BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/VV/AK/2022-23/16274-16282]

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

In respect of

1. **Aventis Biofeeds Pvt. Ltd. (PAN: AAECA0863E)**
2. **Navinya Multitrade Pvt. Ltd. (PAN: AACCN9662J)**
3. **Uni24 TechnoSolutions Pvt. Ltd. (PAN: AABCU2171N)**
4. **Sunmate Trade Pvt. Ltd. (PAN: AAOCS9796A)**
5. **Shreyans Credit and Capital Pvt. Ltd. (PAN: AAMCS7878M)**
6. **Betul Oils and Feeds Pvt. Ltd. (PAN: AACCB8638E)**
7. **Betul Minerals and Constructions Pvt. Ltd. (PAN: AADCB7050M)**
8. **Vision Millennium Exports Pvt. Ltd. (PAN: AAACV6970B)**
9. **Moebius Credit and Capital Pvt. Ltd. (PAN: AAHCM4176D)**

In the matter of Ruchi Soya Industries Limited

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') conducted an investigation into the dealings in the shares and futures of Ruchi Soya Industries Limited at NSE (hereinafter, also referred to as "Scrip") for period September 27, 2012 during 15:00 hrs to 15:30 hrs (hereinafter, also referred to as "investigation period").

2. Price-volume movement in the scrip on September 27, 2012 is depicted below:

Chart – Price Volume Movement (Source: NSE Trade Log)

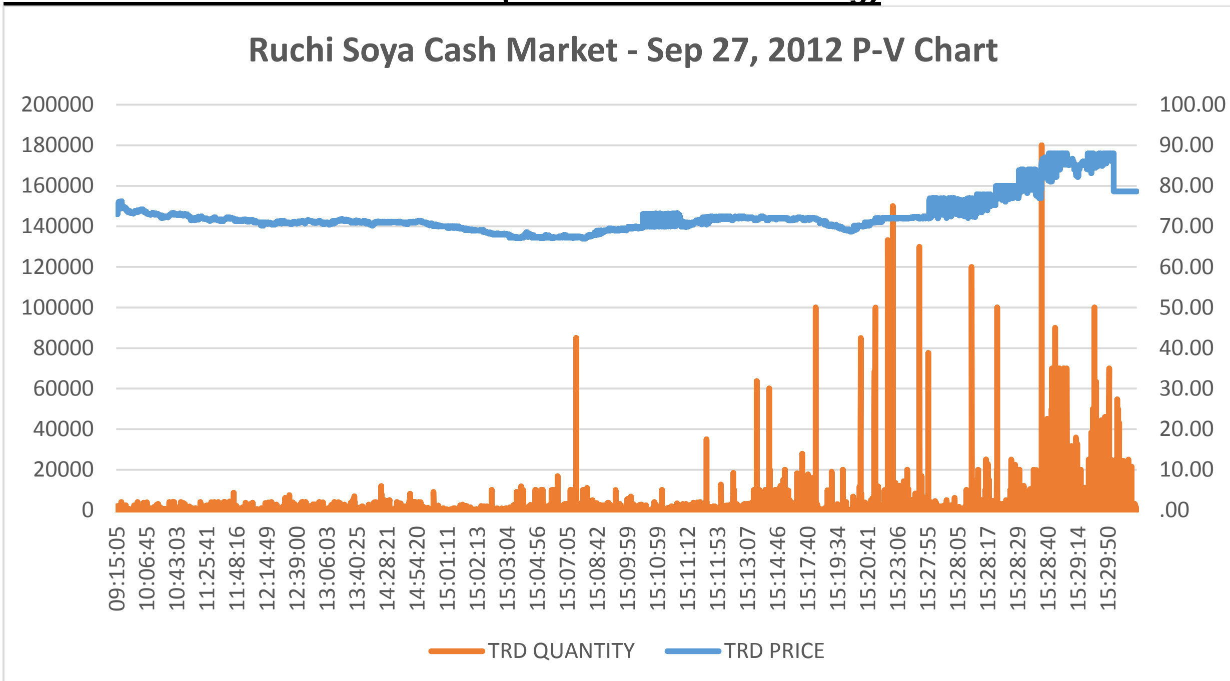

Table – Price Movement of Ruchi Soya at NSE Cash Mkt - Sep 27, 2012 (Source: NSE Trade Log)

Exchange: NSE	**Open (Rs.)**	**High (Rs.)**	**Low (Rs.)**	**Close/LTP (Rs.)**	**Volume (% to total Vol.)**	**No. of trades (% to total trades)**
9:00:00 to 14:59:56	73.80	76.20	70.20	70.65	15,42,606 (9.77)	6,327 (30.4)
15:00:00 to 15:30:00	70.65	88.00	67.05	87.40	1,32,72,015 (84.04)	14,003 (67.3)
15:40:00 to 15:59:59	78.65				9,77,482 (6.19)	468 (2.3)
				TOTAL	1,57,92,103	20,798

Table – Hourly Price Movement of Ruchi Soya at NSE Cash Mkt - Sep 27, 2012 (Source: NSE Trade Log)

Time	09:15:05	10:00:00	11:00:00	12:00:00	13:00:00	14:00:00	15:00:00	15:30:00
LTP (in Rs)	73.80	74.10	72.80	71.70	71.35	71	70.65	87.40

Table – Price Trend from 15:00:00 to 15:30:00 hrs of Ruchi Soya at NSE Cash Mkt - Sep 27, 2012 (Source: NSE Trade Log)

Time	15:00:00	15:05:00	15:10:00	15:15:00	15:20:00	15:25:00	15:30:00
LTP (in Rs)	70.65	67.30	69.50	72	70	72	87.40

3. It was observed that the scrip price rose marginally to Rs. 74.10 at 10:00:00 hrs and fell thereafter to reach Rs. 70.65 at 15:00:00 hrs. During the last half an hour, the price continued to fall from Rs. 70.65 at 15:00:00 hrs to reach Rs. 69.50 at 15:10:00 hrs but increased marginally to reach Rs. 72 at 15:25:00 hrs. Thereafter, the price increased drastically (21.4% increase in 5 minutes) to reach Rs. 87.40 at 15:30:00 hrs. The Last Traded Price (hereinafter, referred to as "LTP") of the scrip at the end of 15:30:00 was Rs. 87.40. However, the settlement price of the futures contracts (calculated based on volume weighted average traded price during 15:00:00 hrs to 15:30:00 hrs) was Rs.78.65. A total of 1,32,72,015 shares were traded during last half an hour on Sep 27, 2012 which was 84.04% of the market traded volume of the day on Sep 27, 2012.

4. SEBI identified a group of 9 entities namely Aventis Biofeeds Private Limited (‘**Aventis / Noticee 1’**), Navinya Multitrade Private Limited (‘**Navinya / Noticee 2’**), Uni24 TechnoSolutions Private Limited (‘**Uni24 / Noticee 3’**), Sunmate Trade Private Limited (‘**Sunmate / Noticee 4’**), Shreyans Credit and Capital Private Limited (‘**Shreyans / Noticee 5’**), Betul Oils and Feeds Private Limited (‘**Betul Oils / Noticee 6’**), Betul Minerals and Constructions Private Limited (‘**Betul Minerals / Noticee 7’**), Vision Millennium Exports Private Limited (‘**Vision / Noticee 8’**) and Moebius Credit and Capital Private Limited (‘**Moebius / Noticee 9’**), who traded in the scrip of Ruchi soya Industries Ltd and manipulated the price of the scrip. The said entities are hereinafter collectively referred to as ‘**Noticees**’. It was noted that the Noticees were connected to each other based on common address, common telephone number, common directorships and fund transfers.

5. It was observed that 7 group entities (Noticee Nos. 1 to 7) were holding long positions in the scrip of Ruchi Soya futures expiring on September 27, 2012. Noticee 8 was holding short positions in the scrip of Ruchi Soya futures expiring on September 27, 2012, while Noticee 9 did not hold any position in the scrip of Ruchi Soya futures expiring on September 27, 2012.

6. Noticee 6 and Noticee 7 did not trade in the NSE cash market during 15:00:00 hrs to 15:30:00 hrs on September 27, 2012. Noticee 6 traded in the NSE cash market on September 27, 2012 before 15:00 hrs. The remaining seven entities, namely, Noticee Nos. 1, 2, 3, 4, 5, 8 and 9 fraudulently traded and contributed to price rise in the scrip of Ruchi Soya during last 30 minutes of trading at NSE on September 27, 2012.

7. SEBI observed that the Noticees traded heavily on September 27, 2012 mainly during 15:00 hrs to 15:30 hrs, which is taken for consideration of the calculation of the settlement price of the futures contracts. Through this manipulation, the Noticees managed to artificially establish higher settlement price in the futures of Ruchi Soya on September 27, 2012, which finally closed at Rs. 78.65. The aforesaid scheme of "marking the close" devised by the Noticees enabled Noticee Nos. 1 to 7, who were holding long positions in the Ruchi Soya futures on September 27, 2012, to reduce their losses arising out of their long positions.

8. In view of the above, SEBI observed that Noticee Nos. 1 to 7 had influenced the price of the Ruchi Soya scrip in the cash market to benefit from the long positions in the futures market and therefore had violated the provisions of Section 12 A (a), (b) & (c) of the SEBI Act, 1992 (hereinafter referred to as '**SEBI Act'**) read with Regulation 3 (a) (b) (c) & (d), 4 (1) and (2)(a) & (e) of SEBI (PFUTP) Regulations, 2003 (hereinafter referred to as '**PFUTP Regulations'**). SEBI further observed that Noticee 6 and 7 were part of the group entities, who manipulated the price of the scrip in cash market, and benefitted from their long positions in the futures market by reducing their losses and therefore violated the provisions of Section 12 A (a), (b) & (c) of the SEBI Act read with Regulation 3 (a) (b) (c) & (d), 4 (1) and (2)(a) of PFUTP Regulations. Therefore, Adjudication proceedings have been initiated against the Noticees for the aforesaid violations of SEBI Act and PFUTP Regulations under Section 15HA of the SEBI Act.

APPOINTMENT OF ADJUDICATING OFFICER

9. SEBI in terms of Section 15-I of SEBI Act and rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**'), has appointed an Adjudicating Officer to inquire into and adjudge the said violations and impose liable penalty as deem fit in terms of rule 5 of the Adjudication Rules and the provisions of Section 15HA of the SEBI Act. Pursuant to the transfer of the case, the undersigned has been appointed as the Adjudicating Officer in the present matter vide order dated August 09, 2019.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

10. A common Show Cause Notice (hereinafter referred to as "**SCN**") dated August 23, 2017 was issued to the Noticees under Rule 4 of the Adjudication Rules to show cause as to why an inquiry should not be initiated and penalty be not imposed under section 15HA of the SEBI Act for the alleged violations specified in the SCN.

