BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO: ORDER/SBM/VS/2022-23/17238

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

In respect of:

Mr. Nishil Surendrabhai Marfatia
(PAN No.: ADWPM9452H)
15, Spring Valley, Beside Ajit Nagar Society,
Near Urmi Crossing Road, Akota,
Vadodra, Gujarat-390020

In the matter of
Veronica Production Limited

FACTS OF THE CASE

1. Based on an examination report received from Bombay Stock Exchange ('**BSE**') in the scrip of Veronica Production Limited (formerly known as Jagran Productions Ltd. and hereinafter referred to as '**VPL**') by Securities and Exchange Board of India (hereinafter referred to as '**SEBI**'), a preliminary examination was conducted in the matter by Integrated Surveillance Department ('**ISD**'), SEBI. Thereafter, based on the observations of the preliminary examination, SEBI had conducted investigation into the trading/dealings in the scrip of VPL for the period January 01, 2017 to February 28, 2017 (hereinafter referred to as '**investigation period**'). Pursuant to the investigation, it was alleged that Mr. Nishil Surendrabhai Marfatia (hereinafter referred to as '**Noticee'**), the director of M/s. Marfatia Stockbroking Pvt. Ltd. (hereinafter referred to as '**MSPL**'), a stock broker of BSE, had created a misleading appearance of trading in the scrip of VPL by placing large sell orders in his name through MSPL and subsequently deleting the same and thereby allegedly creating a misleading appearance of trading in the scrip of VPL during the investigation period. It is therefore alleged that Noticee as a result of his trading in the scrip has violated the provisions of Sections 12A (a), (b), (c) of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **'SEBI Act'**) and Regulations 3 (a), (b), (c), (d) and 4(1) of SEBI (Prohibition of Fraudulent and Unfair Trade

Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as **'PFUTP Regulations'**). In view of the above, Adjudication Proceedings were initiated against the Noticee under section 15HA of the SEBI Act.

APPOINTMENT OF ADJUDICATING OFFICER

2. Ms Anitha Anoop was appointed as the Adjudicating Officer ('**AO**') in the matter vide *communique* dated March 11, 2020. Pursuant to the transfer of Ms. Anitha Anoop to another department of SEBI, the undersigned was appointed as the AO in the matter, vide *communique* dated November 03, 2020, under the provisions of section 19 read with section 15-I of the SEBI Act read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') to inquire into and adjudge under the provisions of section 15HA of the SEBI Act the aforementioned alleged violation of the provisions of law by the Noticee.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. Show Cause Notice ref. SEBI/EAD-1/AA-ASR/11972/2020 dated July 20, 2020 (hereinafter referred to as '**SCN**') was issued to the Noticee in terms of rule 4 of the Adjudication Rules requiring the Noticee to show cause as to why an inquiry should not be held against the Noticee and why penalty, if any, should not be imposed on him under the provisions of section 15HA of the SEBI Act. The SCN issued to the Noticee, *inter alia*, mentioned/alleged the following-
   a. *It is observed that a stock tip stating "for Long term buy JAGPR0531695 Holding minimum 6 months, Buy in bulk" was published on January 02, 2017 through the website "stocktips.net.in". It was later verified from the internet domain registry who is lookup on September 17, 2018 that the website was not in existence as on date and the domain was not renewed.*
   b. *It is observed that there was huge increase in the trading volume of the scrip of VPL immediately after the alleged stock recommendation appeared on the website. The increase in volume might partially be attributed to the said stock recommendation on a website viz. www.stocktips.net.in.*
   c. *The top ten net sellers sold 1,73,98,929 shares (32.14%) of VPL during the period i.e. January 01, 2017 to February 28, 2017 (hereinafter referred to as 'investigation period'). During the investigation period, the price of the scrip opened at Rs. 0.15, reached a high of Rs. 0.24 on February 16, 2017 and closed at Rs. 0.19 on February 28, 2017. The scrip of VPL is listed on the Bombay Stock Exchange (BSE).*
   d. *It is observed that during the investigation period, the noticee had placed large sell orders (order size larger than 10 lakh shares) and then deleted those orders either immediately or by end of the day. As the scrip of VPL was an illiquid scrip, it is alleged that the Noticee was placing such large orders and subsequently deleting it with the intention of misleading the investors about the market depth in the scrip by adding*

significantly to the pending orders in the scrip. Thus, it is alleged that the order book did not reflect the true picture of the market, due to the aforesaid activity of the noticee. It is suspected that such pattern of order placement by the noticee would have caused the common investors to respond to the changes in the order book randomly and incorrectly, thereby suffering losses.

