to show cause notices issued to them nor availed opportunity*

of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges leveled against them in the show cause notices...”

17. Additionally, the same position reiterated by the Hon’ble Securities Appellate Tribunal (SAT) in the matter of **Dave Harihar Kirtibhai vs SEBI** (Appeal No. 181 of 214 dated December 19, 2014), wherein the Hon’ble SAT observed as under:
“*...further, it is being increasingly observed by the Tribunal that many persons/entities do not appear before SEBI (Respondent) to submit reply to SCN or, even worse, do not accept notices/letters of Respondent and when orders are passed ex-parte by Respondent, appear before Tribunal in appeal and claim non- receipt of notice and do not appear and/or submit reply to SCN but claim violation of principles of natural justice due to not being provided opportunity to reply to SCN or not provided personal hearing. This leads to unnecessary and avoidable loss of time and resources on part of all concerned and should be eschewed, to say the least. Hence, this case is being decided on basis of material before this Tribunal...*”.

18. In view of the observations made by the Hon’ble SAT, I find no reason to take a different view and accordingly, I deem it appropriate to proceed against Noticee No.7, 9, 16, 19, 21, 23, 24, 31, 32, 35, 36, 38, 40, 41 & 42 ex parte, based on the material available on record and in absence of response from them, presume that the allegations have been admitted by them.

19. While deciding the case, I also cannot lose sight of settled position of law that the charge should be established with valid reasons and in accordance with law. I, therefore, deem it necessary to examine the charge levelled against Noticee No.7, 9, 16, 19, 21, 23, 24, 31, 32, 35, 36, 38, 40, 41 & 42 and supporting material as provided in the SCN.

20. The response/replies submitted by the Noticees are summarized as under:
    a) The Noticee No. 1, 2, 3 and 6 stated that they never issued any advertisement for purchase of shares in the newspaper and the allegation that the people relied upon the said advertisement is misconstrued and baseless. In this regard, they have also submitted a copy of the police complaint filed. Further, they stated that Mr. Maheshwari was the one who brought the buyers and sellers together and Noticee No. 1 only acted as a broker to the transaction.
    b) The aforesaid Noticees further stated that, as regards the allegation of issuing fake contract notes, BSE introduced the concept of “Contract Note Cum Bill” way back on October 24, 2002, so the Contact Notes Cum Bill issued by them cannot be fake and the contents mandated by SEBI is same across all the contract notes and acknowledgements were

maintained as required which were tallied with their records by SEBI during investigation and found no discrepancy.

c) They also stated that contract notes were rightly issued in Form "A" of BSE wherein they acted as a broker to the transaction which clearly shows that the shares were transferred directly from the sellers to the buyers in the RTA record and therefore the allegation that Noticee No. 1 acted as a principal is incorrect.

d) They further stated that Noticee No. 1 took payment from the buyers of the shares and made payments to the seller of the shares in the capacity of a broker and therefore no fault can be found with the same.

e) Noticee No. 2 stated that he had purchased the shares of Mishka in an arm's length transaction and had paid the consideration through his bank account. This was a completely independent transaction between two entities entitled to enter into valid contract for which all elements including payment of consideration were fulfilled. He also stated that his trades have been executed with different buyers on different dates and also the buy orders were already placed on the exchange while he just sold the shares at a price at which the buyers were ready to purchase the shares.

f) Noticee No. 2 also stated that out of his total trades running into lakhs of shares, he was alleged to increase the total LTP by Rs. 3.47 by trading in 12 shares (including Sudha and HUF) and in the facts and circumstances of his case, the buyers trading in the scrip had already placed buy orders on the upper circuit limit and since the scrip had hit the upper circuit, he could not have been able to sell shares at a lower price even if he was desirous of placing the order at a lower price.

g) The Noticee 2 further stated that in the recent years all the shares traded on the exchange were in a lot size of 1 share to create better liquidity in scrips and therefore selling shares in smaller quantities is in line with such a strategy. He submitted that all his trades were in regular course done through permitted mode of transactions.

h) The Noticee No. 1, 2, 3, 5, 6, 10, 12, 13, & 17 stated that they had also sought for inspection of documents and cross examination which was not permitted.

i) The Noticee No. 4 stated that he is not a part of any group which indulged in manipulative trading and purchasing shares from on broker cannot by default make all his clients trading in the same scrip a part of a single group.

Common contentions made by Noticee No. 5, 10, 12, 13, & 17

j) The Noticee No. 5, 10, 12, 13, & 17 contended that there has been an inordinate delay in the issuance of the SCN in the matter and there is no justifiable reason for the said delay.

k) The Noticee No. 5, 10, 12, 13, & 17 have also stated that they are not connected with any of the promoter/director of the company and/or its connected entities or Roongta Stock Rising Pvt. Ltd.

l) The aforesaid Noticees further stated that Noticee No. 5 (Megha Wattamwar) is the wife of the Karta of Noticee No. 10 (Ravi B. Wattamwar HUF) and the sale transaction in MFTL was executed on market and through SEBI registered broker in total compliance of all securities laws as applicable.

m) They have stated that their transactions in MFTL are independent and totally in isolation to the transactions carried out by other entities/ persons therefore a great loss and unwarranted prejudice is caused to them by issuance of a common SCN.

n) They have also contended that no alert was generated by any regulatory authority including BSE and SEBI and only in hindsight SEBI has established the findings against some entities.

o) Additionally, they also stated that they had purchased the shares of MFTL in off-market. Further, they also stated that they have limited skills and experience of fundamental research and technical analysis.

p) The aforesaid Noticees further stated that on 06.02.2013, MFTL announced bonus in ratio of 7:1 and thus their holding in Pyramid/ Mishka rose to 4,000 shares. Further, on 16.01.2014 the shares of Pyramid/ Mishka were split from Rs. 10 per share to Rs. 1 per share. Hence, total share-holding of Noticee No. 5 & 10, rose to 39,970 shares, the total shareholding of Noticee No. 12 & 13 rose to 79,950 and the shares holding of Noticee No. 171, 19,990 shares.

q) Noticee No. 5& 10 have stated that post-split they sold 39,970 shares of MFTL on only 2 days, Noticee No. 12 & 13 stated that post-split they sold 79,950 shares of MFTL on 5 & 6 days and Noticee No. 17 stated that post-split he sold 171, 19,990 shares of MFTL on 7 days, out of 392 trading days considered by SEBI as examination period and their volume vis-a-vis the market volume was insignificant so as to have any impact on the price/ volume of the scrip. Therefore, allegation of manipulation against them cannot be sustained.

r) The Noticees contended that in the screen based trading, the automated system itself matches orders on a price-time priority basis and thus it is not possible for anybody to have access over the details of identity of counter party dealing in any scrip.

s) The Noticees have contended that all their sale transactions were delivery based and they have met with all the obligations towards the market.

t) They have contended that merely because they have purchased shares of a company in off-market, it cannot be presumed or pre-supposed that we have a nexus, link or relationship with Roongta Rising Stock Pvt Ltd. and they also stated that off-market transactions are not illegal *per se*. There is no compelling evidence to prove fraud by the Noticees.

u) They have also contended that there are investor complaints against their trades in MFTL.

Common contentions made by Noticee No. 4, 8, 11, 14, 15, 20, 22, 27, 28, 29, 30, 33, 34, 37, 39

v) The Noticees contended that there has been an inordinate delay in the issuance of the SCN in the matter and there is no justifiable reason for the said delay.

w) The Noticees had sought for inspection of documents and stated that the complete inspection report has not been provided to them.

x) The Noticees have stated that they have made only few transactions individually in the scrip only with the sole objective of maximizing the profit, while the total percentage of positive LTP contribution is meagre.

y) The Noticees contended that the buy orders were placed much before the sell orders and there is nothing unusual in the pattern and timing of the trades executed and hence the trades executed by him cannot be fraudulent. Further, the said trades did not cause any difference / variation to the price at which the shares of MFTL were traded on that day.

z) They are ordinary investors dealing in the stock market in compliance with relevant provision of security law as applicable and never had the intention to manipulate the price of the scrip nor had the intention to place the price above LTP.

aa) They submitted that nothing prevents them from selling shares in small quantities and the lot size of the shares was very miniscule and all their shares were higher than the minimum lot size.

bb) There is no allegation of any connection with any of the promoter/director of the company and/or its connected entities or Roongta Stock Rising Pvt. Ltd. Further, the Noticees have stated that no violation has been alleged against the buyers who were counterparties to such sell orders who had placed orders at a price higher than the LTP.

cc) The Noticees contended that all its transactions were executed through normal screen based trading system of Stock exchanges while matching buy/sell orders is a computer system driven process done by on-line trading module which is independent. Further, in the screen based trading, the automated system itself matches orders on a price-time priority basis and thus it is not possible for anybody to have access over the details of identity of counter party dealing in any scrip.

dd) The Noticees also contended that there is no grievance by any investor, broker, stock exchange or any other agency.

ee) The Noticees contended that the connection established between himself and the other 53 Noticees in the SCN is grossly incorrect. In this connection they have stated as under;

ff) Noticee No.29 is only connected to and shares common address with Noticee No.8 i.e. Ritu S. Saraf, who are related as a part of the same family.

gg) Noticee No. 8 is only connected to and shares common address with Noticee No.29 i.e. Ritu S. Saraf, who are related as a part of the same family.

hh) Noticee No. 11 is only connected to and shares common address with Noticee No. 14 and 30 who are related as a part of the same family.

ii) Noticee No. 14 is only connected to and shares common address with Noticee No. 11 and 30 who are related as a part of the same family.

jj) Noticee No. 30 is only connected to and shares common address with Noticee No. 11 and 14 who are related as a part of the same family.

Common contentions made by Noticee No. 18 & 26

kk) The Noticees stated that they have unrelated and unconnected entities have been grouped together based on mere surmise and conjectures. They had also stated that they had bought shares in off market physical transfer through M/s. Roongta Rising Stock Pvt. Ltd. from Wave Inter Trades Pvt. Ltd., who was not known to them prior to this transaction which per se is not illegal.

ll) Their contention is that they are alleged to have traded in miniscule quantity which cannot result in price rise or impact the market. Further they also stated that they had sold their shares when the price in the scrip had risen substantially, as any prudent investor would. Also, the said transactions had taken place on the exchange mechanism through their stock broker.

mm) They stated that there was a significant time gap between the buy time order were placed and the sell orders were punched in therefore there was no malicious intent and the trades were in the ordinary course of business.

nn) They are connected to each other as husband (Noticee No. 18) and wife (Noticee No. 26)

oo) The Noticees have submitted that no adverse inference can be drawn that there wasn't any collusion with regard to buying in the scrip of Mishka merely on the basis of newspaper advertisement copies. Further they also stated there was no allegation in the SCN that the advertisement was fraudulent and no mention of Mishka was in the advertisement.

pp) The Noticees have also contended that there has been an inordinate delay in the issuance of the SCN in the matter and there is no justifiable reason for the said delay.