11. I note from available records that the SCN has been duly served on the Noticees and the Noticees have made written submissions in the matter through their various letters. The written submissions made by the Noticees have been mentioned in the subsequent paragraphs. I also note the Noticees have availed of hearing opportunity before the erstwhile Adjudicating Officer on December 13, 2017. Pursuant to the transfer of the matter to the undersigned, the Noticees were granted with another opportunity of hearing. I note that Noticee Nos. 1, 4, 5, 6 and 7 have availed of the hearing opportunity before the undersigned on July 15, 2021 and made oral submissions. Subsequently in the month of March 2022, the Noticees were granted opportunity to make additional written submissions in the matter. However, no further submissions have been received in the matter.

12. I note that Noticee 1 (Aventis) has been amalgamated with Immix Trade Private Limited pursuant to an Order passed by Hon'ble NCLT Mumbai bench on July 05, 2018. In this regard, Immix Trade Private Limited has made written submissions in respect of allegations in the SCN against Noticee 1, vide letter dated July 23, 2021. Noticee 1 had also filed written submissions in the matter earlier vide letters dated December 18, 2017 and October 13, 2017. The following was *inter alia* submitted in the aforesaid letters:

(i) *The alleged violations relate to the trading in the scrip of Ruchi Soya Industries Limited in the year 2012. The present SCN has been issued on August 23, 2017 (i.e., almost 5 years after the impugned transaction). The aforesaid inordinate delay has severely prejudiced us. On this ground alone the SCN proceedings needs to be and ought to be discontinued and SCN needs to be dropped qua us.*

(ii) *During the purported investigation conducted by SEBI, no information and/or explanations and/or clarifications were ever sought from us. Adverse inferences against us have been drawn behind our back, merely based on surmises and conjectures, which are completely contrary to the established factual position.*

(iii) *In the SCN "Notional losses" have been calculated based on the assumption that we are still holding shares. Fact is we have already sold the shares. Since we have already sold the shares and the actual loss figures are available, no resort can be made to calculation of "Notional losses".*

(iv) *We had been buying the shares throughout the day and that our buying was not restricted to 3pm to 3.30 pm alone. In fact, prior to 3 pm we had bought 3,72,224 shares for an amount of Rs 2,64,37,242. Further, during 3 pm to 3.30 pm we had bought 29,00,000 shares for an amount of Rs 24,38,13,130.*

(v) *All our trades were delivery based wherein we had taken delivery of the shares. Post buying, all the said shares were held by us for a considerable time, as opposed to being immediately offloaded- which typically happens in the cases of manipulation. We had held on to our investment in the shares of RSL, since we at the relevant time, genuinely believed in the scrip and its potential.*

(vi) *Subsequently during 2014-16, since the investment in the said shares was not yielding any returns as bonafide anticipated by us at the relevant time, we had sold the said 29,00,000 shares at an average price of Rs 39.47/- per share and we incurred a loss of around Rs 12,93,00,000/-.*

(vii) *At the relevant time we were trading independently without acting in concert with other entities including the other alleged group entities. Merely because two entities are connected, cannot lead to an automatic inference that both of them are acting in collusion, without any supporting material signifying concerted actions/complicity. Nothing has been brought on record to even remotely substantiate as to how we had any role or involvement in the trading done by the alleged group entities (or vice versa) and also how based on the alleged tenuous connections, the alleged manipulation and fraudulent actions of other parties, if any, can be fastened on to us.*

(viii) *From the trading data pertaining to the alleged group entities as brought out in the SCN, it is obvious that each of the entities was acting/trading independently and was having trading positions which were diametrically opposite to other group entities. The aforesaid different trading pattern of the alleged group entities, itself shows that there was no element of concert. Otherwise, every entity in the group would have traded similarly in tandem in the same direction. Patently, every entity was trading independently in different direction based on their independent trading wisdom/view.*

(ix) *It may be noted that we had traded on the opaque screen-based mechanism of the exchange wherein it is not possible to know the counter party. The alleged group entities being counter parties to some of our trades was a mere coincidence.*

(x) *The allegation of increasing the price of the scrip is based on trades which have taken place in the last two minutes of the trading session. Further, admittedly we had placed orders and same were lying parked in the system and we could not manage to buy the shares at the prices we wanted to buy. We waited till the fag*

end and only in the dying minutes of the trading session we revised the price upwards to Rs 88/- for buying the shares.

(xi) *The allegation that we had placed the order at a price of Rs 88/- when the sellers were available at lesser price is of no consequence, since only 2 minutes of trading was left, and we wanted to purchase large quantity and by putting the price at Rs 88/-, we were not going to be adversely affected in any manner since we would get the benefit of sell orders pending at prices lower than Rs 88/- in any case.*

(xii) *It may be appreciated that if the idea was to mislead the investors or play some mischief or to inflate the price, as erroneously alleged, we would have placed such orders much earlier, i.e., at 3 pm itself. There was no need for us to wait till last two minutes of the trading session.*

(xiii) *The whole calculation of alleged "Unlawful gains" / "Loss avoidance" is erroneous, faulty and perverse. Based on the trading in the Cash Segment during 3.00 pm to 3.30 pm on NSE Cash Segment, the Exchange had calculated the Settlement Price at Rs 78.65/-.*

(xiv) *Swayed by the erroneous impression that manipulative trading has taken place during 3pm to 3.30 pm, SEBI has calculated the Revised Settlement Price of Rs 70.65/-. While calculating the price impact of the trades in NSE Cash market on 27.9.12 during 3pm to 3.30 pm, very conveniently it has been alleged that since manipulative trades were executed between 3 pm to 3.30 pm, therefore the entire trading which has taken place between the said time slot has to be discarded and the price, which was prevalent at 3 pm (i.e., Rs 70.65/-), is to be taken as the Revised Settlement Price.*

(xv) *Significantly, it may be noted that as per SCN (Para 8.2) percentage of total trades amongst the group entities vis-à-vis total market volume during the last half an hour is just 9%. Said 9% trades which have allegedly occurred amongst the alleged group entities are only tainted. SEBI cannot debunk/discard the balance 91% trades (qua which there is no allegation of taint), perhaps, merely* *to unfairly and unreasonably, inflate the alleged losses avoided by the alleged group entities. There is, admittedly, no sound logical basis/principle for discarding the whole trading which took place in the last half an hour for calculation of Settlement price.*

(xvi) *As per the SCN the quantum of shares which are alleged to be traded by all the group entities amongst themselves is 11,94,747 shares. Further, as per the SCN 132,72,015 shares have been traded during 3pm to 3.30 pm. (Refer Para 8.2 of the SCN).*

(xvii) *Therefore, when the alleged tainted trades, executed during the period 3 pm to 3.30 pm, are identifiable (i.e., 11,94,747 shares), then only the said trades should be excluded for the purpose of calculating the price impact of the trades. There is no logical justification for tainting all the other trades involving 120,77,268 shares (being 132, 72,015 shares Less 11,94,747 shares), which have taken place during the said period. Further, it is nobody's case that the alleged 'tainted trades' cannot be segregated or separated from the other 'untainted trades. The alleged tainted trades (which are mere 9% of the total market volume during the last half an hour on 27.9.12) can be easily separated and the Settlement price can be worked out on the basis of balance 91% 'untainted trades'.*

(xviii) *In the circumstances, the impact of trading which has taken place during 3 pm to 3.30 pm (after segregating the alleged tainted trades involving 11,94,747 shares) has to be reckoned for the purpose of calculating the impact on price. As submitted in detail in our reply, if the entire trading of the alleged group entities is taken into account, the impact on price is to the extent of Rs 0.93/- only and the Revised Settlement Price has to be Rs 77.72/- (as opposed to Rs 70.65/- erroneously calculated by SEBI).*

(xix) *it is submitted that since it is SEBI's case that the trading among the alleged group entities contributed to Rs. 2.3 /- to positive LTP (Refer Para 9.9 (a)) the Revised Settlement Price would be Rs. 76.35/- (being Rs. 78.65/- less Rs. 2.3/-) and not Rs. 70.65/-. Therefore, Rs. 76.35 should be reckoned for calculating the alleged loss avoided.*

(xx) *At Para 12.11 the alleged net gain, after taking into account the Revised Settlement Price of Rs 70.65/- and calculating the Notional Loss taking into account the closing price on 28.9.12, the net gains of all the alleged group entities have been worked out to Rs 1.1 crore by SEBI.*

(xxi) *We submit that the said calculation of Net gains is based on erroneous calculation of Revised Settlement Price and Notional losses. Therefore, the net gains attributed to us are misplaced and incorrect.*

(xxii) *when it is SEBI's own case at Para 12.11 that "the group entities made a net gain of Rs 1.1 crore through their manipulative trades", then how can SEBI at Para 12.9 SEBI allege that "the group entities have reduced their losses by Rs. 5.76 crores through their manipulative trades Same, apart from being self-contradictory, is totally absurd.*

13. Noticee 2 (Navinya) has *inter alia* made the following written submissions in the matter vide letter dated 30 October 2017:

(i) *We regularly trade in the securities market. We have been trading in the securities market (Cash segment and Derivatives segment), in the ordinary course, based on our commercial wisdom.*

(ii) *The aforesaid buying and selling in the scrip of Ruchi Soya on September 27, 2012 in the Cash Segment, was done by us in the ordinary course of business dehors sinister intent or design. We had first bought the shares at around average price of Rs71.54/-and thereafter we had placed the sell order at a price of Rs 88/, in order to benefit from the wild fluctuations which usually happen on the expiry day. Idea was to make profit from trading.*

(iii) *Since 27.9.12 was the expiry day, we were reconciled to the fact that its positions will lapse. We were trading in the ordinary course wherein its endeavour was to buy low and sell high and also capitalise on the fluctuations which the scrip witnesses on the expiry day.*

(iv) *We had not bought any shares in the last two minutes or prior thereto at prices higher than the LTP.*

(v) *Merely because we had received funds from Vision, it cannot be alleged to be connected with Vision for the purpose of trading manipulatively in the scrip of Ruchi Soya. The fund transfers between us and Vision, were carried out in the ordinary course of business and the same had nothing to do with the trading done by us in the scrip of Ruchi Soya. Admittedly, there is no finding in the SCN that the funds were received by us for the purpose of trading on 27.9.12.*