e. *The noticee was the director of the stock broker, Marfatia Stockbroking Pvt Ltd (hereinafter referred to as 'MSPL') and it placed its sell orders in the scrip of VPL through MSPL only. It is observed that during the investigation period, the noticee had placed and subsequently deleted six large sell orders. It is noted that there was not much trading in the scrip of VPL, immediately prior to the investigation period.*

f. *It is observed that the noticee placed six sell orders for a total quantity of 2,50,00,000 shares on two days viz. January 04, 2017 and January 09, 2017 and deleted all these orders of 2,50,00,000 shares immediately after placing the sell orders. Other than the said two dates, the noticee is not observed to have place any other buy/sell orders on any other day during the investigation period. The details of the orders placed and deleted by the noticee extracted from the order log of BSE is at Annexure-2.*

g. *SEBI issued a letter dated November 21, 2019 and summons dated December 10, 2019 to the noticee, advising him to provide clarification behind placing such large sell orders and deleting them immediately. In response to the said letter and summons, the noticee submitted his reply vide letter dated November 27, 2019 and December 16, 2019. The submissions made by the noticee are as follows:*
   - *The entity is not holding shares of VPL during the investigation period.*
   - *The reasons for placing the sell orders and deleting the sell orders is due to typographical error of dealer while placing actual code for placing order was NN212(Vora Pranavprafulchandra) in which 7,09,000 shares were lying.*
   - *The client approach to dealer to place sell order of 4,50,000 shares but due to typographical error he put sell order of 45,00,000 shares by mistake in the name of Nishil Marfatia account due to mapin of the UCC of Nishil Marfatia in same terminal id, as soon as he came to know the mistake he has deleted the order and again put the order but same error occurs so he contacted the client and as per instruction of client he had deleted the order.*
   - *This error has occurred repeatedly by the dealer on two days because on his keyboard the key "0" (zero) was not working properly and so while putting the order for the quantity he by mistake had put additional zero and so the quantity increased by this amount and as soon as he came to know he cancelled the order.*
   - *It does not have any relationship/connections with the company viz M/S Veronica Productions Ltd or with its Promoters/ Directors.*

h. *In order to corroborate the explanation submitted by the noticee, the order log obtained from BSE was examined and following is observed:*

- *The terminal ID used for placing the said orders was not the same in all the case. The orders were placed from three terminals (201, 202 and 203) of the same broker viz. MSPL.*
- *Further there was no such order either in the order log or in the trade log in the name of Vora Pranav prafulchandra, as claimed by the noticee in its submissions.*

i. *Therefore, it is observed that the noticee had placed large sell orders in the illiquid scrip of VPL and subsequently deleted such orders, allegedly, to mislead the investors about the market depth in the scrip of VPL by adding significantly to the order book of the scrip. The order book, thus, did not reflect the true picture of the demand and supply of the scrip of VPL, allegedly, inducing common investors to respond to the changes in the order book randomly and incorrectly, thereby suffering possible losses.*

j. *In view of above, it is alleged that the noticee created a misleading appearance of pending orders in the scrip by placing large sell orders and subsequently deleting the same, thereby violating the provisions of sections 12 A (a), (b), (c) of the SEBI Act read with Regulations 3 (a), (b), (c), (d) and 4(1) of the PFUTP Regulations.*

4. The SCN was duly served upon the Noticee as per communication available on record. The Noticee vide his email dated August 11, 2020 requested for copies of certain documents in relation to the instant proceedings. SEBI vide email dated October 01, 2020 informed the Noticee that all the documents relied upon in the SCN dated July 20, 2020 were already provided to him as annexures to the SCN. Vide the said email dated October 01, 2020, Noticee was also advised to submit his reply to the SCN by October 20, 2020. In the interest of natural justice, an opportunity of personal hearing was provided to Noticee on October 27, 2020 and same was deferred due to official exigencies of the then AO.