Noticee No. 28

The Noticee had stated that she had purchased shares of MFTL on the advice of her husband's friend for an amount of ₹ 1500/- in its physical form along with the money receipt and bill of Roongta Finance. The said physical shares were later converted into demat form. She stated that being a small investor and not having any technical knowledge, the said shares were sold on the advice of a friend.

CONSIDERATION OF ISSUES

21. I have carefully perused the charges levelled against the Noticees and the documents / material available on record. The issues that arise for consideration in the present case are:

Issue I: Whether the Noticee No. 1-3 have violated the provisions PFUTP Regulations, NSE Bye-laws, BSE Bye-laws, BSE regulations for capital market segment, NSE regulations for capital market segment, broker regulations and Stock Broker Amendment regulations?

Whether Noticee No. 2-42 have violated the provisions of Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a)&(e) of PFUTP Regulations, 2003, as alleged in the SCN?

Issue II: Does the violation, if any, attract monetary penalty under Section 15 HA, 15 HB and 15 F(a) of SEBI Act for the Noticees, as applicable?

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

22. Before I proceed further with the matter, it is pertinent to mention the relevant provisions of PFUTP Regulations, NSE Bye-laws, BSE Bye-laws, BSE Regulations for capital market segment, NSE Regulations for capital market segment, Broker Regulations and Stock Broker Amendment Regulations alleged to have been violated by the Noticees. The same are reproduced below:

SEBI (PFUTP) Regulations, 2003

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

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

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

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

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

4. Prohibition of manipulative, fraudulent and unfair trade practices

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

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

a) indulging in an act which creates false or misleading appearance of trading in the securities market; (k) an advertisement that is misleading or that contains information in a distorted manner and which may influence the decision of the investors;

……..

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

BSE Regulations for Capital Market Segment

Regulation 4.6.4 of Regulations for Capital Market Segment:-

"A member shall desist from the following trading practices while conducting business on the Exchange.

…. (b) Suspended Securities

Except with the permission of the Exchange, no member shall transact in securities which have been suspended."

Reference to earlier Bye-law 358

"A member shall be deemed guilty or unprofessional conduct for any of the following or similar acts or omissions namely-

…… Business in Securities in which Dealings Not Permitted

(ii) if he enters into bargains in securities in which dealings are not permitted"

NSE Regulations for Capital Market Segment

Regulation 4.5.4 of Regulations for Capital Market Segment:-

GENERAL GUIDELINES

A Trading Member shall desist from the following trading practices while conducting business on the Exchange.

……

(b) Suspended Securities

Except with the permission of the Exchange, business shall not be transacted by the Trading Member in securities which have been suspended from official quotation.

BSE Bye-Laws

CHAPTER VI - TRADING MEMBERS

Conditions for Admission

(2)

(b) All contract notes issued by trading members for deals on the Exchange shall be in the manner specified by the Exchange from time to time

CHAPTER X - TRANSACTIONS AND SETTLEMENTS

Contract Notes

(5) Contract Notes shall be issued within such period as may be specified by the relevant authority from time to time for deals effected with constituents or on behalf of constituents, and will contain such details as the relevant authority may specify from time to time.

NSE Bye-Laws

CHAPTER IX - TRANSACTIONS AND SETTLEMENTS

Contract Notes

(8) Contract Notes shall be issued within such period as may be specified by the relevant authority from time to time for deals effected with clients or on behalf of clients, and will contain such details as the relevant authority may specify from time to time. The contract notes shall specify that the deal is subject to the Bye Laws, Rules and Regulations of the Exchange and subject to arbitration as provided therein.

Securities and Exchange Board of India (Stock Brokers and Sub-brokers) Regulations, 1992

6A. Conditions of registration-

(b) he shall abide by the rules, regulations and bye-laws of the stock exchange which are applicable to him;

7. Stock Brokers to abide by Code of Conduct: *The stock broker holding a certificate shall at all times abide by the Code of Conduct as specified in Schedule II.*

Code of Conduct for Stock Brokers: (Regulation 7)

A. GENERAL

(1) Integrity: A stock-broker, shall maintain high standards of integrity, promptitude and fairness in the conduct of all his business.

(2) Exercise of due skill and care: A stock-broker, shall act with due skill, care and diligence in the conduct of all his business.

(3) Manipulation: A stock-broker shall not indulge in manipulative, fraudulent or deceptive transactions or schemes or spread rumours with a view to distorting market equilibrium or making personal gains.

(4) Malpractices: A stock-broker shall not create false market either singly or in concert with others or indulge in any act detrimental to the investors interest or which leads to interference with the fair and smooth functioning of the market. A stock-broker shall not involve himself in excessive speculative business in the market beyond reasonable levels not commensurate with his financial soundness.

(5) Compliance with Statutory Requirements: A stock-broker shall abide by all the provisions of the Act and the rules, regulations issued by the Government, the Board and the stock exchange from time to time as may be applicable to him.

C. Stock-Brokers vis-a-vis Other Stock-Brokers

(4) Advertisement and Publicity: A stock-broker shall not advertise his business publicly unless permitted by the stock exchange.

Securities and Exchange Board of India (Stock Brokers and Sub-brokers) (Amendment) Regulations, 2014

Conditions of registration

9. Any registration granted by the Board under regulation 6 shall be subject to the following conditions, namely-

(b) he shall abide by the rules, regulations and bye-laws of the stock exchange which are applicable to him;

(f) he shall at all times abide by the Code of Conduct as specified in Schedule II.

23. Before proceeding to deal with the merits of the case, I wish to settle the following two preliminary objections raised to this proceeding by some of the Noticees:
    a) there is an inordinate delay in issuing the SCN and there is no justifiable reason for the said delay
    b) seeking for documents for inspection and cross examination

24. With regard to the contention of certain Noticees that there is an inordinate delay in issuing the SCN and there is no justifiable reason for the said delay, it is to be noted that there is no provision under SEBI Act which prescribes a time limit for taking cognizance of a breach of the provision of SEBI Act and Rules and Regulations made there under. Further, as per Section 11C of SEBI Act, SEBI can initiate investigation at any point of time, for any period of alleged violation or any period of alleged transactions. I also note that the investigations relating to the PFUTP Regulations, 2003 are complex (considering the volume of transactions, connections and examination of trading of shares, etc.,) and time consuming process, which may require

detailed analysis of the case facts. In this regard, I note that the Hon'ble SAT in the matter of **Pooja Vinay Jain vs SEBI** (Appeal No. 152 of 2019 decided on March 17, 2020) held that, "*The record would show that all the documents concerning the defence of the appellant were filed by her before the AO. Therefore, for want of any prejudice the proceedings cannot be quashed simply on the ground of delay in launching the same*".

25. I also note that the Hon'ble SAT in the matter of **Bipin R Vora vs SEBI** (decided on March 22, 2006) held that, "*As regards the plea of delay and latches and submission that the show cause notice is barred by limitation, I do not find any merit in these contentions as the time and efforts involved in an investigation though may vary from case to case, generally investigations per-se is a time consuming process which invariably involve collection, scrutiny and careful examination of voluminous records/ order-trade details of all the concerned including the exchanges/recording of statements etc. and therefore no time limit can be fixed in this regard to enable a regulator to take appropriate disciplinary action for the safeguard and improvement of the system/market*".

26. In view of the above, and considering the facts and circumstances, I note that there was no delay in the issuance of SCN in the matter as argued by the Noticees, so the said contention in this regard is without merits.

27. With regard to the other contention of certain Noticees seeking for documents for inspection and cross examination, I would like to refer to the observation of the Hon'ble SAT in the matter of **Anant R Sathe Vs. SEBI** (Appeal No. 150 of 2020) vide Order dated July 17, 2020, reaffirmed the principle elucidated in the judgment of Shruti Vora's case, which has been reproduced herein above and held that: "*the Authority is required to supply the documents that they rely upon while serving the show cause notice which in the instant case has been done and which is sufficient for the purpose of filing an efficacious reply in his defence*".

28. Further, I note that all the documents that have been relied upon for the charges contained in the SCN, have already been provided to the Noticees along with the said SCN. Further, exhaustive replies also have been filed by several Noticees as already detailed in the preceding paragraphs. The details of transactions, which form the core of the charges against the Noticees, the evidence thereof have already been provided/cited to them in the form of connection details, contract notes etc. I also note that the primary allegation of violation of the SEBI (PFUTP) Regulations is premised on such documents. Since, details of connection, relevant contract

notes, e-mails of RTA, advertisement pertaining to the Noticees have already been reproduced in the SCN (supported by documents already provided) were the only documents relevant with respect to the charges under relevant Act/ Regulations additionally no statements have been relied upon.

29. In view of the above, I note that the principles of natural justice have been complied with and the aforesaid contention of the Noticees in this regard are without merit.

***Issue a*: Whether the Noticee No. 1-3 have violated the provisions PFUTP Regulations, NSE Bye-laws, BSE Bye-laws, BSE regulations for capital market segment, NSE regulations for capital market segment, broker regulations and Stock Broker Amendment regulations and Whether Noticee No. 2-42 have violated the provisions of Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a)&(e) of PFUTP Regulations, 2003, as alleged in the SCN?**

30. From the investigation report, I note that the scrip of MFTL was listed only at BSE on September 30, 1985. I also note that during the investigation period the trading in the scrip of MFTL was suspended from January 07, 2002 to May 09, 2012 on account of non-payment of listing fees. The said suspension was revoked with effect from May 10, 2012; vide BSE Notice No. 20120504-11 dated May 04, 2012. Accordingly, there was no trading in the scrip of MFTL for more than nine months and suddenly trading in the scrip had commenced from February 14, 2013.

31. Further, I note that, pursuant to detection of a huge rise in the traded volume and price of the shares of MFTL on BSE during the investigation period SEBI undertook preliminary inquiry in the dealings in the scrip of MFTL. Based on the price volume movement, the investigation period was divided into four patches by SEBI. The patch-wise summary of price-volume is tabulated below:

Table 4

Patch	**Period**		**Open**	**High**	**Low**	**Close**	**Total Volume** **Average Volume**	**No. of Days** **No. of Trades**
Patch-1 Pre-	14-Feb-13 to	Price (Rs.)	5.50	327.25	5.50	327.25	73,471	167

Patch	Period		Open	High	Low	Close	Total Volume	No. of Days
							Average Volume	**No. of Trades**
Split Price Rise	15-Jan-14	Date	14-Feb-13	15-Jan-14	14-Feb-13	15-Jan-14		
		Volume	1	72,750	1	2	440	222
		Date	14-Feb-13	01-Aug-13	14-Feb-13	15-Jan-14		
Patch-2 Post-Split Price Rise	16-Jan-14 to 14-Feb-14	Price (Rs.)	33.35	49.90	33.35	49.90	289	22
		Date	16-Jan-14	14-Feb-14	16-Jan-14	14-Feb-14		
		Volume	15	50	2	12	13	25
		Date	16-Jan-14	31-Jan-14	04-Feb-14	14-Feb-14		
Patch-3 Post-Split Price Rise	15-Feb-14 to 10-Sep-14	Price (Rs.)	50.85	57.00	49.70	54.20	4,71,98,832	137
		Date	*17-Feb-14	10-Sep-14	03-Apr-14	10-Sep-14		
		Volume	62,545	15,80,843	9,000	78,504	3,44,517	82,864
		Date	*17-Feb-14	18-Mar-14	17-Apr-14	10-Sep-14		
Patch-4 Post-Split Price Fall	11-Sep-14 to 31-Dec-14	Price (Rs.)	54.10	54.15	29.05	29.05	1,31,56,969	66
		Date	11-Sep-14	11-Sep-14	30-Dec-14	30-Dec-14		
		Volume	2,07,170	6,48,500	10	42,500	1,99,348	5,598
		Date	11-Sep-14	26-Sep-14	23-Oct-14	30-Dec-14		

(*February 15, 2014 and February 16, 2014 were Saturday and Sunday)

<u>Patch-1 (Price Rise-Pre Split) (February 14, 2013, to January 15, 2014):</u>

32. During the patch-1, I note that the price of the scrip of MFTL opened at Rs. 5.50 on February 14, 2013 and reached a high of Rs. 327.25 on the last day of patch-1 i.e. January 15, 2014 and closed at high price of Rs. 327.25 on the same day. Thus, price of scrip of MFTL registered a

price rise of Rs. 321.75. I note that, during the patch-1, the scrip of MFTL was traded on 167 trading days but only 222 trades took place in the scrip.