(vi) *The reason why other entities traded in the scrip, the mode and manner of trading etc are issues in which we had no role and same is of no concern to us. The trading done by them cannot be attributed to us in any manner.*

(vii) *There is no allegation qua our buy trades wherein we have bought 11.3 lakhs shares. At the relevant time when we had sold the shares, we were not aware about the counter party clients /counter party brokers. Admittedly, we had placed sell orders much prior to the placement of buy orders by the alleged suspected entities. There is no allegation that the orders were synchronised or premeditated.*

(viii) *Admittedly out of the counter parties to our trades, there is nothing on record to connect us to Aventis, Moebius and Shreyans. Our sell orders were parked in the system for quite a long time and any buyer could have picked them up. It is not as if the said sale orders were available to the alleged suspected entities only. Further it may be noted that only part of the sale order has allegedly gone to suspected entities.*

(ix) *In so far as placing of order of sale at a limit price of Rs 88/-, which was allegedly significantly higher than the LTP of Rs 71/- is concerned, it may be noted that we had placed the sell order at a price of Rs 88/ , in order to benefit from the wild fluctuations which usually happen on the expiry day.*

(x) *The prices at which Sellers had placed the orders were ranging between 72/- to 96/-. In the circumstances, the sell orders placed by us at Rs 88/- cannot be faulted, which were much lower than the price of Rs 96/-.*

(xi) *It is denied that we had traded heavily on September 27, 2012 mainly during 15:00 hrs to 15:30 hrs and had established new high price in the cash segment of the scrip as alleged. Same is completely contrary to factual position on record. As sellers we cannot be alleged to have increased the price.*

(xii) *It is denied that we have impacted the settlement price as alleged. Therefore, the issue of we making any square off gains to the extent of Rs 109.76 lacs is totally incorrect.*

(xiii) *Without prejudice to the aforesaid it is submitted, if at all there was any impact, the same was to extent of Rs 0.31/- only. Even if all the entities are clubbed together then also the impact would not be to the extent of Rs 8.15/- but the same would be only Rs 0.93/-.*

(xiv) *The calculation of notional profit/loss of group entities from their cash position based on closing price of Ruchi Soya scrip as on September 28, 2012 is erroneous and contrary to the factual position. While calculating the notional loss SEBI has completely ignored and overlooked the actual date of sale in case segment and at what price the shares were sold.*

(xv) *While considering our submissions it may be noted that we have not made any gains or gained any unfair advantage and we have also not caused loss to investors or anybody.*

14. Noticee 3 (Uni24) has *inter alia* made the following submissions vide letter dated 30 October 2017:

(i) *We regularly trade in the securities market. We have been trading in the securities market (Cash segment and Derivatives segment), in the ordinary course, based on our commercial wisdom.*

(ii) The aforesaid buying and selling in the scrip of Ruchi Soya on September 27, 2012 in the Cash Segment, was done by us in the ordinary course of business dehors sinister intent or design. We had first bought the shares at around average price of Rs71.95/-and thereafter we had placed the sell order at a price of Rs 88/, in order to benefit from the wild fluctuations which usually happen on the expiry day. Idea was to make profit from trading.

(iii) Since 27.9.12 was the expiry day, we were reconciled to the fact that its positions will lapse.

(iv) The entire SCN is basically focussed on buying by the entities in the last two minutes of the trading session who had placed orders at prices higher than the LTP and were also having long positions in the F & O segment. On the contrary though we were holding long positions in the Futures, but we had admittedly not bought any shares in the last two minutes or prior thereto at prices higher than the LTP. Same is also borne out by the fact, that despite we having bought around 4,50,000 shares there is no allegation qua our purchases. Thus, both the parameters are not applicable to our trading.

(v) Merely because we had received funds from Vision, it cannot be alleged to be connected with Vision for the purpose of trading manipulatively in the scrip of Ruchi Soya. The fund transfers, between us and Vision, were carried out in the ordinary course of business and the same had nothing to do with the trading done by us in the scrip of Ruchi Soya. Admittedly, there is no finding in the SCN that the funds were received by us for the purpose of trading on 27.9.12.

(vi) In so far as alleged connection with Moeibus, Sunmate, Betul Oils and Betul Minerals based on the common Director Nilaykumar Daga with Moebius, Sunmate, Betul Oil and Betul Minerals are concerned, it is submitted that during the relevant time Nilaykumar Daga was not the director Sunmate. Further. it may be noted that Betul Oil and Betul Minerals has not traded at all in the scrip on 27.09.2016 and Moebius was not having any position in F&O segment. Therefore, no adverse inference of relationship can be drawn based on the same.

(vii) *Our trading details as set out in Para 8 of the SCN are correct. The said purchase of 4.5 lakhs shares and sale of 3.7 lakhs shares was bonafide and in the ordinary course of business. However, we are not aware of the trading done by the other entities as set out in the Para.*

(viii) *There is no allegation qua our buy trades wherein we have bought 450,000 shares. Out of sale of 370,197 shares, the allegation of matching with the suspected entities is qua 3,56,747 shares only. Thus, qua the remaining 13450 shares which we had sold there is no allegation.*

(ix) *At the relevant time when we had sold the shares, we were not aware about the counter party clients /counter party brokers. Admittedly, we had placed sell orders much prior to the placement of buy orders by the alleged suspected entities. There is no allegation that the orders were synchronised or premeditated.*

(x) *In so far as placing of order of sale at a limit price of Rs 88/- , which was allegedly significantly higher than the LTP of Rs 71/- is concerned , it may be noted that we had placed the sell order at a price of Rs 88/ , in order to benefit from the wild fluctuations which usually happen on the expiry day.*

(xi) *The prices at which Sellers had placed the orders were ranging between 72/- to 96/-. In the circumstances, the sell orders placed by us at Rs 88/- cannot be faulted, which were much lower than the price of Rs 96/-.*

(xii) *In so far as taking positions in futures on 27.9.12 is concerned, it is submitted that we had bought 2.2 lacs futures in the ordinary course.*

(xiii) *It is denied that we had traded heavily on September 27, 2012 mainly during 15:00 hrs to 15:30 hrs and had established new high price in the cash segment of the scrip as alleged. Same is completely contrary to factual position on record. As sellers we cannot be alleged to have increased the price.*

(xiv) *It is denied that we have impacted the settlement price as alleged. Therefore, the issue of we making any square off gains to the extent of Rs 17.6 lacs, as stated in table at Para 12.9, is totally incorrect.*

(xv) *Without prejudice to the aforesaid it is submitted, if at all there was any impact, the same was to the extent of Rs 0.26/- only. Even if all the suspected entities are clubbed together then also the impact would not be to the extent of Rs8/- but the same would be only Rs 0.93/-.*

(xvi) *Further, the calculation of notional profit/loss of group entities from their cash position based on closing price of Ruchi Soya scrip as on September 28, 2012 is erroneous and contrary to the factual position. While calculating the notional loss SEBI has completely ignored and overlooked the actual date of sale in case segment and at what price the shares were sold.*

(xvii) *While considering our submissions it may be noted that we have not made any gains or gained any unfair advantage and we have also not caused loss to investors or anybody. Same has not been even alleged.*

15. Noticee 4 (Sunmate) has *inter alia* made the following submissions vide letters dated 28 July 2021, 18 December 2017 and 30 October 2017:

(i) *The alleged violations relate to the trading in the scrip of Ruchi Soya Industries Limited in the year 2012. The present SCN has been issued on August 23, 2017 (i.e., almost 5 years after the impugned transaction). The aforesaid inordinate delay has severely prejudiced us. On this ground alone the SCN proceedings needs to be and ought to be discontinued and SCN needs to be dropped qua us.*

(ii) *During the purported investigation conducted by SEBI, no information and/or explanations and/or clarifications were ever sought from us. Adverse inferences against us have been drawn behind our back, merely based on surmises and conjectures, which are completely contrary to the established factual position.*

(iii) *In the SCN "Notional losses" have been calculated based on the assumption that we are still holding shares. Fact is we have already sold the shares. Since we have already sold the shares and the actual loss figures are available, no resort can be made to calculation of "Notional losses".*

(iv) *We had placed the orders in the last 1 minute i.e. between 15:29:32 to 15:29:53 in lot of 1 lac shares when the LTP was around Rs. 85 and the scrip had already touched a high of Rs. 88 in order to accumulate the desired quantity of 7 lac shares, since our buy order of 7 lac shares placed between 14:57:36 and 14:58:33 at a limit price of Rs. 63 did not get executed.*

(v) *All our trades were delivery based wherein we had taken delivery of the shares. Post buying, all the said shares were held by us for a considerable time, as opposed to being immediately offloaded- which typically happens in the cases of manipulation. We had held on to our investment in the shares of RSL, since we at the relevant time, genuinely believed in the scrip and its potential.*

(vi) *Subsequently during 2014-16, since the investment in the said shares was not yielding any returns as bonafide anticipated by us at the relevant time, we had sold the said shares at after holding for a considerable period of 24months at a price of Rs 52.44 incurring a loss of around Rs 2.44 crores.*

(vii) *At the relevant time we were trading independently without acting in concert with other entities including the other alleged group entities. Merely because two entities are connected, cannot lead to an automatic inference that both of them are acting in collusion, without any supporting material signifying concerted actions/complicity. Nothing has been brought on record to even remotely substantiate as to how we had any role or involvement in the trading done by the alleged group entities (or vice versa) and also how based on the alleged tenuous connections, the alleged manipulation and fraudulent actions of other parties, if any, can be fastened on to us.*

(viii) *From the trading data pertaining to the alleged group entities as brought out in the SCN, it is obvious that each of the entities was acting/trading independently and was having trading positions which were diametrically opposite to other*

group entities. The aforesaid different trading pattern of the alleged group entities, itself shows that there was no element of concert. Otherwise, every entity in the group would have traded similarly in tandem in the same direction. Patently, every entity was trading independently in different direction based on their independent trading wisdom/view.

(ix) It may be noted that we had traded on the opaque screen-based mechanism of the exchange wherein it is not possible to know the counter party. The alleged group entities being counter parties to some of our trades was a mere coincidence.

(x) Admittedly, out of total of 7,00,000 shares (bought between 3pm to 3.30pm) only 1.33 lakhs shares have been traded with the alleged suspected entities. Remaining 5.67 lakhs shares have been traded with other entities. Thus, it is not the case that the entire shares have been bought from the alleged group entities.

(xi) The allegation that we had placed the order at a price of Rs 88/- when the sellers were available at lesser price is of no consequence, since only 2 minutes of trading was left, and we wanted to purchase large quantity and by putting the price at Rs 88/-, we were not going to be adversely affected in any manner since we would get the benefit of sell orders pending at prices lower than Rs 88/- in any case.