5. Thereafter, pursuant to the transfer of the erstwhile AO, vide email dated November 09, 2020, Noticee was informed about the transfer of the then AO to other department and subsequent appointment of the undersigned as AO in the matter. In view of the same, the Noticee was provided with additional time to file reply to the SCN i.e. by November 30, 2020. Subsequently, vide letter dated November 18, 2020, Noticee was advised to appear for personal hearing before the undersigned on December 07, 2020. On schedule date of hearing i.e. December 07, 2020, Ms. Varada Prasad Bhide appeared as Authorized Representative (AR) on behalf of the Noticee and made oral submissions. During the course of hearing, the Noticee was advised to submit written submission by December 15, 2020. The AR on behalf of the Noticee requested for copy of the relevant extracts of the order log of the trades executed by the Noticee. In this regard, the AR was provided with the hard copy of the relevant extract of the order log with time/date of the orders placed in the scrip.

Thereafter, the Noticee vide his email dated December 12, 2020 made his submissions to the SCN and inter alia stated as follows:

a. *SEBI has wrongly treated his deleted order as 'dealing', further, the unexecuted orders do not amount to dealing.*
b. *The Noticee has deleted all his orders immediately.*
c. *Improper price volume analysis done by SEBI. No impact of any of his orders is evident on any prevailing market condition or the investors.*
d. *There is no correlation between his deleted orders and the price/volume of the scrip being manipulated.*
e. *It is normal for a jobber and a trader with such high volume (in crores) of trades to place such orders and withdraw them and commit unintentional error, if any.*
f. *The Noticee requested inspection of certain documents including investigation report pertaining to the matter.*

6. Subsequently, in the interest of natural justice, another opportunity of personal hearing was granted to the Noticee on April 28, 2022. Noticee vide his email dated April 26, 2022 requested for adjournment of the hearing to another date. Thereafter, the hearing was adjourned to May 12, 2022. On scheduled date of hearing i.e. May 12, 2022, Mr. Ravi Ramaiya appeared as the Authorized Representative (AR) on behalf of the Noticee and reiterated the submission made by him in his reply to the SCN dated December 12, 2020. During the hearing, AR made a request for filing further written submission in the matter post-hearing. The Noticee/AR made further submissions in the matter vide email dated May 19, 2022 and mentioned the following:

a. *The call in SMS based on which the entire investigation was initiated was a buy call SMS to enable the perpetrator of fraud to exit from the stock by making gullible investors to place buy orders.*
b. *Had the Noticee placed large orders to buy shares and deleted them, other investors would have got a wrong impression that there are large number of buyers and as a result they would have also flocked to buy the shares.*
c. *In the current case the orders of the Noticee were sell orders.*
d. *Sell orders will reflect selling pressure so any investor who even thinks of buying will refrain looking at sell pressure and will anticipate that the price will fall.*
e. *There was absolutely no impact because of the placement of order by the Noticee and deletion thereof.*
f. *The Noticee reiterates that these were placed erroneously by a less experienced dealer who used to primarily execute trades for the Noticee and therefore punched the code of the Noticee while placing orders.*
g. *The fact that the orders were erroneously placed is also buttressed by the subsequent actions of immediate deletion of the orders and it been the intention of the Noticee to create any kind of impression in the*

markets, the Noticee would have allowed the orders to remain in the market for longer period of time and would not have deleted them in few seconds or 4 minutes as in the current case.

ISSUES FOR CONSIDERATION AND FINDINGS

7. I have carefully perused the allegations levelled against the Noticee in the SCN and also the replies of the Noticee. I have also perused the investigation report along with the enclosures to the said report. Before moving forward, the relevant provisions of law allegedly violated by the Noticee and as mentioned in the SCN are mentioned as under:

SEBI Act

12A.No person shall directly or indirectly—

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

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

(c)engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

PFUTP Regulations

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.

8. In the context of present matter, I note that the stock tips *"for Long term buy JAGPR0531695 Holding minimum 6 months, Buy in bulk"* was given on January 02, 2017 through the website "stocktips.net.in". Pursuant to the tip on the website, it was observed that there was huge increase in the trading volume immediately after the alleged stock recommendation appeared on the said website.