33. In the said Patch – I, I note that Noticee No. 2-42 along with 12 other entities traded in Patch-1 as sellers. The details of their trades in the scrip of MFTL are as follows:

Table 5

SN	Seller Name	Net LTP			Positive LTP			Negative LTP			Zero LTP		% of +ve LTP to Total Market +ve LTP
		Net LTP	Total Qty	No of trades	+ve LTP	Total Qty	No of trades	-ve LTP	Total Qty	No of trades	Total Qty	No of trades	
1	Tushar Ashok Thakur	21.9	31	8	21.9	31	8	-	-	-	-	-	6.80%
2	Vikram Shah	21.2	35	8	21.2	35	8	-	-	-	-	-	6.59%
3	Mehta Tejal Piyush	20.45	20	7	20.45	20	7	-	-	-	-	-	6.35%
4	Asifatanveer Mohammadishaq Shaikh	19.45	34	7	19.45	34	7	-	-	-	-	-	6.04%
5	Priyanka Pramod Mhapsekar	19.1	40	7	19.1	40	7	-	-	-	-	-	5.93%
6	Kiritkumar Ramniklal Mehta	18.9	28	7	18.9	28	7	-	-	-	-	-	5.87%
7	Mansi Manoj Rane	18.1	23	8	18.1	23	8	-	-	-	-	-	5.62%
8	Omprakash Ramdev Shrma	17.15	26	8	17.15	24	7	-	-	-	2	1	5.33%
9	Rakeshkumar Dixit Usha	16.7	40	6	16.7	40	6	-	-	-	-	-	5.19%
10	Manish Kumar Bhati	15.45	19	5	15.45	19	5	-	-	-	-	-	4.80%
11	Ashish Ishwarlal Shah	15.25	25	5	15.25	25	5	-	-	-	-	-	4.74%
12	Mukesh Kumar	14.55	21	5	14.55	21	5	-	-	-	-	-	4.52%
13	Tejas Vasant Gala	14.4	16	6	14.4	16	6	-	-	-	-	-	4.47%
14	Manharlal Narottamdas Shah	7.85	15	3	7.85	15	3	-	-	-	-	-	2.44%
15	Chandravati Manharlal Shah	7	9	2	7	9	2	-	-	-	-	-	2.17%
16	Harshal Ashok Kumat	6.95	10	2	6.95	10	2	-	-	-	-	-	2.16%
17	Atul Sumatilal Kankariya HUF	6.95	13	2	6.95	13	2	-	-	-	-	-	2.16%
18	Priyanka Atul Kankariya	5.75	13	2	5.75	13	2	-	-	-	-	-	1.79%
19	Kajalkiran Sumatilal Kankariya	4.8	12	2	4.8	12	2	-	-	-	-	-	1.49%
20	Ketan Jumakhlal Mehta	4.75	5	1	4.75	5	1	-	-	-	-	-	1.48%
21	Jay Ketan Somaiya	2.9	4	1	2.9	4	1	-	-	-	-	-	0.90%
22	Anjali Atul Save	2.6	13	5	2.6	13	5	-	-	-	-	-	0.81%
23	Atul S Kankariya	2.55	6	1	2.55	6	1	-	-	-	-	-	0.79%
24	Jugal R Deorah	2.41	12	4	2.41	12	4	-	-	-	-	-	0.75%
25	Vijay Kumar Soni (HUF)	1.9	3	2	1.9	3	2	-	-	-	-	-	0.59%
26	Ritu Sandeep Saraf	1.8	4	3	1.8	4	3	-	-	-	-	-	0.56%
27	Kanta Balkishan Jaju	1.78	2	2	1.78	2	2	-	-	-	-	-	0.55%

28	Sandeep Vishwanath Saraf	1.7	4	3	1.7	4	3	-	-	-	-	-	0.53%
29	Anil Roongta	1.66	6	3	1.66	6	3	-	-	-	-	-	0.52%
30	Hem Raj Raneja	1.66	7	3	1.66	7	3	-	-	-	-	-	0.52%
31	Tripti Pritishkumar Chatterjee	1.45	9	3	1.45	9	3	-	-	-	-	-	0.45%
32	Atul Moreshawar Save	1.44	13	4	1.44	10	3	-	-	-	3	1	0.45%
33	A K Roongta HUF	1.36	4	2	1.36	4	2	-	-	-	-	-	0.42%
34	Pawankumar Motilal Darak	1.2	8	2	1.2	4	1	-	-	-	4	1	0.37%
35	Sunita Harish Toshniwal	1.15	3	1	1.15	3	1	-	-	-	-	-	0.36%
36	Sorabh Kumar Poddar	1.1	1	1	1.1	1	1	-	-	-	-	-	0.34%
37	Kavita Raneja	1.03	3	2	1.03	3	2	-	-	-	-	-	0.32%
38	Priteshkumar Amitkumar Chatterjee	1.03	5	2	1.03	5	2	-	-	-	-	-	0.32%
39	Anand Raneja	1	3	2	1	3	2	-	-	-	-	-	0.31%
40	Parul Poddar	1	2	1	1	2	1	-	-	-	-	-	0.31%
41	Savita Soni	0.9	2	1	0.9	2	1	-	-	-	-	-	0.28%
42	Rupesh Kumar Poddar	0.79	2	1	0.79	2	1	-	-	-	-	-	0.25%
43	Neha Narayan Toshniwal	0.75	3	1	0.75	3	1	-	-	-	-	-	0.23%
44	Nikunj Sandeep Agarwal	0.65	72,750	51	0.75	5,000	1	-0.1	1,000	1	66,750	49	0.23%
45	Vinita Sanjay Joshi	0.75	5	1	0.75	5	1	-	-	-	-	-	0.23%
46	Kiran Narayanprasad Toshniwal	0.65	4	1	0.65	4	1	-	-	-	-	-	0.20%
47	Sunayana Jain	0.65	3	1	0.65	3	1	-	-	-	-	-	0.20%
48	Sanjay Ambadas Joshi	0.6	5	1	0.6	5	1	-	-	-	-	-	0.19%
49	Megha Ravi Wattamwar	0.5	3	1	0.5	3	1	-	-	-	-	-	0.16%
50	Sonal Jugal Deorah	0.5	2	1	0.5	2	1	-	-	-	-	-	0.16%
51	Ravi B Wattamwar HUF	0.45	3	1	0.45	3	1	-	-	-	-	-	0.14%
52	Sudha Anil Roongta	0.45	2	1	0.45	2	1	-	-	-	-	-	0.14%
53	Sainik Kumar Jain	0.34	2	1	0.34	2	1	-	-	-	-	-	0.11%
53 Suspected Entities Total		**317**	**73,333**	**211**	**317.45**	**5,574**	**158**	**-0.1**	**1,000**	**1**	**66,759**	**52**	**98.63%**
Remaining		**4.4**	**138**	**11**	**4.4**	**133**	**8**	**-**	**-**	**-**	**4**	**2**	**1.37%**
Grand Total		**322**	**73,471**	**222**	**321.85**	**5,707**	**166**	**-0.1**	**1,000**	**1**	**66,763**	**54**	**100.00%**

34. I note from the analysis of total 166 trades in the scrip of MFTL carried out during patch-1 in the IR that 158 trades out of these 166 trades were carried out by the above mentioned entities on the sell side, thereby, contributing Rs.317.45 i.e. 98.63% to gross positive LTP creation during patch-1. I further note that, in all the 158 trades which contributed Rs.317.45 i.e. 98.63% of gross positive LTP, that though the buy orders were available for large quantities (ranging from 10 to 10,000 shares), the above mentioned entities were placing sell orders in small quantities or single digits i.e. mostly 1 to 10 shares. For e.g. Noticee No. 6 had placed only 2

sell orders during the whole patch-1 and both these sell orders were for two shares each on two different trading days while there were buy orders available for 5,000 shares and 10,000 shares.

35. I also note that these 158 trades were done on 158 different trading days across the period and each trade resulted in a higher LTP, thereby contributing Rs.317.45 to positive LTP (i.e. 98.63% to gross positive LTP). Further I note that, by executing trades in such pattern, Noticee No. 2 - 42 along with 12 other entities matched the price of prevailing buy orders which were placed at a higher price than the last traded price and thus contributed to the increased price of the scrip with each of their trades. The details of 158 trades executed and quantity of shares held by the aforesaid 53 entities as sellers (counterparty entities) in Patch-1 which contributed to price rise, are as under:

Table 6

Trade Date	Seller Name	Sell order volume	Buy order volume	LTP Contribution (In Rs.)	No. of shares held before trade	Balance No of shares after trade
13/09/2013	Pawankumar Motilal Darak	4	2,500	1.2	100	96
	Total	**4**	**2,500**	**1.2**		
25/06/2013	Megha Ravi Wattamwar	3	5,000	0.5	4,000	3,997
	Total	**3**	**5,000**	**0.5**		
13/05/2013	A K Roongta HUF	2	10,000	0.56	20,000	19,998
14/08/2013	A K Roongta HUF	2	5,000	80	Broker (Roongta) confirmed that this trade was settled as per Exchange Auction/Close out Norms	
	Total	**4**	**15,000**	**1.36**		
03/06/2013	Vijay Kumar Soni (HUF)	2	5,000	0.85	4,800	4,798
10/06/2013	Vijay Kumar Soni (HUF)	1	5,000	1.05	4,798	4,797
	Total	**3**	**10,000**	**1.9**		
04/07/2013	Ritu Sandeep Saraf	2	5,000	0.55	4,000	3,998
11/07/2013	Ritu Sandeep Saraf	1	5,000	0.6	3,998	3,997
17/07/2013	Ritu Sandeep Saraf	1	5,000	0.65	3,997	3,996
	Total	**4**	**15,000**	**1.8**		