(xii) It may be appreciated that if the idea was to mislead the investors or play some mischief or to inflate the price, as erroneously alleged, we would have placed such orders much earlier, i.e., at 3 pm itself. There was no need for us to wait till last two minutes of the trading session.

(xiii) The whole calculation of alleged "Unlawful gains" / "Loss avoidance" is erroneous, faulty and perverse. Based on the trading in the Cash Segment during 3.00 pm to 3.30 pm on NSE Cash Segment, the Exchange had calculated the Settlement Price at Rs 78.65/-.

(xiv) Swayed by the erroneous impression that manipulative trading has taken place during 3pm to 3.30 pm, SEBI has calculated the Revised Settlement Price of Rs

70.65/-. While calculating the price impact of the trades in NSE Cash market on 27.9.12 during 3pm to 3.30 pm, very conveniently it has been alleged that since manipulative trades were executed between 3 pm to 3.30 pm, therefore the entire trading which has taken place between the said time slot has to be discarded and the price, which was prevalent at 3 pm (i.e., Rs 70.65/-), is to be taken as the Revised Settlement Price.

(xv) Significantly, it may be noted that as per SCN percentage of total trades amongst the group entities vis-à-vis total market volume during the last half an hour is just 9%. Said 9% trades which have allegedly occurred amongst the alleged group entities are only tainted. SEBI cannot debunk/discard the balance 91% trades (qua which there is no allegation of taint), perhaps, merely to unfairly and unreasonably, inflate the alleged losses avoided by the alleged group entities. There is, admittedly, no sound logical basis/principle for discarding the whole trading which took place in the last half an hour for calculation of Settlement price.

(xvi) In so far as our trading with alleged group entities is concerned, only 1,33,000 shares have been traded with alleged group entities. The major chunk of 5,67,000 shares have been bought from various other unrelated /unconnected persons/entities in the market. There is no taint attached to said 5,67,000 shares.

(xvii) As per the SCN the quantum of shares which are alleged to be traded by all the group entities amongst themselves is 11,94,747 shares. Further, as per the SCN 132,72,015 shares have been traded during 3pm to 3.30 pm.

(xviii) Therefore, when the alleged tainted trades, executed during the period 3 pm to 3.30 pm, are identifiable, then only the said trades should be excluded for the purpose of calculating the price impact of the trades. There is no logical justification for tainting all the other trades, which have taken place during the said period. Further, it is nobody's case that the alleged 'tainted trades' cannot be segregated or separated from the other 'untainted trades. The alleged tainted trades can be easily separated and the Settlement price can be worked out on the basis of balance 91% 'untainted trades'.

(xix) *In the circumstances, the impact of trading which has taken place during 3 pm to 3.30 pm has to be reckoned for the purpose of calculating the impact on price. As submitted in detail in our reply, if the entire trading of the alleged group entities is taken into account, the impact on price is to the extent of Rs 0.93/- only and the Revised Settlement Price has to be Rs 77.72/-. We submit that the loss avoided by us, if any, is only Rs 7.8 lacs and not Rs 67.2 lacs as erroneously calculated by SEBI.*

(xx) *Without prejudice to the aforesaid, it is submitted that since it is SEBI's case that the trading among the alleged group entities contributed to Rs. 2.3 /- to positive LTP the Revised Settlement Price would be Rs. 76.35/- (being Rs. 78.65/- less Rs. 2.3/-) and not Rs. 70.65/-. Therefore, Rs. 76.35 should be reckoned for calculating the alleged loss avoided. the loss avoided by us if settlement price is Rs. 76.35/- would be Rs. 19.32 lacs and not Rs. 57.2 lacs as alleged.*

(xxi) *The alleged net gain, after taking into account the Revised Settlement Price of Rs 70.65/- and calculating the Notional Loss taking into account the closing price on 28.9.12, the net gains of all the alleged group entities have been worked out to Rs 1.1 crore by SEBI.*

(xxii) *We submit that the said calculation of Net gains is based on erroneous calculation of Revised Settlement Price and Notional losses. Therefore, the net gains attributed to us are misplaced and incorrect.*

(xxiii) *We respectfully submit that the calculation of "Notional loss", in the facts and circumstances of the case is wholly erroneous. "Notional Loss" can be calculated only in the absence of actual losses incurred. In the instant case, we have actually sold the shares at an average price of Rs52/- and have suffered losses to the extent of Rs 2.44 crore.*

16. Noticee 5 (Shreyans) has *inter alia* made the following submissions vide letters dated 28 July 2021, 18 December 2017 and 24 October 2017:

(i) *The alleged violations relate to the trading in the scrip of Ruchi Soya Industries Limited in the year 2012. The present SCN has been issued on August 23, 2017 (i.e., almost 5 years after the impugned transaction). The aforesaid inordinate* *delay has severely prejudiced us. On this ground alone the SCN proceedings needs to be and ought to be discontinued and SCN needs to be dropped qua us.*

(ii) *During the purported investigation conducted by SEBI, no information and/or explanations and/or clarifications were ever sought from us. Adverse inferences against us have been drawn behind our back, merely based on surmises and conjectures, which are completely contrary to the established factual position.*

(iii) *In the SCN "Notional losses" have been calculated based on the assumption that we are still holding shares. Fact is we have already sold the shares. Since we have already sold the shares and the actual loss figures are available, no resort can be made to calculation of "Notional losses".*

(iv) *We had placed the orders in the last 30 seconds, i.e., between 15:29:29 to 15:29:55 in lot of 1 & 2 lac shares when the LTP was around Rs. 84 and the scrip had already touched a high of Rs. 88 in order to accumulate the desired quantity of 6 lac shares, since our buy order of 6 lac shares placed between 14:55:44 and 14:59:30 at a limit price of Rs. 63 did not get executed.*

(v) *All our trades were "delivery based" wherein we had taken delivery of the shares. Post buying, all the said shares were held by us for a considerable time, as opposed to being immediately offloaded- which typically happens in the cases of manipulation.*

(vi) *Subsequently during 2014-16, since the investment in the said shares was not yielding any returns as bonafide anticipated by us at the relevant time, we had sold the said shares at after holding for a considerable period of 24months and we had sold the said shares only in FY 2015 (at a price of Rs 41.87) incurring a loss of around Rs 2.73 crores.*

(vii) *We were trading independently without acting in concert with other entities including the other alleged group entities. The different trading pattern of the alleged group entities, itself shows that there was no element of concert. Otherwise, every entity in the group would have traded similarly in tandem in the* *same direction. Patently, every entity was trading independently in different direction based on their independent trading wisdom /view.*

(viii) *The trades with other alleged group entities have happened by chance and not by design. It may be noted that we had traded on the opaque screen-based mechanism of the exchange wherein it is not possible to know the counter party. The alleged group entities being counter parties to some of our trades was a mere coincidence.*

(ix) *Admittedly, out of total of 6,01,798 shares (bought between 3pm to 3.30pm) only 61,733 shares have been traded with the alleged suspected entities. Remaining 538,237 shares have been traded with other entities. Thus, it is not the case that the entire shares have been bought from the alleged group entities.*

(x) *The allegation that we had placed the order at a price of Rs 88/- when the sellers were available at lesser price is of no consequence, since only 2 minutes of trading was left, and we wanted to purchase large quantity and by putting the price at Rs 88/-, we were not going to be adversely affected in any manner since we would get the benefit of sell orders pending at prices lower than Rs 88/- in any case.*

(xi) *Based on the trading in the Cash Segment during 3pm to 3.30 pm on NSE Cash Segment, the Exchange had calculated the Settlement Price at Rs 78.65/-. Swayed by the erroneous impression that manipulative trading has taken place during 3pm to 3.30 pm, SEBI has calculated the Revised Settlement Price of Rs 70.65/-.*

(xii) *It may be noted that as per SCN percentage of total trades amongst the group entities vis-à-vis total market volume during the last half an hour is just 9%. Said 9% trades which have allegedly occurred amongst the alleged group entities are only tainted. SEBI cannot debunk /discard the balance 91% trades.*

(xiii) *In so far as our trading with alleged group entities is concerned, only 61,773 shares have been traded with alleged group entities. The major chunk of 5,38,237 shares have been bought from various other unrelated /unconnected persons/entities in the market. There is no taint attached to said 5,38,237 shares.*

(xiv) When the alleged tainted trades, executed during the period 3 pm to 3.30 pm, are identifiable, then only the said trades should be excluded for the purpose of calculating the price impact of the trades. There is no logical justification for tainting all the other trades, which have taken place during the said period.

(xv) In the circumstances, the impact of trading which has taken place during 3 pm to 3.30 pm (after segregating the alleged tainted trades involving 11,94,747 shares) has to be reckoned for the purpose of calculating the impact on price. If the entire trading of the alleged group entities is taken into account, the impact on price is to the extent of Rs 0.93/- only and the Revised Settlement Price has to be Rs. 77.72/- (as opposed to Rs 70.65/- erroneously calculated by SEBI).

(xvi) We submit that the loss avoided by us, if any, is only Rs 12.24 lacs and not Rs 105.28 lacs as erroneously calculated by SEBI.

(xvii) Without prejudice to the aforesaid it is submitted that since it is SEBI's case that the trading among the alleged group entities contributed to Rs. 2.3 /- to positive LTP the Revised Settlement Price would be Rs. 76.35/- (being Rs. 78.65/- less Rs. 2.3/-) and not Rs. 70.65/. Therefore, Rs. 76.35 should be reckoned for calculating the alleged loss avoided. The loss avoided by us if settlement price is Rs. 76.35/- would be Rs. 30.26 lacs and not Rs. 105.2 lacs as alleged.

(xviii) Even if the Revised Settlement price of Rs 70.65/- is taken into account and the losses avoided as worked out by SEBI, i.e., Rs 105.28 lacs is taken into account, then also we have suffered losses to the extent of Rs. 178.64 lacs. (Being Rs 283.92 lakhs less Rs 105.28 lacs)

17. Noticee 6 (Betul Oils) has *inter alia* made the following submissions vide letters dated 28 July 2021, 18 December 2017 and 24 October 2017:

(i) The alleged violations relate to the trading in the scrip of Ruchi Soya Industries Limited in the year 2012. The present SCN has been issued on August 23,2017 (i.e., almost 5 years after the impugned transaction). The aforesaid inordinate delay has severely prejudiced us.