9. The allegation levelled against the Noticee is that he has placed 6 sell orders in the scrip of VPL for a total quantity of 2,50,00,000 shares on two trading days viz. January 04, 2017 and January 09, 2017 and deleted all the sell orders of 2,50,00,000 shares i.e. 100% orders have been deleted immediately after placing the sell orders and thus, it has been alleged that Noticee has created a misleading appearance of trading in the scrip and consequently violated the provisions of SEBI Act and PFUTP Regulations. The Noticee has claimed that the said sell orders which were placed and immediately deleted had occurred due to typographical error of his dealer while placing order, wherein his client (Vora Pranavprafulchandra) approached the Noticee's dealer to place sell order of 4,50,000 shares of VPL but due to typographical error, the dealer had punched sell order of 45,00,000 shares by mistake in the name of Noticee's account due to mapin of the UCC of Noticee mapped in the same terminal id. Thereafter, Noticee stated that as soon as his dealer came to know of the mistake, he immediately deleted the sell order and again put the order but the same error occurred again. Thereafter, Noticee stated that his dealer contacted the client and as per the instruction of the client, he had deleted the order. However, it is observed from the SCN and also the findings of the investigation report that, contrary to the claim of the Noticee that the said orders were placed by mistake in his account instead of Vora Pranavprafulchandra, the investigation report/SCN has confirmed that there was no such order either in the order log or in the trade log in the name of Vora Pranavprafulchandra. Therefore, it indicates that Noticee has coined a fabricated version w.r.t. the huge sell orders placed in his account in the scrip of VPL and deleting such orders immediately by falsely dragging the name of Vora Pranavprafulchandra.

10. It was further submitted by the Noticee that the said error had occurred repeatedly on two days, as aforesaid, as a result of the Noticee's dealer and his keyboard in the system not functioning properly. It was stated by the Noticee that in his dealer's keyboard, the key "0" (zero) was not functioning properly and therefore while putting the orders for the quantity, he had by mistake put additional zero and therefore the quantity increased by this amount. Noticee mentioned that as soon as his dealer came to know of the mistake, he cancelled the order immediately. In this context, I find from the observations/allegations made in the SCN/investigation report that the order log obtained from BSE for the said two days (wherein the huge sell orders in VPL were placed and deleted) were analyzed and it was observed that the dealer of the Noticee had used three terminal ID viz. 201, 202 and 203 for addition/modification/deletion of said impugned sell orders in the scrip of VPL. The Noticee had placed two sell orders of 45,00,000 shares each on January 04, 2017 from terminal ID 202 (at 12:37:21 hrs) and 203 (at 12:37:27 hrs) and thereafter on 12:37:41 hrs, and within difference of milliseconds, both the sell orders were deleted. Thereafter, the Noticee placed four sell orders of 40,00,000 shares each on January 09, 2017 from terminal ID 201 (at 10:22:58 hrs), 202 (at 10:22:58 hrs) and 203 (at 10:22:27 hrs & 10:22:33hrs) and on terminal ID 201 (at 10:24:16 hrs) & on terminal IDs 202 & 203 (at 10:26:36 hrs) and within time gap of milliseconds these orders were deleted. It cannot be a mere coincidence that the key "0" (zero) on the keyboard of the broker (terminal) was not working properly on both the terminals viz. 202 & 203 on January 04, 2017 and on terminals viz 201, 202, 203 on January 09, 2017 i.e the error if at any cannot happen across multiple terminals and on different dates at the same time. Further, the benefit of doubt in respect of Noticee's contention that the key "0" not working properly on January 04, 2017 and January 09, 2017 can be extended to the Noticee only once w.r.t. one terminal and not for orders executed through other terminals. However, in the instant matter, the sell trades were entered and deleted by the Noticee from three different terminals on two different dates, which does not support the claim /contentions of the Noticee.

11. The Noticee also submitted that during the investigation period, volumes in the scrip could be due to jobbing opportunities wherein the volume in his account was in thousands of crores. He used to buy and sell various scrips in huge quantity and square of the transactions at a lower price with even difference of 2 paise to 5 paise. For this, Noticee has contended that he used to continuously place, modify and delete the orders and in such haste and therefore such errors are obvious and not intentional. In this regard, I note that the jobbing is an activity where the broker continuously places buy/sell orders to check the trend of the market, whereas, in the context of the impugned transactions in VPL, it is evident from the investigation report/SCN/reply/order log analysis of the Noticee that no such trades in the nature of jobbing activity were placed by the Noticee. It is observed