30/05/2013	Kanta Balkishan Jaju	1	5,000	0.83	4,000	3,999
05/06/2013	Kanta Balkishan Jaju	1	5,000	0.95	3,999	3,998
	Total	**2**	**10,000**	**1.78**		
24/10/2013	Chandravati Manharlal Shah	5	2,500	2.05	50	45
27/12/2013	Chandravati Manharlal Shah	4	2,500	4.95	45	41
	Total	**9**	**5,000**	**7**		
26/09/2013	Manharlal Narottamdas Shah	4	2,500	1.45	50	46
18/11/2013	Manharlal Narottamdas Shah	6	2,500	2.85	46	40
03/12/2013	Manharlal Narottamdas Shah	5	2,500	3.55	40	35
	Total	**15**	**7,500**	**7.85**		
21/06/2013	Ravi B Wattamwar HUF	3	5,000	0.45	4,000	3,997
	Total	**3**	**5,000**	**0.45**		
25/10/2013	Atul Sumatilal Kankariya HUF	4	2,500	2.1	50	46
26/12/2013	Atul Sumatilal Kankariya HUF	9	2,500	4.85	46	37
	Total	**13**	**5,000**	**6.95**		
11/09/2013	Sunita Harish Toshniwal	3	2,500	1.15	100	97
	Total	**3**	**2,500**	**1.15**		
14/06/2013	Sudha Anil Roongta	2	5,000	0.45	20,000	19,998
	Total	**2**	**5,000**	**0.45**		
12/04/2013	Anil Roongta	2	900	0.36	49,600	49,598
09/07/2013	Anil Roongta	2	5,000	0.55	Broker (Roongta) confirmed that these trades were settled as per Exchange Auction/Close out Norms	
31/07/2013	Anil Roongta	2	5,000	0.75		
	Total	**6**	**10,900**	**1.66**		
16/07/2013	Sanjay Ambadas Joshi	5	5,000	0.6	8,000	7,995
	Total	**5**	**5,000**	**0.6**		

29/07/2013	Vinita Sanjay Joshi	5	5,000	0.75	8,000	7,995
	Total	**5**	**5,000**	**0.75**		
18/07/2013	Kiran Narayanprasad Toshniwal	4	5,000	0.65	4,800	4,796
	Total	**4**	**5,000**	**0.65**		
27/08/2013	Mehta Tejal Piyush	3	5,000	0.95	50	47
16/09/2013	Mehta Tejal Piyush	2	2,500	1.25	47	45
10/10/2013	Mehta Tejal Piyush	3	1,000	1.75	45	42
01/11/2013	Mehta Tejal Piyush	5	2,500	2.35	42	37
26/11/2013	Mehta Tejal Piyush	3	2,500	3.2	37	34
20/12/2013	Mehta Tejal Piyush	2	2,500	4.55	34	32
15/01/2014	Mehta Tejal Piyush	2	15	6.4	32	30
	Total	**20**	**16,015**	**20.45**		
09/04/2013	Sainik Kumar Jain	2	10,000	0.34	4,000	3,998
	Total	**2**	**10,000**	**0.34**		
14/05/2013	Jugal R Deorah	3	10,000	0.59	10,400	10,397
22/05/2013	Jugal R Deorah	5	10,000	0.72	10,397	10,392
01/07/2013	Jugal R Deorah	2	5,000	0.5	10,392	10,390
12/07/2013	Jugal R Deorah	2	2,500	0.6	10,390	10,388
	Total	**12**	**27,500**	**2.41**		
30/04/2013	Atul Moreshawar Save	2	900	0.44	32,000	31,998
20/06/2013	Atul Moreshawar Save	3	5,000	0.45	31,998	31,995
08/07/2013	Atul Moreshawar Save	5	5,000	0.55	31,992	31,987
	Total	**10**	**10,900**	**1.44**		
15/04/2013	Priteshkumar Amitkumar Chatterjee	2	10,000	0.38	32,000	31,998
20/05/2013	Priteshkumar Amitkumar Chatterjee	3	10,000	0.65	31,998	31,995

	Total	**5**	**20,000**	**1.03**		
11/06/2013	Sorabh Kumar Poddar	1	5,000	1.1	12,000	11,999
	Total	**1**	**5,000**	**1.1**		
29/05/2013	Rupesh Kumar Poddar	2	5,000	0.79	28,000	27,998
	Total	**2**	**5,000**	**0.79**		
18/04/2013	Anjali Atul Save	2	10,000	0.4	32,000	31,998
26/04/2013	Anjali Atul Save	2	900	0.42	31,998	31,996
09/05/2013	Anjali Atul Save	3	10,000	0.53	31,996	31,993
18/06/2013	Anjali Atul Save	3	5,000	0.45	31,993	31,990
13/08/2013	Anjali Atul Save	3	5,000	0.8	31,990	31,987
	Total	**13**	**30,900**	**2.6**		
02/05/2013	Tripti Pritishkumar Chatterjee	2	10,000	0.46	32,000	31,998
03/05/2013	Tripti Pritishkumar Chatterjee	2	999	0.48	31,998	31,996
06/05/2013	Tripti Pritishkumar Chatterjee	5	5,000	0.51	31,996	31,991
	Total	**9**	**15,999**	**1.45**		
04/04/2013	Hem Raj Raneja	2	5,000	0.31	12,000	11,998
23/07/2013	Hem Raj Raneja	1	5,000	0.65	11,998	11,997
26/07/2013	Hem Raj Raneja	4	5,000	0.7	11,997	11,993
	Total	**7**	**15,000**	**1.66**		
20/08/2013	Tushar Ashok Thakur	1	5,000	0.85	50	49
03/09/2013	Tushar Ashok Thakur	4	3,000	1.05	49	45
03/10/2013	Tushar Ashok Thakur	2	2,500	1.55	45	43
15/10/2013	Tushar Ashok Thakur	3	2,500	1.85	43	40
06/11/2013	Tushar Ashok Thakur	2	2,500	2.45	40	38
29/11/2013	Tushar Ashok Thakur	9	2,500	3.4	38	29
19/12/2013	Tushar Ashok Thakur	4	2,500	4.5	29	25

14/01/2014	Tushar Ashok Thakur	6	100	6.25	25	19
	Total	**31**	**20,600**	**21.9**		
22/07/2013	Sunayana Jain	3	5,000	0.65	4,000	3,997
	Total	**3**	**5,000**	**0.65**		
02/07/2013	Sonal Jugal Deorah	2	5,000	0.5	10,400	10,398
	Total	**2**	**5,000**	**0.5**		
23/08/2013	Kiritkumar Ramniklal Mehta	3	5,000	0.9	50	47
06/09/2013	Kiritkumar Ramniklal Mehta	2	989	1.1	47	45
07/10/2013	Kiritkumar Ramniklal Mehta	3	2,500	1.65	45	42
30/10/2013	Kiritkumar Ramniklal Mehta	6	2,500	2.25	42	36
22/11/2013	Kiritkumar Ramniklal Mehta	2	2,500	3.05	36	34
13/12/2013	Kiritkumar Ramniklal Mehta	4	2,500	4.15	34	30
08/01/2014	Kiritkumar Ramniklal Mehta	8	2,500	5.8	30	22
	Total	**28**	**18,489**	**18.9**		
03/04/2013	Anand Raneja	2	5,000	0.3	12.000	11,998
24/07/2013	Anand Raneja	1	5,000	0.7	11,998	11,997
	Total	**3**	**10,000**	**1**		
29/08/2013	Mansi Manoj Rane	2	2,500	1	50	48
05/09/2013	Mansi Manoj Rane	2	2,500	1.1	48	46
12/09/2013	Mansi Manoj Rane	2	2,500	1.2	46	44
25/09/2013	Mansi Manoj Rane	3	2,500	1.4	44	41
21/10/2013	Mansi Manoj Rane	2	2,500	1.95	41	39
12/11/2013	Mansi Manoj Rane	3	2,500	2.65	39	36
05/12/2013	Mansi Manoj Rane	7	2,500	3.65	36	29
31/12/2013	Mansi Manoj Rane	2	2,500	5.15	29	27

	Total	**23**	**20,000**	**18.1**		
16/08/2013	Vikram Shah	2	5,000	0.85	50	48
22/08/2013	Vikram Shah	3	5,000	0.9	48	45
20/09/2013	Vikram Shah	4	2,500	1.35	45	41
14/10/2013	Vikram Shah	6	2,500	1.8	41	35
05/11/2013	Vikram Shah	5	2,500	2.4	35	30
28/11/2013	Vikram Shah	5	2,500	3.35	30	25
18/12/2013	Vikram Shah	6	2,500	4.4	25	19
13/01/2014	Vikram Shah	4	10	6.15	19	15
	Total	**35**	**22,510**	**21.2**		
06/06/2013	Parul Poddar	2	5,000	1	30,400	30,398
	Total	**2**	**5,000**	**1**		
24/12/2013	Ketan Jumakhlal Mehta	5	2,500	4.75	50	45
	Total	**5**	**2,500**	**4.75**		
26/08/2013	Rakeshkumar Dixit Usha	5	5,000	0.95	50	45
10/09/2013	Rakeshkumar Dixit Usha	5	3,000	1.15	45	40
28/10/2013	Rakeshkumar Dixit Usha	6	2,500	2.15	40	34
20/11/2013	Rakeshkumar Dixit Usha	9	2,500	2.95	34	25
11/12/2013	Rakeshkumar Dixit Usha	5	2,500	3.95	25	20
06/01/2014	Rakeshkumar Dixit Usha	10	2,500	5.55	20	10
	Total	**40**	**18,000**	**16.7**		
05/07/2013	Sandeep Vishwanath Saraf	2	5,000	0.55	3,500	3,498
10/07/2013	Sandeep Vishwanath Saraf	1	5,000	0.55	3,498	3,497
15/07/2013	Sandeep Vishwanath Saraf	1	5,000	0.6	3,497	3,496
	Total	**4**	**15,000**	**1.7**		
30/07/2013	Neha Narayan Toshniwal	3	5,000	0.75	8,000	7,997
	Total	**3**	**5,000**	**0.75**		
01/10/2013	Manish Kumar Bhati	3	2,500	1.55	50	47
23/10/2013	Manish Kumar Bhati	4	2,500	2.05	47	43