(ii) At the relevant time we were trading independently without acting in concert with others, including the other alleged group entities. We had taken long position in the futures of Ruchi Soya way back on June 2012 using our own funds, and which had been rolled over by us till 27.9.12. Further, there was no involvement of any of the alleged group entities, in our taking the said long position in the futures of Ruchi Soya.

(iii) We categorically submit that we are not connected with the alleged group entities as alleged. We had no role to play in the trading done by the alleged group entities and vice versa. There is nothing on record suggest that alleged group entities had traded on our behalf or on our behest or vice versa. 13. Merely because two entities are connected, cannot lead to an automatic inference that both of them are acting in collusion, without any supporting material signifying concerted actions/complicity.

(iv) The different trading pattern of the alleged group entities, itself shows that there was no element of concert. Otherwise, every entity in the group would have traded similarly in tandem in the same direction. Patently, every entity was trading independently in different direction based on their independent trading wisdom/view.

(v) The whole case of SEBI pertaining to price manipulation relates to trading done from 3 pm to 3.30 pm on the Cash Segment on 27.9.12 in the Ruchi Soya scrip. The parties who had manipulated are set out in Para 12.11. Admittedly, our name is not there, since we had not traded at all during the Investigation period. Therefore, when we have not participated at all in the alleged "scheme of marking the close" and had no role or involvement, how we as innocent bystanders (just like other investors in the market) can be alleged do have indulged in price manipulation and saddled with any direction of monetary penalty.

(vi) Additionally, we submit that the fact that we did not trade in the cash Segment during the investigation period, itself demonstrates that our trading pattern/strategy

was completely different from others and there was no concerted understanding between us and others. When we have not participated at all in the alleged "scheme of marking the close" and had no role or involvement, how we as innocent bystanders (just like other investors in the market) can be alleged do have indulged in price manipulation and saddled with any monetary penalty.

(vii) *It may be noted that we were having 10.24 lacs Futures of the scrip. Since September 27, 2012 was the expiry day, we had no option but to let it lapse and, in the process, we suffered a loss of Rs. 60.52 lacs since our purchase cost for the position was around Rs.84.55/-. In the circumstances, the entire theory of our making 'net gains' to the extent of Rs 81.92 lacs, as alleged in the Notice, is farfetched and contrary to facts of the case.*

(viii) *We have not made any disproportionate gains or unfair advantage. Further, we have not caused losses to anybody in the market. Facts will bear out that Settlement Price was fixed qua all the investors in the market. The alleged benefit of the same was not localised to us alone, but was available to every investor in the scrip in the market.*

18. Noticee 7 (Betul Minerals) has *inter alia* made the following submissions vide letters dated 28 July 2021, 18 December 2017 and 24 October 2017:

(i) *The alleged violations relate to the trading in the scrip of Ruchi Soya Industries Limited in the year 2012. The present SCN has been issued on August 23,2017 (i.e., almost 5 years after the impugned transaction). The aforesaid inordinate delay has severely prejudiced us.*

(ii) *The crux of the allegation in the SCN is that certain entities traded and contributed to price rise in the scrip of Ruchi Soya during last 30 minutes of trading at NSE on September 27 2012 and their trading directly impacted the closing price of the scrip on September 27, 2012. Admittedly, we have not traded in the NSE cash segment on September 27,2012.*

(iii) *Significantly, our trading was limited and restricted to, letting our long positions in Futures segment lapse, since it was the last day of expiry and the scrip was getting removed from Futures segment, with no possibility of roll over.*

(iv) *At the relevant time we were trading independently without acting in concert with others, including the other alleged group entities. We had taken long position in the futures of Ruchi Soya way back on June 2012 using our own funds, and which had been rolled over by us till 27.9.12. Further, there was no involvement of any of the alleged group entities, in our taking the said long position in the futures of Ruchi Soya.*

(v) *We categorically submit that we are not connected with the alleged group entities as alleged. We had no role to play in the trading done by the alleged group entities and vice versa. There is nothing on record suggest that alleged group entities had traded on our behalf or on our behest or vice versa.*

(vi) *Merely because two entities are connected, cannot lead to an automatic inference that both of them are acting in collusion, without any supporting material signifying concerted actions/complicity.*

(vii) *The different trading pattern of the alleged group entities, itself shows that there was no element of concert. Otherwise, every entity in the group would have traded similarly in tandem in the same direction. Patently, every entity was trading independently in different direction based on their independent trading wisdom/view.*

(viii) *The whole case of SEBI pertaining to price manipulation relates to trading done from 3 pm to 3.30 pm on the Cash Segment on 27.9.12 in the Ruchi Soya scrip. The parties who had manipulated are set out in Para 12.11. Admittedly, our name is not there, since we had not traded at all during the Investigation period. Therefore, when we have not participated at all in the alleged "scheme of marking the close" and had no role or involvement, how we as innocent bystanders (just like other investors in the market) can be alleged do have indulged in price manipulation and saddled with any direction of monetary penalty.*

(ix) *It may be noted that we were having 13 lacs Futures of the scrip. Since September 27, 2012 was the expiry day, we had no option but to let it lapse and, in the process, we suffered a loss of Rs. 76.70 lacs, since our purchase cost for the position was around Rs.84.55/-. In the circumstances, the entire theory of our making 'net gains' to the extent of Rs 104 lacs, as alleged in the Notice, is farfetched and contrary to facts of the case.*

(x) *We have not traded at all in the scrip on September 27, 2012 in the cash market, which is the subject matter of Notice.*

(xi) *We have not made any disproportionate gains or unfair advantage. Further, we have not caused losses to anybody in the market. Facts will bear out that Settlement Price was fixed qua all the investors in the market. The alleged benefit of the same was not localised to us alone, but was available to every investor in the scrip in the market.*

19. Noticee 8 (Vision) has made written submissions in the matter vide letters dated 29 December 2017 and 7 November 2017. It has been subsequently informed that Noticee 8 was amalgamated with Noticee 9 (Moebius) in the year 2019. Noticee 9 has made further written submissions vide letter dated 30 July 2021 on behalf of Noticee 8. The following was *inter alia* submitted in the aforesaid letters:

(i) *The alleged violations relate to the trading in the scrip of Ruchi Soya Industries Limited in the year 2012. The present SCN has been issued on August 23, 2017 (i.e., almost 5 years after the impugned transaction). The present SCN is issued 4 years back and as on the proceedings are still continuing. The aforesaid inordinate delay has severely prejudiced us.*

(ii) *The entire SCN is basically focused on entities who were having long positions in the F & 0 segment. It is submitted that we did not hold any long position in the scrip of Ruchi Soya futures expiring on September 27, 2012. It is SEBI's own case that we were holding short position in the scrip of Ruchi Soya futures expiring on Sep*

27, 2012. It is submitted that we had bonafide traded in the scrip of RSL on 27.9.12, dehors sinister intent or design.

(iii) *We had bought and sold 398830 shares and 420000 shares respectively on 27.09.2012. The said buying and selling was done by us in the ordinary course of business dehors sinister intent or design. We had first bought the shares at around average price of Rs 72/- and thereafter we had placed the sell order at a price of Rs 88/-, in order to benefit from the wild fluctuations which usually happen on the expiry day. Our whole idea was to make profit from trading.*

(iv) *At the relevant time we were trading independently without acting in concert with other entities including the other alleged group entities.*

(v) *Merely because two entities are connected, cannot lead to an automatic inference that both of them are acting in collusion, without any supporting material signifying concerted actions/ complicity.*

(vi) *We submit that the trades with other alleged group entities have happened by chance and not by design. It may be noted that we had traded through our broker on the opaque screen-based mechanism of the exchange wherein it is not possible to know the counter party.*

(vii) *Based on the trading in the Cash Segment during 3pm to 3.30 pm on NSE Cash Segment, the Exchange had calculated the Settlement Price at Rs 78.65/-.*

(viii) *Swayed by the erroneous impression that manipulative trading has taken place during 3pm to 3.30 pm , SEBI has calculated the Revised Settlement Price of Rs 70.65/-. While calculating the price impact of the trades in NSE Cash market on 27.9.12 during 3pm to 3.30 pm , very conveniently it has been alleged that since manipulative trades were executed between 3pm to 3.30 pm, therefore the entire trading which has taken place between the said time slot has to be discarded and the price , which was prevalent at 3 pm (i.e. Rs 70.65/-) , is to be taken as the Revised Settlement Price.*

(ix) *We may also point out that facts of our case are entirely different from the other alleged connected entities and there are fundamental distinctions viz. unlike other entities we were having short position and we have not bought in last two minutes of the trading session on 27.9.2012. Admittedly, it is SEBI's own case that we have not made any square off gain/loss or any notional gain or actual gain. Therefore, the reasoning applied to draw adverse inferences against others will not apply in our case.*

(x) *We have not made any disproportionate gain or unfair advantage. We have not caused losses to anybody in the market. Admittedly, there are no complaints from any anyone.*

20. Noticee 9 (Moebius) has made written submissions in the matter vide letters dated 30 July 2021, 29 December 2017 and 8 November 2017. The following was *inter alia* submitted in the aforesaid letters:

(i) *The alleged violations relate to the trading in the scrip of Ruchi Soya Industries Limited in the year 2012. The present SCN has been issued on August 23, 2017 (i.e., almost 5 years after the impugned transaction). The present SCN is issued 4 years back and as on the proceedings are still continuing. The aforesaid inordinate delay has severely prejudiced us.*

(ii) *The entire SCN is basically focused on entities who were having long positions in the F & 0 segment. It is submitted that we did not hold any position in the scrip of Ruchi Soya futures expiring on September 27, 2012. It is SEBI's own case that we did not hold any position in the scrip of Ruchi Soya futures expiring on Sep 27, 2012. It is submitted that we had bonafide traded in the scrip of RSL on 27.9.12, dehors sinister intent or design.*

(iii) *We had bought 20,00,000 shares on 27.09.2012 during 3 pm to 3.30 pm for an amount of Rs 1668.04 lacs Significantly, all our trades were delivery based wherein we had taken delivery of the shares. Post buying, all the said shares were held by us for a considerable time. Subsequently we had sold the said shares and we incurred a loss of around Rs 776.00 lacs.*

(iv) At the relevant time we were trading independently without acting in concert with other entities including the other alleged group entities. Merely because two entities are connected, cannot lead to an automatic inference that both of them are acting in collusion, without any supporting material signifying concerted actions/ complicity.

(v) The trades with other alleged group entities have happened by chance and not by design. It may be noted that we had traded through our broker on the opaque screen-based mechanism of the exchange wherein it is not possible to know the counter party.