from the SCN/investigation report that on January 09, 2017, Noticee had executed a total of nine sell orders i.e. four addition order (three sell orders of 40,00,000 shares each and one sell order of 4,00,000 share which was later on modified to 40,00,000), one update/modified sell order of 40,00,000 shares and four deletion of sell orders of 40,00,000 shares each. It cannot be a mere coincidence that on January 9, 2017, Noticee had placed first three sell orders of 40,00,000 shares from terminal IDs 202 and 203, and thereafter, placed a sell order of 4,00,000 shares from terminal ID 201 and within six seconds, Noticee updated/modified the said sell order of 4,00,000 shares to 40,00,000 shares. The aforesaid intention of the Noticee to modify the sell order which was initially placed for 4,00,000 shares to 40,00,000 shares only shows that Noticee had not placed these orders with bonafide intention and further, clearly these orders were not placed and deleted due to error/mistake, as claimed by the Noticee. In view of the above, the submission of the Noticee with respect to the orders placed in VPL as a result of jobbing transactions is not acceptable.

12. Further, it is observed from the SCN/investigation report that the scrip of VPL was an illiquid scrip at the relevant time. The scrip of the VPL was traded in the range of ₹0.18/- & ₹0.20/- on January 04, 2017 and January 09, 2017, respectively, at the relevant time when sell orders were added, updated and deleted. It is observed from the reply of the Noticee that, on January 04, 2017, no trade had taken place between the placement of order and deletion of order by the Noticee, however, on January 09, 2017, four trades for a total amounting to trade value of ₹3,600/- took place between the placement of order and the deletion of order by the Noticee.

13. It is observed that, during the investigation period, the Noticee had placed large sell orders in VPL (order size of more than 10 lakh shares) and then deleted these orders immediately. As the scrip of VPL was an illiquid scrip, the conduct of the Noticee by placing such large sell orders and subsequently deleting it was with intentions to mislead the investors about the market depth in the scrip by adding significantly to the pending orders in the scrip. It is noted that the order book of VPL did not reflect the true picture of the market, due to the aforesaid activity of the Noticee. Such trading pattern employed by the Noticee of placing huge sell orders and deleting the same immediately can have a misleading effect on the investors and can cause common investors to respond to the changes in the order book randomly and incorrectly, and thereby incurring losses. The order book, thus, did not reflect the true picture of the demand and supply of the scrip of VPL and could have induced the common investors to respond to the changes in the order book randomly and incorrectly.

14. In view of the above, I am inclined to hold that the conduct of the Noticee by placing large sell orders and deleting it immediately i.e. within seconds/minutes in an illiquid scrip, was to mislead the

investors about the market depth in the scrip by adding significantly to the liquidity displayed in the scrip. As already stated, the order book did not reflect the true picture of the market. Further, such order pattern would have caused the common investors to respond to the changes in the order book randomly and incorrectly, thereby suffering losses.

15. Therefore, from the foregoing paragraphs and the observations/findings contained therein, I hold that the Noticee has violated the provisions of Sections 12 A (a), (b), (c) of the SEBI Act read with Regulations 3 (a), (b), (c), (d) and 4(1) of the PFUTP Regulations. In view of the same, Noticee is liable for monetary penalty under the provisions of section 15HA of the SEBI Act, which reads as under: -

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

16. For the purpose of adjudging the quantum of the penalty, it is relevant to mention that under section 15I of the SEBI Act, imposition of penalty is linked to the subjective satisfaction of the Adjudicating Officer. The guidelines in this regard are provided by the legislature in section 15J of the SEBI Act. As per the explanation appended to section 15J, vide Part VIII of Chapter VI of the Finance Act, 2017, which was brought after the Judgment of the Hon'ble Supreme Court in the case of Roofit Industries, while adjudging the quantum of penalty, the adjudicating officer has discretion and such discretion should be exercised having due regard to the factors specified in section 15J of the SEBI Act, which reads as under: -

    15J. *While adjudging the 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 result of the default;
    b) the amount of loss caused to an investor or group of investors as a result of the default;
    c) the repetitive nature of the default.
    Explanation. —For the removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section."