13/11/2013	Manish Kumar Bhati	2	2,500	2.75	43	41
06/12/2013	Manish Kumar Bhati	6	2,500	3.75	41	35
02/01/2014	Manish Kumar Bhati	4	2,500	5.35	35	31
	Total	**19**	**12,500**	**15.45**		
04/06/2013	Savita Soni	2	5,000	0.9	9,600	9,598
	Total	**2**	**5,000**	**0.9**		
21/08/2013	Priyanka Pramod Mhapsekar	4	5,000	0.9	50	46
04/09/2013	Priyanka Pramod Mhapsekar	6	995	1.1	46	40
04/10/2013	Priyanka Pramod Mhapsekar	5	2,500	1.6	40	35
29/10/2013	Priyanka Pramod Mhapsekar	5	2,500	2.2	35	30
21/11/2013	Priyanka Pramod Mhapsekar	10	10	3	30	20
17/12/2013	Priyanka Pramod Mhapsekar	5	2,500	4.3	20	15
10/01/2014	Priyanka Pramod Mhapsekar	5	2,500	6	15	10
	Total	**40**	**16,005**	**19.1**		
30/09/2013	Harshal Ashok Kumat	4	3,000	1.5	50	46
03/01/2014	Harshal Ashok Kumat	6	2,500	5.45	46	40
	Total	**10**	**5,500**	**6.95**		
01/08/2013	Nikunj S Agarwal	12,500	5,000	0.75		
	Total	**12,500**	**5,000**	**0.75**		
08/11/2013	Atul S Kankariya	6	2,500	2.55	50	44
	Total	**6**	**2,500**	**2.55**		
02/09/2013	Tejas Vasant Gala	3	1,000	1.05	50	47
19/09/2013	Tejas Vasant Gala	2	2,500	1.3	47	45
11/10/2013	Tejas Vasant Gala	2	2,500	1.75	45	43
03/11/2013	Tejas Vasant Gala	3	500	2.4	43	40

27/11/2013	Tejas Vasant Gala	3	2,500	3.25	40	37
23/12/2013	Tejas Vasant Gala	3	2,500	4.65	37	34
	Total	**16**	**11,500**	**14.4**		
24/09/2013	Mukesh Kumar	2	2,500	1.4	50	48
18/10/2013	Mukesh Kumar	3	2,500	1.9	48	45
11/11/2013	Mukesh Kumar	5	2,500	2.6	45	40
04/12/2013	Mukesh Kumar	8	25	3.6	40	32
30/12/2013	Mukesh Kumar	3	2,500	5.05	32	29
	Total	**21**	**10,025**	**14.55**		
08/04/2013	Kavita Raneja	2	900	0.33	8,000	7,998
25/07/2013	Kavita Raneja	1	5,000	0.7	7,998	7,997
	Total	**3**	**5,900**	**1.03**		
18/09/2013	Ashish Ishwarlal Shah	5	100	1.3	50	45
09/10/2013	Ashish Ishwarlal Shah	6	2,500	1.7	45	39
07/11/2013	Ashish Ishwarlal Shah	9	2,500	2.5	39	30
12/12/2013	Ashish Ishwarlal Shah	2	500	4.05	30	28
07/01/2014	Ashish Ishwarlal Shah	3	2,500	5.7	28	25
	Total	**25**	**8,100**	**15.25**		
19/08/2013	Omprakash Ramdev Sharma	2	2,500	0.85	50	48
28/08/2013	Omprakash Ramdev Sharma	2	5,000	0.95	48	46
27/09/2013	Omprakash Ramdev Sharma	2	2,500	1.5	44	42
22/10/2013	Omprakash Ramdev Sharma	4	200	2	42	38
14/11/2013	Omprakash Ramdev Sharma	3	2,500	2.8	38	35
09/12/2013	Omprakash Ramdev Sharma	5	2,500	3.8	35	30

01/01/2014	Omprakash Ramdev Sharma	6	2,500	5.25	30	24
	Total	**24**	**17,700**	**17.15**		
19/11/2013	Jay Ketan Somaiya	4	2,500	2.9	50	46
	Total	**4**	**2,500**	**2.9**		
23/09/2013	Kajalkiran Sumatilal Kankariya	5	2,500	1.35	50	45
02/12/2013	Kajalkiran Sumatilal Kankariya	7	2,500	3.45	45	38
	Total	**12**	**5,000**	**4.8**		
17/10/2013	Priyanka Atul Kankariya	5	2,500	1.85	50	45
10/12/2013	Priyanka Atul Kankariya	8	2,500	3.9	45	37
	Total	**13**	**5,000**	**5.75**		
30/08/2013	Asifatanveer Mohammadishaq Shaikh	4	2,500	1	50	46
17/09/2013	Asifatanveer Mohammadishaq Shaikh	3	2,500	1.25	46	43
08/10/2013	Asifatanveer Mohammadishaq Shaikh	5	2,500	1.65	43	38
31/10/2013	Asifatanveer Mohammadishaq Shaikh	8	2,500	2.3	38	30
25/11/2013	Asifatanveer Mohammadishaq Shaikh	4	2,500	3.15	30	26
16/12/2013	Asifatanveer Mohammadishaq Shaikh	3	2,500	4.2	26	23
09/01/2014	Asifatanveer Mohammadishaq Shaikh	7	25	5.9	23	16
	Total	**34**	**15,025**	**19.45**		
	Grand Total	**13,074**	**5,44,068**	**317.45**		

36. In this regard, I also note from the transaction statements of Noticee No. 2 – 42 along with 12 other entities from depositories (NSDL/CDSL), that they were holding substantial quantity of shares of MFTL during the period of their respective sale transactions. However, despite holding substantial quantity of shares, above mentioned entities released limited number of shares and matched the buy orders which were above LTP with volume in small quantities or

single digit in instances as detailed above. Therefore, the above act established that there was no bona-fide intention on the part of Noticee No. 2 - 42 to sell their holdings, and to mark the price higher than LTP and manipulate the price of the scrip.

37. The aforementioned trading pattern further establish that Noticee No. 2 - 42 were not acting as genuine sellers and had no bona-fide intention to sell, as they had released very small quantity of shares of MFTL in each transaction done multiple times in-spite of sufficient buy orders being available in the market. Therefore, they were instrumental in establishing a price higher than the last traded price and thus contributed to increased scrip price with each of their trades.

38. The above facts clearly establish that, out of 166 trades that contributed to positive LTP, Noticee No. 2 - 42 along with 12 other entities placed orders for 158 trades as enumerated above on 158 different days and contributed to price rise by ₹317.45 i.e. 98.63% of market positive LTP and by using this pattern of trading, created a misleading appearance of trading which led to price rise in the scrip by such trades whereas, in actual, they took turns and placed 158 orders on 158 trading days with volume in small quantities or single digits and price above LTP and with each trade manipulated the scrip price as explained above.

Patch-2 (Price Rise-Post Split) (January 16, 2014 to February 14, 2014):

39. I note that during Patch 2, the equity shares of MFTL were split in the ratio of 10:1 with effect from January 16, 2014. Subsequently, the price of the scrip of MFTL opened at Rs.33.35 on January 16, 2014 and reached a high of Rs.49.90 on February 14, 2014 and closed at the same price on same day, registering a price rise of Rs.16.55. Therefore, during this patch, the scrip of MFTL was traded only on 22 trading days and only 25 trades took place.

40. I also note that, out of 53 entities viz. Noticee No. 2 - 42 along with 12 other entities, 18 Noticees traded in Patch-2 as sellers, out of which 14 Noticees along with 1 other entity viz. Mr. Jay Ketan Somaniya, contributed in positive LTP generation. The details of the said transactions are as below:

Table 7

Noticee No.	Seller Name	Net LTP	Positive LTP	Zero LTP	% of +ve LTP to Total Market +ve LTP

		Net LTP	Total Qty	No of trades	Positive LTP	Total Qty	No of trades	Total Qty	No of trades	
1	Ketan Jumakhlal Mehta	1.6	22	2	1.6	22	2	-	-	9.67%
2	Tushar Ashok Thakur	0.95	9	1	0.95	9	1	-	-	5.74%
3	Vikram Shah	0.9	15	1	0.9	15	1	-	-	5.44%
4	Asifatanveer Mohammadishaq Shaikh	0.85	15	1	0.85	15	1	-	-	5.14%
5	Priyanka Pramod Mhapsekar	0.85	10	1	0.85	10	1	-	-	5.14%
6	Kiritkumar Ramniklal Mehta	0.8	14	1	0.8	14	1	-	-	4.83%
7	Ashish Ishwarlal Shah	0.75	5	1	0.75	5	1	-	-	4.53%
8	Jay Ketan Somaiya	0.75	10	1	0.75	10	1	-	-	4.53%
9	Rakeshkumar Dixit Usha	0.75	15	1	0.75	15	1	-	-	4.53%
10	Manharlal Narottamdas Shah	0.7	14	1	0.7	14	1	-	-	4.23%
11	Manish Kumar Bhati	0.7	12	1	0.7	12	1	-	-	4.23%
12	Mansi Manoj Rane	0.7	12	1	0.7	12	1	-	-	4.23%
13	Omprakash Ramdev Shrma	0.7	10	1	0.7	10	1	-	-	4.23%
14	Mukesh Kumar	0.65	20	1	0.65	20	1	-	-	3.93%
15	Tejas Vasant Gala	0.65	15	1	0.65	15	1	-	-	3.93%
Top 10 LTP Contributors Total		**12.3**	**217**	**19**	**12.3**	**198**	**16**	**19**	**3**	**74.32%**
Remaining		**4.25**	**72**	**6**	**4.25**	**67**	**5**	**5**	**1**	**25.68%**
Grand Total		**16.55**	**289**	**25**	**16.55**	**265**	**21**	**24**	**4**	**100.00%**

41. From the above I note that, the price of the scrip of MFTL rose from Rs.33.35 to Rs.49.90 during Patch-2. Further, from the analysis of the 21 trades that contributed Rs.16.55 to positive LTP, I note that 16 trades carried out by the 14 of the Noticees along with one other entity viz. Mr. Jay Ketan Somaniya, mentioned in the above table, on the sell side contributed Rs.12.30 (i.e. 74.32% to gross positive LTP).

42. Further I note that in all the 16 trades (which contributed Rs. 12.30 i.e. 74.32% of gross positive LTP), though the buy orders were available for large quantities (ranging from 28 to 1,000 shares), the 14 of the Noticees along with one other entity viz. Mr. Jay Ketan Somaniya, were placing sell orders in small quantities or single digits i.e. mostly 5 to 20 shares. For e.g. Noticee No. 34 placed sell order of 10 and 12 shares on two trading days while the buy orders were available for 1,000 shares and 60 shares respectively.

43. The above facts clearly establish that, by executing such trades, the Noticees mentioned in table 8 matched the price of prevailing buy orders which were placed at a higher price than the last traded price and, thereby, contributed to the increased price of the scrip with each of their trades.

It was also observed that these 16 trades were done on 16 different trading days across the period and each trade resulted in a higher LTP, thereby contributing Rs.12.30 to positive LTP (i.e. 74.32% to market positive LTP).