(vi) Admittedly, out of total of 20,00,000 shares (bought between 3pm to 3.30pm) only with regard to 2,45,689 shares alleged group entities are the counter parties. For the remaining 17,54,311 shares have been bought from the various persons/entities in the market. Thus, it is not the case that the entire shares have been bought from the alleged group entities.

(vii) Admittedly, the allegation of increasing the price of the scrip is based on trades which have taken place in the last two minutes of the trading session. Ex facie it can never be insinuated that by trading in the last two minutes we were trying to mislead the market or investors by allegedly increasing the price. Further , admittedly we had placed orders and same were lying parked in the system and we could not manage to buy the shares at the prices we wanted to buy .We waited till the fag end and only in the dying minutes of the trading session we revised the price upwards to Rs 88/- for buying the shares.

(viii) We wanted to buy large quantity of 20,00,000 shares and for the purpose we had to place the order at a higher price so as to get the requisite quantity. By placing the orders at Rs 88/- we got the shares at varied prices starting from Rs. 72 till Rs 88/-.

(ix) Admittedly, as per SCN, the Sale orders which were pending in the system were till the price of Rs 96/- at the relevant time. Therefore, the price of Rs 88/- was not

abnormal or unusual. In the recent past the scrip had already touched a price of Rs. 165.

(x) The allegation that we had placed the order at a price of Rs 88/- when the sellers were available at lesser price is of no consequence, since only few minutes of trading was left, and we wanted to purchase large quantity and by putting the price at Rs 88/-, we were not going to be adversely affected in any manner since we would get the benefit of sell orders pending at prices lower than Rs 88/- in any case.

(xi) Based on the trading in the Cash Segment during 3pm to 3.30 pm on NSE Cash Segment, the Exchange had calculated the Settlement Price at Rs 78.65/-.

(xii) Swayed by the erroneous impression that manipulative trading has taken place during 3pm to 3.30 pm, SEBI has calculated the Revised Settlement Price of Rs 70.65/-. While calculating the price impact of the trades in NSE Cash market on during 3pm to 3.30 pm, very conveniently it has been alleged that since manipulative trades were executed between 3 pm to 3.30 pm, therefore the entire trading which has taken place between the said time slot has to be discarded and the price, which was prevalent at 3 pm (i.e., Rs 70.65/-), is to be taken as the Revised Settlement Price.

(xiii) In so far as our trading with alleged group entities is concerned, only 2,45,689 shares have been traded with alleged group entities. The major chunk of 17,54,311 shares have been bought from various other unrelated /unconnected persons/entities in the market. There is no taint attached to said 17,54,311 shares.

(xiv) When the alleged tainted trades, executed during the period 3 pm to 3.30 pm , are identifiable (i.e. 11,94,747 shares), then only the said trades should be excluded for the purpose of calculating the price impact of the trades .There is no logical justification for tainting all the other trades involving 12,077,268 shares (being 132, 72,015 shares Less 11,94,747 shares), which have taken place during the said period.

(xv) If the entire trading of the alleged group entities is taken into account, the impact on price is to the extent of Rs 0.93/- only and the Revised Settlement Price has to be Rs. 77.72/-(as opposed to Rs 70.65/- erroneously calculated by SEBI).

(xvi) The calculation of "Notional Loss", in the facts and circumstances of the case is wholly erroneous. "Notional Loss" can be calculated only in the absence of actual losses incurred. In the instant case, we have actually sold the shares and have suffered losses to the extent of Rs.776.00 Lacs. Thus, the loss suffered by us on sale of shares is Rs.776.00 Lacs and not the Notional loss of Rs. 1,77,04,000/- as erroneously calculated by SEBI.

(xvii) We have not caused losses to anybody in the market. Admittedly, there are no complaints from any anyone.

21. I note from above that the Noticees have filed their written submissions in the matter and have availed hearing opportunities in the matter. In view of the same, I now proceed further in the matter.

<u>CONSIDERATION OF ISSUES AND FINDINGS</u>

22. I have carefully perused the charges levelled against the Noticees, their reply and the documents / material available on record. The issues that arise for consideration in the present case are:
    (a) Whether the Noticees have violated Section 12A (a), (b) & (c) of the SEBI Act read with regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(e) of PFUTP Regulations as alleged in the SCN?
    (b) Do the violations, if any, attract monetary penalty, as applicable, under Sections 15HA of the SEBI Act?
    (c) If so, what would be the quantum of monetary penalty that can be imposed on the Noticees after taking into consideration the factors mentioned in section 15J of the SEBI Act?

23. Before proceeding further, I would like to refer to the relevant provisions of the SEBI Act and PFUTP Regulations as below:

Section 12A of SEBI Act

Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

12A. No person shall directly or indirectly

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

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

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

PFUTP Regulations, 2003

Regulation 3: - Prohibition of certain dealings in securities

3. No person shall directly or indirectly—

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

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

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

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange

in contravention of the provisions of the Act or the rules and the regulations made thereunder.

Regulation 4: - Prohibition of manipulative, fraudulent and unfair trade practices

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

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

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

…….

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

……..

24. Before moving further, I note that some of the Noticees have stated that there was an inordinate delay in initiation of the present proceedings. In this respect, I note that the matter was taken up for investigation based on alerts received regarding the trading in the scrip of Ruchi Soya for September 27, 2012 at NSE. Based on these alerts, trading pattern in the scrip of Ruchi Soya in the cash segment, on September 27, 2012, was analyzed and it was observed that there was significant movement in the price of the scrip during last half an hour of trading. On preliminary examination, it was observed that 9 suspected entities were found to be heavily trading in the scrip at NSE cash segment on the trading day and/or holding significant long position in futures of the scrip as on the expiry day. Preliminary examination concluded that the trades of seven suspected entities (out of 9), namely, Navinya, Shreyans, Aventis, Sunmate, Uni24, Vision and Moebius had a direct impact on the closing price of the scrip by Rs. 8.15. Based on the above finding, SEBI vide *ad interim, ex-parte* order dated February 15, 2013 (hereinafter referred to as “interim order”) restrained these 9 suspected entities from accessing the securities market and further

prohibited them from buying, selling or dealing in securities in any manner whatsoever, till further directions.

25. Subsequently, an order dated December 6, 2013 (hereinafter referred to as "revocation order") was passed after hearing the parties, revoking the directions issued against the aforesaid 9 entities, vide the aforesaid interim order. The revocation order observed that the matter needs detailed investigation before any final finding is arrived at on the issue of the alleged 'marking the close'. Thereafter, a detailed investigation was carried out by SEBI. After completion of investigation an impounding order dated June 07, 2016 (hereinafter referred to as "impounding order") was passed against the Noticees for disgorging the losses of Rs. 5.76 crores avoided by them through their manipulative trades in the cash market which resulted in a higher futures price of Ruchi Soya.

26. Further, adjudication proceedings for imposition of monetary penalty under Section 15HA of SEBI Act, 1992 were also initiated against the Noticees, for the violation of provisions of SEBI Act, 1992 and PFUTP Regulations, 2003. The SCN was issued to the Noticees on August 23, 2017. Replies were received from the Noticees on various dates and hearing was conducted before the erstwhile Adjudicating Officer in December 2017. Subsequently, after reallocation of cases, the matter was transferred to the undersigned vide order dated August 09, 2019. Due to the outbreak of Covid -19 in the year 2020 the hearing could not take place and could be completed only on July 15, 2021, wherein the Authorized Representative of the Noticee nos. 1, 4, 5, 6 and 7 appeared on the said date through video conferencing before the undersigned. Subsequently, the Noticees have been granted opportunity to make additional submissions in the matter in March 2022. From the above chronology of events, it is evident that due process and procedure was followed investigation, the hearings and for making submissions in the matter. Therefore, I am of the view that sufficient opportunities and time were granted to the Noticees under the

said Proceedings in accordance with the Principles of Natural Justice and therefore, such period cannot qualify as undue and unexplained delay.

27. Now moving to the merits of the matter, I note that the SCN alleges that the Noticees were connected to each other and acted as a group for trading in the scrip of Ruchi Soya during the investigation period. The SCN further alleges that Noticee nos. 1, 4, 5 and 9 as buyers, aided by Noticee nos. 2, 3 and 8, as sellers, contributed to the price rise in the scrip of Ruchi Soya during the last 30 minutes of trading at NSE cash market on September 27, 2012 by placing buy orders at a high price when sell orders for the requisite quantity was available at lower price. The SCN alleges that as a result of the higher price established by Noticee nos.1, 2, 3, 4, 5, 8 and 9 in the scrip of Ruchi Soya in the last half an hour on September 27, 2012 in the NSE cash market, the Noticees were able establish a higher settlement price in the Ruchi Soya futures in the NSE futures market expiring on September 27, 2012 as the settlement price of the futures contract is decided based on the volume weighted average price of the scrip in the cash market during the last half an hour of trading on the expiry date. The SCN states that the Last Traded Price of the Ruchi Soya scrip at 15:00:00 hours in the cash market was Rs. 70.65 and due to the manipulative trades, the settlement price was established at Rs. 78.65. The SCN further alleges that Noticee nos. 1 to 7 had long positions in the futures of Ruchi Soya in the NSE futures market expiring on September 27, 2012 and thus, benefitted from the price rise in the cash market which was the result of the manipulative trades of Noticee nos. 1, 2, 3, 4, 5, 8 and 9. The SCN alleges that Noticee nos. 1 to 7 have reduced their losses on futures contracts of Ruchi Soya by Rs. 5.76 crores by manipulating price of the shares of Ruchi Soya during last half an hour on September 27, 2012 and consequential manipulation in the settlement price of futures contracts of Ruchi Soya, expiring on September 27, 2012.