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

18. Clearly, from the above observations, the stock tips *"for Long term buy JAGPR0531695 Holding minimum 6 months, Buy in bulk"* was given on January 02, 2017 through the website "stocktips.net.in". Pursuant to the tip on website, there was huge increase in the trading volume immediately after the alleged stock recommendation appeared on the said website. The conduct of the Noticee by placing/modifying the huge sell orders in the scrip of VPL on January 04, 2017 and January 09, 2017 and later on, immediately deleting the orders within time gap of range from 13 seconds to 4 minutes demonstrates the repetitive nature of the default of the Noticee in misleading the investors about the market depth in the scrip by adding significantly to the liquidity displayed in the scrip and in order book. In the facts and circumstances of the present proceeding, the following observations are relevant and merit consideration

    a. The Noticee has placed large sell orders in the illiquid scrip of VPL on two separate trade dates i.e January 4, 2017 and January 09, 2017. These trades were executed through different terminal IDs of the stock broker. It is noted that Noticee placed six sell orders for a total quantity of 2,50,00,000 shares on the two days as aforesaid and also deleted all these orders i.e 2,50,00,000 shares immediately after placing these sell orders.

    b. The order book did not show the kind of demand in the scrip on these days and also that Noticee did not have the commensurate shares when he placed these sell orders.

    c. Other than the said two dates, it is observed that Noticee had not placed any other buy/sell orders in VPL on any other day during the investigation period.

    d. The Noticee had placed large sell orders in VPL and deleted the same immediately to mislead the investors about the market depth in the scrip of VPL by adding significantly to the order book of VPL. The Order book, thus, did not reflect the true picture of the demand and supply in the scrip of VPL during the investigation period. As a result, the common investors are induced to respond to the incorrect picture that is reflected in the order book.

e. The various contentions of the Noticee that these orders were placed and deleted by his dealer due to keyboard error/malfunctioning, typo error etc. is without any merit as the aforementioned orders were placed on two different dates and from different terminals.

f. It is pertinently noted that on January 09, 2017, Noticee initially placed a sell order of 4,00,000 in VPL which the Noticee immediately modified to 40,00,000 shares (to make all the four sell orders on the said date as 40,00,000 shares). The very fact that Noticee modified the placement of the initial sell order which was placed for 4 lakh shares to 40 lakh shares immediately shows that the Noticee did not have any bonafide intentions behind these orders and adds to the fact that these orders were placed and deleted with other ulterior intentions.

g. The Noticee is also the director of the broking firm i.e. MSPL and the impugned orders were placed through the terminals of MSPL. As a director of the broking firm, Noticee is fully aware of the fact that such practices have the potential to induce/mislead the common investors. Further, Noticee as the director of MSPL is expected to exercise his role with prudence and responsibility.

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

ORDER

20. Therefore, after taking into consideration the nature and gravity of the violation committed by the Noticee, the facts and circumstances of the case, the material available on record, the submissions made by the Noticee and also the factors mentioned in the preceding paragraphs, I, in exercise of the powers conferred upon me under section 15 I of the SEBI Act read with rule 5 of the Adjudication Rules, hereby impose monetary penalty of ₹5,00,000/- (Rupees Five Lakh only) upon the Noticee viz. Mr. Nishil Surendrabhai Marfatia under the provisions of section 15HA of the SEBI Act for his violations of the provisions of sections 12 A (a), (b) and (c) of the SEBI Act and Regulations 3 (a), (b), (c), (d) and 4 (1) of the PFUTP Regulations. I am of the view that the said penalty is commensurate with the violation committed by the Noticee in this case.

21. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order by following the path at SEBI website www.sebi.gov.in, ENFORCEMENT > Orders > Orders of AO > PAY NOW; OR by using the web link https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html. In case of any difficulties in payment of penalties, the Noticee may contact the support at portalhelp@sebi.gov.in.

22. The details and confirmation of e-payment made in the format as given in table below shall be sent to *"The Division Chief, EFD-DRA-1, Securities and Exchange Board of India, SEBI Bhavan, Plot No. C- 4 A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051."* and also to e-mail id:- tad@sebi.gov.in

1	Case Name	
2	Name of the Payee	
3	Date of Payment	
4	Amount Paid	
5	Transaction No.	
6	Bank Details in which payment is made	
7	Payment is made for (like penalties/disgorgement / recovery/ settlement amount and legal charges along with order details)	

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

24. In terms of rule 6 of the Adjudication Rules, copies of this order are sent to the Noticee viz. Mr. Nishil Surendrabhai Marfatia and also to Securities and Exchange Board of India.

Date: June 27, 2022
Place: Mumbai

SURESH B MENON
ADJUDICATING OFFICER