44. The details of the 16 trades executed and quantity of shares held by the aforesaid 15 entities as sellers (counterparty entities) in Patch-2 which contributed to price rise are as under:

Table 8

Trade Date	**Seller Name**	**Sell order volume**	**Buy order volume**	**LTP Contribution (In Rs.)**	**No. of shares held before trade**	**Balance No of shares after trade**
27/01/2014	Manharlal Narottamdas Shah	14	28	0.7	350	336
	Total	**14**	**28**	**0.7**		
13/02/2014	Tushar Ashok Thakur	9	500	0.95	190	181
	Total	**9**	**500**	**0.95**		
03/02/2014	Kiritkumar Ramniklal Mehta	14	500	0.8	220	206
	Total	**14**	**500**	**0.8**		
22/01/2014	Mansi Manoj Rane	12	115	0.7	270	258
	Total	**12**	**115**	**0.7**		
12/02/2014	Vikram Shah	15	500	0.9	150	135
	Total	**15**	**500**	**0.9**		
17/01/2014	Ketan Jumakhlal Mehta	10	1,000	0.65	450	440
14/02/2014	Ketan Jumakhlal Mehta	12	60	0.95	440	428
	Total	**22**	**1,060**	**1.6**		
29/01/2014	Rakeshkumar Dixit Usha	15	125	0.75	100	85
	Total	**15**	**125**	**0.75**		
24/01/2014	Manish Kumar Bhati	12	28	0.7	310	298
	Total	**12**	**28**	**0.7**		
07/02/2014	Priyanka Pramod Mhapsekar	10	200	0.85	100	90
	Total	**10**	**200**	**0.85**		
21/01/2014	Tejas Vasant Gala	15	100	0.65	340	325
	Total	**15**	**100**	**0.65**		
20/01/2014	Mukesh Kumar	20	500	0.65	290	270
	Total	**20**	**500**	**0.65**		
30/01/2014	Ashish Ishwarlal Shah	5	100	0.75	250	245
	Total	**5**	**100**	**0.75**		

23/01/2014	Omprakash Ramdev Sharma	10	600	0.7	240	230
	Total	**10**	**600**	**0.7**		
28/01/2014	Jay Ketan Somaiya	10	400	0.75	460	450
	Total	**10**	**400**	**0.75**		
06/02/2014	Asifatanveer Mohammadishaq Shaikh	15	30	0.85	160	145
	Total	**15**	**30**	**0.85**		
	Grand Total	**198**	**4,786**	**12.3**		

45. In this regard, from the transaction statements from depositories (NSDL/CDSL) mentioned in the IR, I note that, the 14 of the Noticees along with one other entity viz. Mr. Jay Ketan Somaniya, mentioned in table 8, were holding substantial quantity of shares during the period of their respective sale transactions. Despite holding substantial quantity of shares, these entities released limited number of shares and matched the buy orders which were above LTP with volume in small quantities or single digit in instances as detailed above.

46. Further I note that, out of 21 trades that contributed to positive LTP, these 14 of the Noticees along with one other entity viz. Mr. Jay Ketan Somaniya placed orders for 16 trades as enumerated above on 16 different days and contributed to price rise by Rs.12.30 i.e. 74.32% of market positive LTP.

47. In view of this, it is established that there was no bona-fide intention on the part of these 14 Noticees to sell their holdings, but to mark the price higher than LTP and manipulate the scrip price. Further, it is also established, in view of the trading pattern of the 14 of the Noticees, that they were not acting as genuine sellers, had no bona-fide intention to sell as in-spite of sufficient buy orders being available in the market, they also released very small quantity of shares in each transaction which were above LTP. Also, 14 of the Noticees were instrumental in establishing a price higher than the last traded price and thus contributed to increased scrip price with each of their trades. This further established that they have created a misleading appearance of trading and price rise in the scrip by such trades by taking turns and placing 16 orders on 16 trading days with volume in small quantities or single digits and price above LTP and manipulated the scrip price.

48. From the above it shows that all the 53 entities had received shares either from Noticee 1 or through Noticee 1. In reply to SEBI summons issued to Noticee No. 2 - 42 along with 12 other entities, all of them had enclosed same copy of advertisement in their reply to the query regarding how they had come to know about the seller i.e. Noticee No. 1. The copies of advertisement provided by them had the exact four inverted commas and same handwritten phrase written on it. In view of this, it is established that Noticee No. 2 - 42 were acting as a group and they had common objective to manipulate the price of scrip. Apart from above, it is also observed that these entities are also inter-connected.

49. It is thus established that Noticee No. 2 - 42 used similar source of shares, followed similar modus operandi in the trades to manipulate the price, enclosed same copy of advertisement and similar replies made to SEBI, and therefore, these entities were acting as a group and had premeditated plan of manipulating price of the scrip along with Noticee No. 1.

50. This apart, as regards to the allegation of devising a scheme to manipulate the price by issuing an advertisement, buying shares from the promoter entities, manipulating the price and dealing in suspended scrips and issuing fake contract notes, I note that, during investigation, SEBI had issued summons to Noticee No. 2-43 and the 12 other entities, however SEBI had received replies to the summons from 30 of these Noticees.

51. I note from reply of Noticee No. 1 that all the buyers and sellers were introduced to it by Mr. Subhash Maheshwari. Further, vide the said reply, it denied of publishing any newspaper advertisement.

52. However, I note that rest of the Noticees who had replied to the summons, except Noticee No. 2, 3 and 6, did not mention anything about Subhash Maheshwari in their replies and stated that they came to know about shares of MFTL from newspaper advertisement published by Noticee No.1. It is further observed that these Noticees also provided copies of bank statements showing payment to Noticee No.1 and provided copies of "Contract Note cum Bill" issued by Noticee No.1 to them. Further, in support of its reply, Noticee No.1 also provided Contract Notes and copy of bank statements showing receipt of consideration.

53. I further note that, during the course of investigation, SEBI issued summons to the Promoters, namely Embassy Finance & Consultants Pvt Ltd, Tohee Trading & Agencies Pvt Ltd, Wave Inter Trades Pvt Ltd and 3 promoter related entities namely Vijay Kumar Jain, Ankit Jain & Rashmi Jain. These 7 entities, in their reply to the summons, stated that they were not aware about the buyers to whom the shares were transferred ultimately. The promoters and related

entities submitted that they had sold the shares through Noticee No.1 and had received the payment of Rs.21,21,500 (85.54%) directly from Noticee No.1 and Rs.3,58,500 (14.46%) from the buyers as per instructions of Noticee No.1.

54. I also note from the bank statement/reply of Noticee No.1 that the payment of Rs.21,21,500 (85.54%) for 4,96,000 shares sold by promoter entities, were made by Noticee No.1 from its own bank account. It is further observed that the promoter entities also submitted a copy of letter issued by Noticee No.1 to accept Rs.3,58,500 (14.46%) directly from the buyers.

55. Out of Noticee No. 2 - 42 along with 12 other entities who have the allegation of manipulation of the price of the shares of MFTL, I note that 30 entities replied to summons. In their reply, they had also stated that they were not aware about the sellers and they approached Noticee No. 1 based on the advertisement issued by Noticee No.1.

56. On examination of copies of newspaper advertisement provided by the entities and their replies, I note from the IR that all these entities enclosed same copy of the advertisement with a marking of four inverted commas (" "), and exact same handwritten phrase {i.e. 17/9 ET (Mum) MR Ajay Banka (Roongta)}. In the advertisement the following was mentioned:

"*We deal in Physical/Odd Lot shares of all Cos. Contact Roongta Rising Stock Pvt. Ltd. Bhadresh: 09898554161*".

57. I note from the IR that mobile number mentioned in the advertisement belonged to one Bhadresh Shah. Further, it was also noted from the IR that name of Bhadresh Shah was appearing as Authorized Signatory in "Contract Note cum Bill" provided by the 30 Noticees in their replies to the summons and Bhadresh Shah was acting as witness on Share Transfer Form for off-market transfer of aforesaid shares. Further, seal of Noticee No.1 was also affixed as address of witness on Share Transfer Form for off-market transfer of aforesaid shares to Noticee No. 2 to 42 along with 12 other entities.

58. I note from the IR that in reply to SEBI summons, 12 of the Noticees also submitted a copy of "Contract note cum Bill" issued by Noticee No.1 to support the claim that they had purchased shares from it.

59. I also note from the IR that on examination of the copies of "Contract Note cum Bill" provided by aforesaid Noticees, following was observed:

a. The requirement to issue a "Contract note cum bill" was introduced only in November 2013. Prior to that the contract issued to the client was titled only as "Contract Note".
b. As per the existing regulatory requirement, contract notes were to be issued by a broker to its constituents only for trades executed on the "Exchange". Hence contract notes were not allowed to be issued for any off market transactions.

60. The Contract Notes provided by Noticee No.1 were examined and following was observed:
    a. The Contract notes, provided by Noticee No.1, were different from "Contract note cum bill" provided by 12 Noticees in reply to SEBI's Summons. Further, Contract notes provided by Noticee No.1 were printed Contract notes and not the acknowledged copies of Contract Notes which were given to its clients.
    b. On Contract notes provided by Noticee No.1, "Form A (Regulation 14.2)" was mentioned. In this regard, it is observed that, as per BSE Regulation 14.2, Contract Notes in Form A can be issued only when broker acts as an Agent.
    c. However, for transactions for which contract notes were issued by Noticee No.1, it is noted that it was acting as Principal as it bought shares from Promoters/Directors at Rs. 5 per share and was selling at Rs. 6 per share or Rs. 30 per share or Rs. 50 per share i.e. at different prices to different entities.
    d. Further, it was also observed from Contract Notes that brokerage charged was Nil. Therefore, it is established that Noticee No.1 was not acting as Agent and was acting as Principal for aforesaid transactions.
    e. It is further established that the transactions for which Noticee No.1 issued Contract Notes were off-market transactions. In spite of that, it was issuing contract notes to entities mentioning trade time, order no., trade no. etc.
    f. The examination of contract notes revealed that it is not as per the format notified either by BSE or NSE.

61. In this regard, I note that the contract note contains Noticee No.1's BSE Broker registration number. However, at the top of the contract note, it was mentioned as NSE member. I further note that the contract note was issued when the scrip was under suspension at BSE. Further, the scrip was never listed at NSE.

62. I further note that Noticee No.1, by buying shares from promoters and related entities and selling them to the 41 Noticees along with 12 other entities, dealt in the scrip and issued contract notes. Therefore, it is established that Noticee No.1, being a registered intermediary with BSE

and NSE, dealt in suspended scrip in off market transactions and issued contract notes to give legitimate color to the transactions for possible tax benefits.

63. In this regard, it is established that Noticee No.1, by dealing in the suspended scrip of MFTL, violated Regulation 4.6.4 of BSE Regulations and Regulation 4.5.4 of NSE Regulations. It is also established that Noticee No.1, by issuing contract notes for the off market transactions in the scrip of MFTL, has violated the provisions of Clause 2(b) of Chapter VI and Clause 5 of Chapter X of BSE Bye-laws as well as Clause 8 and Clause 10 of Chapter IX of NSE Bye-laws.

64. I also note that the concept of contract note cum bill was introduced in November 2013, however contract notes cum bill produced by these entities were dated prior to this date. In view of the above observations, it is established that the contract notes cum bill, provided by Noticee No.1 in reply to SEBI summons, are fake.

65. Further, I also note that Directors of Noticee No.1 namely Anil Satyanarayan Roongta (Noticee No. 2) and Sudha Anil Roongta (Noticee No. 3) and HUF of Anil Satyanarayan Roongta (Noticee No. 6) were also transferee entities who have manipulated the price of the scrip of MFTL.