28. I note that the Noticees have challenged the alleged connection between them as stated in the SCN, which is as follows:

Table: Connection among Group entities

Sl.	Client Name
1	**Vision Millennium Exports Pvt Limited (Vision)** • Transferred funds to entities in sl. no. 2,3,4,5,6,7 • Common phone number '9821994534' with entities in sl. no. 2,6,7,8,9
2	**Aventis Biofeeds Pvt Ltd (Aventis)** • Received funds from entity at sl. no. 1
3	**Navinya Multitrade Pvt Ltd (Navinya)** • Received funds from entity at sl. no. 1
4	**Uni24 Techno Solutions Pvt Ltd (Uni24)** • Received funds from entity at sl. no. 1 • Common director Nilaykumar Daga with entities at sl. no. 5,6,8,9
5	**Moebius Credit and Capital Pvt Ltd (Moebius)** • Received funds from entity at sl. no. 1 • Common director Nilaykumar Daga with entities at sl. no. 4,6,8,9
6	**Sunmate Trade Pvt Ltd (Sunmate)** • Received funds from entity at sl. no. 1 • Common director Nilaykumar Daga with entities at sl. no. 4,5,8,9 • Common address "117,Mittal Chambers, Nariman Point,Mumbai – 400021 with entity at sl. no. 8 • Common phone number '9821994534' with entities in sl. no. 1,2,7,8,9
7	**Shreyans Credit and Capital Pvt Ltd (Shreyans)** • Received funds from entity at sl. no. 1 • Common address "Kothi Bazar, Betul Madhya Pradesh-460001 with Nilaykumar Daga (Director of entities at sl. no. 4,5,6,8,9) and entity at sl. no. 9 • Common phone number '9821994534' with entities in sl. no. 1,2,6,8,9
8	**Betul Oils and Feeds Pvt Ltd (Betul Oils)** • Common director Nilaykumar Daga with entities at sl. no. 4,5,6,9 • Common address "117,Mittal Chambers, Nariman Point,Mumbai – 400021 with entity at sl. no. 8 • Common phone number '9821994534' with entities in sl. no. 1,2,6,7,9
9	**Betul Minerals and Constructions Pvt Ltd (Betul Minerals)** • Common director Nilaykumar Daga with entities at sl. no. 4,5,6,8 • Common address "Kothi Bazar, Betul Madhya Pradesh-460001 with Nilaykumar Daga (Director of entities at sl. no. 4,5,6,8) and entity at sl. no. 8 • Common phone number '9821994534' with entities in sl. no. 1,2,6,7,8

29. I note from above that the connection between the group entities has been alleged mainly based on - Fund transfers of the group entities with Noticee 8; Common address; Common telephone number and Common director. I observe that in response the group entities have not denied the connection

stated in the table above but have submitted that the same does not lead to any adverse finding against them.

30. With respect to fund transfer stated above, I note the following:

- Noticee nos. 1,2, 3, 4 and 5 have not denied that they received funds from Noticee 8, but have stated that it was in their normal course of business.
- I note that these Noticees have not provided any details of their business activities, for which such funds have been claimed to be transferred or the reasons why such funds were received by them and how the same were in accordance with their claimed business activities.
- A perusal of the bank statement of Noticee 8 which is available on record and taking a sample of bank statement for account no. 233010200008280 of Vision held with Axis Bank for the months of May and June 2012, I find that during the month of June, 2012 alone, Vision had 5 transactions with Noticee 1 (total debit of Rs.2,14,45,000/- and total credit of Rs. 1,60,00,000/-), 10 transactions with Noticee 6 (total debit of Rs. 38,64,80,000/-), 2 with Noticee 7 (total debit of Rs.63,00,000/-), and one each with Noticee nos. 2 & 3 (debit of Rs.50,00,000/- each) and Noticee 9 (debit of Rs. 40,10,000/). I find that Noticee 8 had fund transactions with all other Noticees and the fund transfers are of high denominations.

Therefore, I find that the frequency and high amounts of fund transfers between these Noticees point towards a relation between them and the contention that these transfers were in the normal course of business of the Noticees without any supporting evidence is not acceptable.

31. With respect to common address, I note the following:

- The table above, which is reproduced from the SCN, states that the registered office address of Noticee nos. 5 and 7, i.e., Kothi Bazar, Betul Madhya Pradesh-460001 actually belonged to Shri Nilay Kumar Daga who was the director of Noticee nos. 3, 4, 6, 7 and 9. The Noticees have not denied the same.
- The table also notes that Noticee nos. 6 and 4 shared common registered office address i.e. "117, Mittal Chambers, Nariman Point, Mumbai - 400021" at the relevant time. These common addresses have not been denied by the Noticees.

I find that common address between two entities cannot be coincidental and means that they are operating from the same premises and thus, know each other.

32. Regarding the common director between Noticee nos. 3, 4, 6, 7 and 9, I note that the Noticees have not denied that Shri Nilay Kumar Daga was a director in the respective companies during the investigation period.

33. I note that the Noticees have denied that they had common telephone number. Even if I accept this particular contention of the Noticees, the fund transfers as discussed above, commonality of address coupled with common director gives an inference that the Noticees were known/connected to each to each other. The Noticees, apart from stating that these connections do not lead to any adverse inference has not provided any other explanations. I note that the connection between the Noticees along with their trading behavior during the investigation period in the scrip of Ruchi Soya forms the basis of the allegation in the SCN. I find that the connections amongst the Noticees have been suitably established as discussed above. In view of the same, I am satisfied that the Noticees were 'group entities' and connected to each other.

34. I note that the SCN alleges the following in respect of trading by the Noticees during the investigation period in the scrip of Ruchi Soya:

(i) Noticee no. 1 to 5, 8 and 9 traded during the investigation period, i.e., last half hour of trading on September 27, 2012, in the NSE cash market and established a higher price for the scrip of Ruchi Soya in the NSE cash market in a fraudulent manner.

(ii) As a result of the artificial high price, a higher settlement price for the futures contracts of Ruchi Soya expiring on September 27, 2012 was established.

(iii) Noticee no. 1 to 7 held long positions in the NSE futures market in the scrip of Ruchi Soya and as a result of the higher settlement price avoided losses to the tune of Rs. 5.76 crore, on their trading in the futures contracts of Ruchi Soya in NSE F&O market.

Trades by the Noticee nos. 1 to 5, 8 and 9 in the NSE cash market

35. I note from the the SCN that Noticee nos. 1 to 5, 8 and 9 traded in the scrip of Ruchi Soya during the Investigation Period, i.e., last half hour of trading on September 27, 2012. I further note that these 7 group entities bought a total quantity of 81,79,145 shares of Ruchi Soya constituting 61.63% of the total traded volume in the scrip and sold a total quantity of 12,10,197 shares of Ruchi Soya constituting 9.12 % of the total traded volume in the scrip during the investigation period in the NSE cash market. These 7 group entities bought a net quantity of 69,68,948 shares of Ruchi Soya during the investigation period. I also note from the SCN that the net LTP impact of the buy trades of these 7 group entities was Rs. 55.55 during the investigation period. It was observed that these 7 group entities contributed 18.31% of the market positive LTP. The SCN also observes that the buy trades of 4 group entities namely - Noticee nos.1, 4, 5 and 8, contributed to market positive LTP and also had highest positive net LTP contribution.

36. I note the following trade details of the Noticees during the investigation period from the SCN:

Table: Trading by Group Entities (15:00:00 hrs to 15:30:00 hrs) on Sep 27, 2012

S. No	Group Entity	Total buy qty	% of total buy qty to total traded vol	Total Sell qty	% of total sell to total traded vol	Traded among group entities	% of Traded among group entities to total traded vol	% of Traded among group entities to group entities traded vol
1	Aventis Biofeeds	2900000	21.85%	0	0	754217	5.68%	26.01%
2	Moebius Credit	2000000	15.07%	0	0	245689	1.85%	12.28%
3	Navinya Multitrade	1130315	8.52%	420000	3.16%	0	0	0
4	Shreyans Credit	600000	4.52%	0	0	61763	0.47%	10.29%
5	Sunmate Trade	700000	5.27%	0	0	133078	1.00%	19.01%
6	Uni24 Techno	450000	3.39%	370197	2.79%		0	0
7	Vision Millennium	398830	3.01%	420000	3.16%		0	0
	Group entities Total	**81,79,145**	**61.63%**	**12,10,197**	**9.12%**	**11,94,747**	**9.00%**	**14.61%**
	Market Total	**1,32,72,015**	**100.00%**	**1,32,72,015**	**100.00%**			

37. I further note that all the above 7 Noticees appeared in the list of top 10 clients (in gross buy volume basis), during the investigation period in the NSE cash market. I also note that during the investigation period, these 7 group entities bought a total quantity of 81,79,145 shares of Ruchi Soya constituting 61.63% of the total traded volume in the scrip and sold a total quantity of 12,10,197 shares of Ruchi Soya constituting 9.12 % of the total traded volume in the scrip during the investigation period indicating that their trades were concentrated on the buy side. The buy trade volume of these 7 group entities, with respect to the market traded volume at NSE on September 27, 2012, is given below:

Table: Buy Trade volume of Group Entities at NSE on Sep 27, 2012

38. I note from the above table that the buy trades of these 7 Noticees in Ruchi Soya were concentrated in the last 30 minutes (especially last 3 minutes) of

	Market traded vol	Group Entities Buy Volume	% of Group Entities Buy vol to Market Vol	% of Group Entities Buy vol to Group Entities Total Buy Vol
September 27, 2012	1,57,92,103	85,54,767	54.17%	100%
Last 30 min of trading on Sep 27, 2012(15:00 to 15:30)	1,32,72,015	81,79,145	61.63%	95.61%
Last 3 min of trading on Sep 27, 2012 (15:27 to 15:30)	80,26,387	63,96,987	79.69%	74.77%

trading on September 27, 2012 and these 7 Noticees contributed 61.63% and 79.69% to the market traded volume of Ruchi Soya in the last 30 minutes and last 3 minutes of trading on September 27, 2012 respectively. Thus, I find that these 7 Noticees traded heavily on September 27, 2012, during last half an hour and also that they were mainly buying during the last half an hour, i.e., the investigation period.

39. The details of individual contribution of these 7 Noticees to the change in the price of the scrip by entering into buy transaction, as observed in the SCN, are tabulated below:

Table: LTP Analysis of the trades of the Group Entities at NSE

Name (Buy side)	All trades			LTP Diff. > 0			LTP Diff. < 0			LTP Diff. =0		% of Total mkt Pos LTP
	LTP impact	Qty Trd	No of trades	LTP impact	Qty Trd	No of trades	LTP impact	Qty Trd	No of trades	Qty traded	No of trades	
Aventis	25.05	2900000	1362	25.05	392281	143	0	0	0	2507719	1219	7.29%
Moebius	16.45	2000000	933	16.45	231586	114	0	0	0	1768414	819	4.78%
Sunmate	10.6	700000	105	10.6	264906	38	0	0	0	435094	67	3.08%
Shreyans	6.9	600000	126	6.9	164955	32	0	0	0	435045	94	2.01%
Navinya	-1.2	1130315	634	2.95	26780	52	-4.15	138121	73	965414	509	0.86%
Uni24	-1.45	450000	331	1	2421	18	-2.45	76929	47	370650	266	0.29%
Vision	-0.8	398830	43	0	0	143	-0.8	7095	12	391735	31	0
Total	**55.55**	**8179145**	**3534**	**62.95**	**1082929**	**397**	**-7.4**	**222145**	**132**	**6874071**	**3005**	**18.31%**
Trd amg Grp	**2.3**	**1194747**	**25**	**2.3**	**214508**	**7**	**0**	**0**	**0**	**980239**	**18**	**0.67%**
Market	**16.75**	**13272015**	**14003**	**343.8**	**1747092**	**2128**	**-327.05**	**1333428**	**1797**	**10191495**	**10078**	**100%**

40. I note that out of 14,003 trades of the above-mentioned Noticees in the scrip of Ruchi Soya during the investigation period, 3534 trades of these entities were buy transactions. These 7 Noticees contributed Rs. 62.95 to positive LTP in the

scrip of Ruchi Soya during the investigation period and Rs. 7.4 to negative LTP. 3005 trades of these 7 group entities were executed at LTP. The net LTP impact of the buy trades of these 7 group entities in the scrip of Ruchi Soya during the investigation period was Rs. 55.55 as detailed in the table above.