66. In view of the above observations, it is established that Noticee No.1 has orchestrated these transactions. Further, in view of above observations, it is also established that Noticee No.1 had devised a scheme to manipulate the price of the scrip by issuing an advertisement, buying shares from the promoter entities and manipulating the price of the scrip through 53 entities. Further, it is also established that Noticee No.1 also dealt in the suspended scrip and issued fake contract notes.

67. As discussed earlier, directors of Roongta Rising Stock Pvt. Ltd (Noticee No. 1) namely Anil Satyanarayan Roongta (Noticee No. 2) and Sudha Anil Roongta (Noticee No.3) were also transferee entities who have manipulated the price of the scrip of MFTL. In this regard, it is established that, being directors of Noticee No.1, it was the responsibility of Noticee No. 2 and 3 to abide by the securities market Rules and Regulations. Therefore, it is established that, in terms of Section 27 of SEBI Act, Noticee No. 2 and 3 are also equally liable to offences committed by Noticee No.1.

68. As regards to the other contention of Noticee Nos. 5, 10, 12, 13 & 17 that no alert was generated by any regulatory authority and only in hindsight SEBI has established the findings against

some entities, I note that stock exchanges merely provide a platform for carrying out the trades and the clearing corporation affiliated with exchange handles the confirmation, settlement and delivery of transactions. However, the obligation to ensure genuineness of trades as regards instant considerations lies squarely on the above mentioned Noticees. Thus, the absence of any preventive mechanism cannot be a ground to absolve Noticees from their obligation to ensure genuineness of trades executed on exchange platform. Further, I also note that, the considerations in the present matter are limited to allegations levied only against the Noticees. Therefore, I reject the contentions of Noticee in this regard.

69. I note that certain Noticees have contended that all its transactions were executed through normal screen based trading system of Stock exchanges while matching buy/sell orders is a computer system driven process done by on-line trading module which is independent and in the screen based trading, the automated system itself matches orders on a price-time priority basis, therefore, it is not possible for anybody to have access over the details of identity of counter party dealing in any scrip. Further, the Noticees have also contended that the buy orders were placed much before the sell orders and there is nothing unusual in the pattern and timing of the trades executed. Further, they also contended that there was a significant time gap between the buy time order and the sell orders were punched in and the said trades did not cause any difference / variation to the price at which the shares of MFTL were traded, therefore there was no malicious intent and the trades were in the ordinary course of business. In this regard, I note from the transaction statements received from the depositories that with regard to the sell orders placed by the 15 entities as mentioned at table 7 and 8 above, that all of them were holding substantial quantity of shares during the period of their respective sale transactions, despite which they released limited number of shares and matched the price of the buy orders above LTP. This shows that there was no bona-fide intention on the part of these said Noticees to sell their holdings and furthermore they only wanted to mark the price higher than LTP and manipulate the scrip price. I also note that it is not a mere coincidence that all the Noticees only sold shares in small quantities or single digits. This is the outcome of meeting of minds elsewhere and it was a deliberate attempt to deal in the scrip in such a fashion. Here I would like to rely on the judgment of the Hon'ble Supreme Court in **SEBI v Kishore R Ajmera (AIR 2016 SC 1079)** decided on February 23, 2016, wherein it was held that - "…*in the absence of direct proof of meeting of minds elsewhere in synchronized transactions, the test should be one of preponderance of probabilities as far as adjudication of civil liability arising out of the violation of the Act or provision of the Regulations is concerned. 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. The illustrations are not exhaustive..."

70. Further, the Hon'ble Supreme Court had held in the same matter that – *"It is a fundamental principle of law that proof of an allegation levelled against a person may be in the form of direct substantive evidence or, as in many cases, such proof may have to be inferred by a logical process of reasoning from the totality of the attending facts and circumstances surrounding the allegations/charges made and levelled. While direct evidence is a more certain basis to come to a conclusion, yet, in the absence thereof the Courts cannot be helpless. It is the judicial duty to take note of the immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded and to reach what would appear to the Court to be a reasonable conclusion therefrom. The test would always be that what inferential process that a reasonable/prudent man would adopt to arrive at a conclusion."*

71. I note in this regard that direct evidence is not forthcoming in the present matter as regards to meeting of minds or collusion of the Noticee with other entities. However, I note that the trading behaviour of the Noticee makes it clear that aforesaid non-genuine trades could not have been possible without meeting of minds at some level. In this context, I deem it appropriate to refer to the judgement of the Hon'ble SAT order dated July 14, 2006, in the matter of **Ketan Parekh vs. SEBI (Appeal no. 2/2004)**, wherein the Hon'ble SAT has held that - *"The nature of transactions executed, the frequency with which such transactions are undertaken, the value of the transactions, the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn.".*

72. The Noticees submitted that there was no intention of manipulation in the scrip and all the trades executed in the scrip were purely based on commercial terms. In this regard, it is important to mention here to find out the "intention" behind commission of any manipulative/unfair/fraudulent trades/activities and the attending circumstances have to be taken into account. The Hon'be SAT in the case of **Ketan Parekh Vs. SEBI** (Appeal No. 2 of 2004), held on July 14, 2006: *"... in order to find out whether a transaction has been executed with the intention to manipulate the market or defeat its mechanism, will depend upon the intention of the parties which could be inferred from the attending circumstances of the cases, because direct evidence in such cases may not be available."*

73. In other words, the manipulative intent can only be derived from the circumstance/modus operandi used by the person and it would generally be case specific. Further, the matching of the orders could not be coincidental, therefore, it is necessary to analyse the trading pattern of the Noticees. Therefore, irrespective of the time gap between the buy order and sell order executed on screen based system I note from the facts and circumstances attending the case, that the trading pattern adopted by the Noticees confirms that such trades were not normal and wide variation in sell prices of the trades is without any basis, all indicate that the trades executed by the Noticees were not possible without meeting of minds and created manipulation of price. Further, I also find that execution of such transactions by the said Noticees did in fact increase the price of the scrip with each of such trades which is indicative of malafide intention of the said Noticees. Therefore, the contentions of the Noticee in this regard are without merits.

74. As regards the contention of the Noticees that there is no investor grievance or complaint against their trades in MFTL, I note that although there was no such investor grievance or complaint against the Noticees, the impugned sell trades executed by them in single digits is done with prior meeting of minds In this regard, I further note the following from the judgment of the Hon'ble SC in the matter of **SEBI vs Rakhi Trading Pvt Ltd** (supra):"……….According to SAT, *only if there is market impact on account of sham transactions, could there be violation of the PFUTP Regulations. We find it extremely difficult to agree with the proposition. As already noted above, SAT has missed the crucial factors affecting the market integrity, which may bedirect or indirect. The stock market is not a platform for any fraudulent or unfair trade practice. The field is open to all the investors…… Except the parties who have pre-fixed the price nobody is in the position to participate in the trade. It also has an adverse impact on the fairness, integrity and transparency of the stock market*". Therefore, I do not find any merit in the said argument of the Noticees.

75. Some of the Noticees had also contended that they have traded in miniscule quantity with a sole objective of maximizing the profit, while the total percentage of positive LTP is meagre, therefore it cannot result in price rise or impact the market. Further, they also stated that they had sold their shares when the price in the scrip had risen substantially, as any prudent investor would and also, the said transactions had taken place on the exchange mechanism through their stock broker. With regard to the same, I note that even though individually the sell trades executed were only minuscule quantity, collectively along with the other Noticees these trades were instrumental in creating a price higher than the last traded price and thus contributed to the increased scrip price with each of their trades. Thus, it is imperative to examine the intention behind execution of these trades. In relation to this, I note that out of the 166 trades that

contributed to positive LTP, the trades of the Noticees along with 12 other entities executed 158 trades and contributed to price rise by Rs. 317.45 i.e. 98.63% of market positive LTP. Also the fact that they executed the abovementioned trades in single digit or in small quantities is a clear indication of not having a bona-fide intention while selling their shares. Therefore, I find that the contention of the Noticees in this regard is without any merit.

76. The Noticees have denied being connected and being part of a group, other than being connected to their immediate family members. Further they contended that they had purchased the shares of MFTL in off-market. Therefore, it cannot be presumed or pre-supposed that they have a nexus, link or relationship with Roongta Rising Stock Pvt. Ltd. and they also stated that off-market transactions are not illegal per se. Thus, they have contended that there is no compelling evidence to prove fraud by the Noticees. With regards to the same, I note that, in the facts and circumstances brought out above, more particularly the fact that the off-market purchase and further on-market sale of shares in single digits cannot be considered as a mere coincidence i.e. in-spite of sufficient buy orders being available in the market, they only placed very small quantity of shares in each transaction which were above LTP. The aforesaid trading pattern by the Noticee does imply collusion, meeting of minds and fraudulent intent to manipulate the price of the scrip of MFTL. I am of the considered view that further on market transfers of the purchased off market shares by the Noticees, was the whole scheme of manipulating the price in the scrip. Further, unlike market transactions executed over exchange where there is anonymity of the parties to a transaction, the parties are known to each other in an off-market transaction. I note that it is an admitted fact that they have purchased shares off market from Roongta Rising Stock Pvt. Ltd. however, they have not explained the purpose behind the said purchase. Therefore, from the trading pattern of the Noticees, I conclude that the Noticees are connected to Roongta Rising Stock Pvt. Ltd. and also indulged in creation of artificial increase in the price of the scrip of MFTL, which may have wrongly influenced a large number of innocent investors in purchasing the shares of MFTL which was suspended for preceding 10 years. Therefore, I do not find merit in this argument of the Noticees.

77. Noticee No. 18 & 26 submitted that no adverse inference can be drawn that there was any collusion with regard to buying in the scrip of Mishka merely on the basis of newspaper advertisement copies. Further they also stated that there was no allegation in the SCN that the advertisement was fraudulent and no mention of Mishka was in the advertisement. Thereafter, Noticee No. 1-3 & 6 have stated that they have never issued any advertisement in the newspaper and the allegation that other Noticees have relied upon the said advertisement for purchase of shares is false and misconceived. They have submitted a copy of the police complaint filed.

Further, they stated that Mr. Maheshwari was the one who brought buyers and sellers together and RRSPL only acted as a broker to the transaction by taking payment from the buyers of the shares and made payments to the seller of the shares in the capacity of a broker and therefore no fault can be found with the same. With regard to the same, I note from the bank statement of Noticee No. 1 that the payment for 4,96,000 shares sold by promoter entities, Rs. 21,21,500 (85.54%) were made by Noticee No. 1 from its own bank account and further the promoter entities also submitted a copy of letter issued by Noticee No. 1 to accept Rs. 3,58,500 (14.46%) directly from the buyers indicating that the 42 of the Noticees either bought shares from Roongta or through Roongta and this has not been denied by Noticee No.1, therefore, I do not agree with the contention of Noticee No. 1-3 &6 that Roongta only acted as a broker to all the transactions. I also note that it is not possible for 42 different persons from different parts of the country to know about Noticee No.1 along with its correct telephone number without a newspaper advertisement. Further, I note that the mobile number mentioned in the advertisement was belonging to Bhadresh Shah, whose name was appearing as Authorized Signatory in the Contract Note cum Bill provided by the other entities. I also note that Bhadresh Shah was acting as witness on Share Transfer form for off-market transfer of aforesaid shares and the seal of roongta was afiixed as address of witness on Share transfer Form for off-market transfer of aforesaid shares, therefore, I do not find merit in the contention of the said Noticees in this regard. I note that filing of the FIR on March 17, 2018, i.e. after the initiation of SEBI of investigation, appears to be a clear afterthought on the part of the Noticee No.2. I also note that Noticee No.1 did not questioned the other Noticees when they approached it for buying the shares. On the contrary, shares were sold to the other Noticees who approached it without any suspicion of fraud. Therefore, I do not find merit in the arguments of Notice No. 18 & 26, as irrespective of whether MFTL was mentioned in the advertisement or lack of allegation in the SCN that the advertisement was fraudulent, intention behind placing the advertisement and the trading pattern of the Noticees clearly establishes fraud. Thus, I do not find any merit in the said arguments of the Noticees.

78. I note that Noticee Nos 1-3 & 6 have not denied the said charge of dealing in suspended scrip. However, as regards the allegation of issuing fake contract notes, Noticee No. 1-3 & 6 stated that BSE introduced the concept of "Contract Note Cum Bill" way back on October 24, 2002, so the Contact Notes Cum Bill issued by them cannot be fake and the contents mandated by SEBI is same across all the contract notes and acknowledgements were maintained as required which were tallied with their records by SEBI during investigation and found no discrepancy and also their statement that the contract notes were rightly issued in Form "A" of BSE wherein they acted as a broker to the transaction which clearly shows that the shares were transferred

directly from the sellers to the buyers in the RTA record and therefore the allegation that Noticee No. 1 acted as a principal is incorrect. With regards to the same, I note that a contract note briefly explains all the transactions made on a trade level, whereas the contract note cum bill describes the transactions made on an order level. Further, I note from the BSE website that the concept of contract note cum bill was introduced by BSE in the year 2004, nonetheless they are both a form of legal record of trades made by a stockbroker on a stock exchange which confirms the trade conducted on a specific day, on the client's behalf, performed on a stock exchange. I also find that in this case, since the trades were of the nature of off-market transfers, i.e. they were not executed on an exchange platform, still contract note cum bill was issued by Noticee No.1 giving the impression that the trades were executed in the exchange platform and therefore the aforesaid contract note cum bills does not have any legal sanctity/validity and is in violation of the Rules, Regulations and bye-laws of stock exchanges which are applicable to them. Therefore, I do not find merit in the said contention of the Noticee No. 1-3 & 6.

79. In view of above, I find that Noticee No. 1, 2 and 3 have violated the provisions of Regulations 3(a), (b), (c), (d) and 4(1) PFUTP Regulations, Regulation 4.6.4 of BSE Regulations, Regulation 4.5.4 of NSE Regulations, Clause 2(b) of Chapter VI and Clause 5 of Chapter X of BSE Bye-laws, Clause 8 and Clause 10 of Chapter IX of NSE Bye-laws, Regulation 6A and Regulation 7 read with Clause A (1), (2), (3), (4) & (5) and Clause C(4) of Code of Conduct for Stock Brokers specified under Schedule II of Stock Brokers Regulations and read with Regulation 9(b) and 9(f) of SEBI (Stock Brokers and Sub-brokers) (Amendment) Regulations, 2014.

<u>Issue b</u>: Does the violation, if any, attract monetary penalty under Section 15 HA, 15 HB and 15 F(a) of SEBI Act for the Noticees ?

80. I note that Hon'ble Supreme Court of India, in the matter of Chairman, **SEBI vs. Shriram Mutual Fund** *{[2006] 5 SCC 361}* held that *"In our view, the penalty is attracted as soon as contravention of the statutory obligations as contemplated by the Act is established and, therefore, the intention of the parties committing such violation becomes immaterial. ………. Hence, we are of the view that once the contravention is established, then the penalty has to follow and only the quantum of penalty is discretionary".*

81. I also note that in Appeal No. 66 of 2003 – **Milan Mahendra Securities Pvt. Ltd. Vs. SEBI** – the Hon'ble Securities Appellate Tribunal (SAT) has observed that, "*the purpose of these disclosures is to bring about transparency in the transactions and assist the Regulator to effectively monitor the transactions in the market*".

82. In the context of disclosure related violations, I observe that Hon'ble SAT has consistently held that the obligation to make disclosure within the stipulated time is a mandatory obligation and penalty is imposed for non-compliance of the mandatory obligation.

83. In view of the foregoing, I am convinced that the Noticee No. 1-3 are liable for monetary penalty under Sections 15 HA, 15 HB and 15 F(a) of the SEBI Act, 1992 for the violation of provisions of Clauses 35 and 43 of the Listing Agreement read with Section 21 of SCR Act and Noticee No.2 - 42 are thus liable for monetary penalty under Section 15HAof SEBI Act for violation of Regulations 3(a),(b),(c) and (d), 4 (1), 4(2)(a)&(e) of PFUTP Regulations. Further, I also find that Noticee No. 2 - 42, by employing the abovementioned tactics, created a false impression of trading and thus have violated Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2) (a) & 4(2) (e) of PFUTP Regulations.

84. The provisions of Sections 15 HA, 15 HB and 15 F(a) of the SEBI Act, 1992 read as under:

SEBI Act

Penalty for default in case of stock brokers.

15F. *If any person, who is registered as a stock broker under this Act,—*

(b) fails to deliver any security or fails to make payment of the amount due to the investor in the manner within the period specified in the regulations, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less

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 of twenty-five crore rupees or three times the amount of profits made out of such failure, whichever is higher.*

Penalty for contravention where no separate penalty has been provided.

***15HB.** Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which may extend to one crore rupees.*

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

85. While determining the quantum of penalty under Sections 15 HA, 15 HB and 15 F(a) of the SEBI Act, it is important to consider the factors relevantly as stipulated in Section 15J of the SEBI Act which reads as under: -.

SEBI Act
Factors to be taken into account by the adjudicating officer.

Section 15J – While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely: -

a) *the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*

b) *the amount of loss caused to an investor or group of investors as a result of the default;*

c) *the repetitive nature of the default.*

86. In this case, from the material available on record, any quantifiable gain or unfair advantage accrued to the Noticees or the extent of loss suffered by the investors as a result of the aforesaid violations by the Noticees is not available. Further, material available on record does not show that the said failure is repetitive. However, I note that, as the regulator of the capital markets, SEBI has the vowed duty to safeguard the interests of investors and protect the integrity of the securities market. The acts of devising a scheme to manipulate the price increasing the price of scrip and benefitting by selling shares at an inflated price in the market has potential to mislead and induce gullible and genuine investors to trade in the scrip and harm them and thus, the fundamental tenets of market integrity get violated with impunity due to such fraudulent acts. The modus operandi adopted by the Noticees is detrimental to the smooth functioning of the securities market, and hence, deserve to be viewed seriously.

ORDER

87. Having considered all these 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 the following penalties on the Noticees, for the violations as specified in this order:

S. No.	Name of the Noticee	Penal provision	Penalty amount (Rs.)
1	Roongta Rising Stock Pvt. Ltd	1. Under Sections 15 HA, 15 HB and 15 F(a) of the SEBI Act for Noticee No. 1-3	**₹ 20,00,000/- (Rupees Twenty Lakhs Only)** to be paid jointly and severally by Noticee No. 1-3 for the violation of Regulations 3(a), (b), (c), (d) and 4(1) of PFUTP Regulations, Regulation 4.6.4 of BSE Regulations, Regulation 4.5.4 of NSE Regulations, Clause 2(b) of Chapter VI and Clause 5 of Chapter X of BSE Bye-laws, Clause 8 and Clause 10 of Chapter IX of NSE Bye-laws, Regulation 6A and Regulation 7 r/w Clause A (1), (2), (3), (4) & (5) and Clause C (4) of code of conduct for stock brokers specified under Schedule II of Stock Brokers Regulations r/w Regulation 9(b) and 9(f) of SEBI (Stock Brokers and Sub-brokers) (Amendment) Regulations, 2014
2	Anil Satyanarayan Roongta		
3	Sudha Anil Roongta		
4	Pawan Darak		
5	Megha Ravi Wattamwar		
6	A. K. Roongta HUF- Karta Anil Satyanarayan Roongta		
7	Vijay Kumar Soni HUF		
8	Ritu S Saraf		
9	Kanta Balkishan Jaju		
10	Ravi B Wattamwar HUF		
11	Sunita Toshniwal		
12	Sanjay Ambadas Joshi		
13	Vinita Sanjay Joshi		
14	Kiran Narayanprasad Toshniwal		
15	Tejal Piyush Mehta		
16	Sainik Kumar Jain		
17	Sorabh Kumar Poddar		
18	Rupesh Poddar		
19	Hemraj Raneja		
20	Tushar Ashok Thakur		
21	Sunayana Jain		
22	Kiritkumar Ramniklal Mehta		
23	Anand Raneja		
24	Mansi Manoj Rane		
25	Vikram Navinchanra Shah		
26	Parul Poddar		
27	Ketan Jumakhlal Mehta		
28	Usha Rakeshkumar Dixit		
29	Sandeep V Saraf	2. Under Section 15 HA of the SEBI Act for Noticee No. 2 - 42	**₹ 50,000/- (Rupees Fifty Thousand Only)** each on Noticee No. 2-42, under Section 15 HA of the SEBI Act, for the violation of Regulation 3(a), (b), (c), (d) and
30	Neha Narayan Toshniwal		
31	Manish Kumar Bhati		
32	Savita Soni		
33	Priyanka Pramod Mhapsekar		
34	Tejas Gala		
35	Mukesh Kumar		

36	Kavita Raneja		Regulation 4(1), 4(2) (a) & 4(2) (e) of PFUTP Regulations.
37	Ashish Ishwarlal Shah		
38	Omprakash Sharma		
39	Asifatanveer M Shaikh		
40	Chandravati M Shah		
41	Manharlal N Shah		
42	Nikunj S Agarwal		
		TOTAL	₹ **40, 50, 000**/- (**Rupees Forty Lakhs and Fifty Thousand Only**)

88. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favor of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, OR 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

89. The said demand draft or forwarding details and confirmations of e-payments made (in the format as given in table below) should be forwarded to "The Division Chief, Enforcement Department (EFD1 – DRA II), Securities and Exchange Board of India, SEBI Bhavan, Plot No. C –4 A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai –400 051."

1. Case Name:	
2. Name of payee:	
3. Date of payment:	
4. Amount paid:	
5. Transaction no.:	
6. Bank details in which payment is made:	
7. Payment is made for : (like penalties/ disgorgement/ recovery/ settlement amount etc.)	

90. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this order, consequential proceedings including, but not limited to, Recovery Proceedings may be initiated under Section 28A of the SEBI Act, for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

91. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticees and also to the Securities and Exchange Board of India.

Date: July 29, 2022 **G. Ramar**

Place: Mumbai **Adjudicating Officer**