Analysis of trades of Noticee nos.1, 4, 5 and 9 (buyers)

41. I note from the SCN that during the investigation period, i.e., the last half an hour of trading in the cash market of NSE on September 27, 2012, Noticee nos.1, 4, 5 and 9 modified the bid price of their buy orders for the scrip of Ruchi Soya to a higher price when the required quantity was available at lesser price in the system and thereby contributed to price rise in the scrip of Ruchi Soya in the cash market.

42. I note that Noticees 1, 4 and 5 have mainly contended that they had traded in order to convert its Futures position to Cash position. Subsequently, since the price did not fall, they had modified the buy price to Rs 88/-. The Noticee has also contended that if the purchase is made in the last 30 minutes there is much higher likelihood of the average purchase price and the closing price to be close to each other. Admittedly, in the past, the scrip had touched an all-time high of Rs.165.25. Therefore, the rising of price to Rs.88 on September 27, 2012 was perfectly in consonance with the price movement in the scrip in the past. There was nothing abnormal and unusual in the same and that there was nothing abnormal or unusual in the volumes in the market on the last expiry day, i.e., September 27, 2012. The Noticees have submitted that on September 27, 2012 they had been placing buy orders and shares could be purchased only in the last two minutes, wherein they had to increase the price to attract sellers. Admittedly, they had also taken delivery of the same. Further, post the said purchases, it had held the shares for a considerable period. It is the Noticees' contention that at the relevant time it had traded without being aware of the counter party clients/brokers.

43. In this respect, I note that the price of the scrip was on downward mode since July 2012. If the Noticees were keen to hold the scrip, the entities could have bought the shares at the reduced prices since July 2012. Instead, it waited till the last 30 minutes on September 27, 2012 to buy the shares and that too at a much higher price. I further note that there was difference between the holdings of Noticee no.1, 4 and 5 in futures market against its acquired holdings in the cash market on September 27, 2012. This goes against their claim of buying in cash market to convert their future position to cash position. It was also observed that the Noticee nos.1, 4 and 5 had increased their long positions in the scrip on September 27, 2012. This goes against their claim that they wanted to convert the futures position to cash position.

44. I have analysed the SCN and the replies of Noticee nos. 1, 4, 5 and 9 available on record. I note that Noticee 1 (Aventis) placed buy orders for 30 lakh shares (6 buy orders of 5 lakhs each) of Ruchi Soya from 14:27:30 hrs. to 14:33:27 hrs. on September 27, 2012 at a price of Rs. 64-65 which was below the LTP of Rs. 71, at that time. Aventis revised the bid price to Rs. 88 and the quantity to 29 lakh shares from 15:28:05 hrs. to 15:28:51 hrs. The buy orders of Aventis at modified time, as mentioned in the SCN, are given below:

Table: Buy Order Analysis of Aventis

Sr. No.	**Buy Order No.**	**Buy Order Modified time**	**Modify Bid price / LTP (Rs.)**	**Modify Buy Vol**	**Sell Orders pending at Modified time with price range**	**Total sell vol of shares offered at the sell price range**	**Average ask price per share**	**total no. of Sell Orders**	**Executed trades [Price range (Rs.) : no. of shares]**
					<u>Aventis</u>				
1	2012092742196468	15:28:05	88/72.1	4 lakh	72.05-75	2,96,163	73.98	500	72.1-75 : 2,96,163
					75.1-80	7,16,097	77.6	702	75.1-77 : 1,03,837
					80.1-89.05	1,07,53,015	84.4	393	**Total : 4 lakh**
2	2012092742190719	15:28:17	88/73.5	5 lakh	74-80.9	8,763,23	78.3	531	74-77 : 4,833,52
					81-87.9	9,01,428	83.77	286	77.1-77.9 : 16648
					88-89.05	98,47,890	88.20	74	**Total : 5 lakh**
3	2012092742159097	15:28:42	88/82.1	5 lakh	83-85	2,006	84	3	83-87.9 : 1,37,252
					87-87.9	1,35,246	87.5	13	88 : 3,62,748
					88	38,32,863	88	43	**Total : 5 lakh**

Sr. No.	Buy Order No.	Buy Order Modified time	Modify Bid price / LTP (Rs.)	Modify Buy Vol	Sell Orders pending at Modified time with price range	Total sell vol of shares offered at the sell price range	Average ask price per share	total no. of Sell Orders	Executed trades [Price range (Rs.) : no. of shares]
					88.2-89.05	60,45,027	88.6	36	
4	20120927421 59987	15:28:45	88/84	5 lakh	85-87	1,14,401	86.1	11	85-87 : 1,14,401
					88	34,70,115	88	21	88 : 3,85,599
					88.2-89.05	6039027	88.64	34	**Total : 5 lakh**
5	20120927421 60747	15:28:48	88/85	5 lakh	86-87.95	2,09,597	87.6	26	86-87.9 : 2,08,097
					88	30,92,133	88	27	88 : 2,91,903
					88.2-89.05	60,24,027	88.64	33	**Total : 5 lakh**
6	20120927421 55500	15:28:51	88/85.3	5 lakh	87-87.95	1,01,990	87.74	15	87-87.95 : 1,01,990
					88	28,01,757	88	30	88 : 3,98,050
					88.2-89.05	60,09,027	88.64	32	**Total : 5 lakhs**

45. I note that Noticee 1 modified the bid price of orders at sl.no. 1 and sl.no. 2 of the table above to Rs. 88 when the LTP was Rs. 72.1/73.5 and the required quantity was available at lesser price itself. Also, with the subsequent trades of Noticee no. 1, the LTP of the scrip increased. The orders were modified to higher prices and the trades were executed mainly during the last 3 minutes of the trading on September 27, 2012. These trades of Noticee no. 1 contributed to positive LTP of the scrip of Ruchi Soya and Net LTP of the scrip, as noted from column IV of the above table (LTP increased from Rs.72.1 to Rs. 85.3).

46. I note from the SCN that that Noticee 4 (Sunmate) placed buy orders for 7 lakh shares of Ruchi Soya from 14:57:36 hrs. to 14:58:33 hrs. on September 27, 2012 at Rs.63 which was below the LTP of Rs. 71. Noticee 4 then revised the bid price to Rs. 88 from 15:29:32 hrs to 15:29:53 hrs. The details of buy orders of Sunmate, at modified time, as detailed in the SCN, are given below:

Table: Buy Order Analysis of Sunmate

Sr. No.	Buy Orders	Modified time	Modify Bid price / LTP (Rs.)	Modify Buy Vol	Sell Orders pending at Modified time with price range	Total sell vol of shares offered at the sell price range	Average ask price per share	total no. of Sell Orders	Executed trades [Price range (Rs.): no. of shares]
					Sunmate				
1	2012092742394852	15:29:32	88/85	1 lakh	85-87	69,777	85.8	16	85-87 : 69,777
					88	21,09,105	88	43	88 : 30,223
					88.2-96	61,55,356	90.3	73	**Total: 1 lakhs**
2	2012092742394174	15:29:39	88/84.8	1 lakh	84.8-87.95	2,46,706	87.38	58	84.8-87.7 : 1,00,000
					88	20,75,482	88	45	**Total: 1 lakhs**
					88.2-96	61,85,276	90.6	79	
3	2012092742392344	15:29:45	88/86	1 lakh	86-87.95	1,76,934	87.59	16	86-87.9 : 1,00,000
					88	20,75,483	88	46	**Total: 1 lakhs**
					88.2-96	62,03,361	90.56	86	
4	2012092742391294	15:29:47	88.2/87	1 lakh	87.7-88	21,62,056	87.97	58	87.7-87.9 : 53,585
					88.2	60,00,000	88.2	12	88 : 46,415
					88.35-96	2,02,460	90.99	72	**Total: 1 lakhs**
5	2012092742389811	15:29:50	88.2/87.1	1 lakh	87.7-87.9	41,000	87.8	9	87.7-87.9 : 41,000
					88-89.95	70,01,062	88.44	89	88 : 59,000
					90-96	1,66,354	92.72	38	**Total: 1 lakhs**
6	2012092742388320	15:29:53	88.2/87.1	2 lakh	87.5 - 87.9	47,499	87.76	10	87.5-87.9 : 47,499
					88 - 89.95	69,45,678	88.44	94	88 : 1,52,501
					90-96	1,66,356	92.61	40	**Total: 2 lakhs**

47. I note that Noticee 4 modified the bid price of orders at sl.no. 2 and sl.no. 3 of the table above to Rs. 88 when the LTP was between Rs. 84.8 - 86 and the required quantity was available at lesser price. Also, with the subsequent trades, Noticee 4 increased the LTP of the scrip. The orders were modified to higher prices and the trades were executed mainly during the last 3 minutes of the trading on September 27, 2012. These trades of Noticee 4 contributed to positive LTP from Rs. 85 to Rs. 87.1 and also increased the Net LTP of the scrip.

48. I also note from the SCN that Noticee no.5, Shreyans placed buy orders for 6 lakh shares of Ruchi Soya from 14:55:44 hrs. to 14:59:30 hrs. on September 27, 2012 at Rs.63 which was below the LTP of Rs. 71. Noticee no.5 revised the

bid price to Rs. 88 from 15:29:29 hrs. to 15:29:55 hrs. The details of buy orders of Shreyans, at modified time, are given below:

Table: Buy Order Analysis of Shreyans

Sr. No.	Buy Orders	Modified time	Modify Bid price / LTP (Rs.)	Modify Buy Vol	Sell Orders pending at Modified time with price range	Total sell vol of shares offered at the sell price range	Average ask price per share	total no. of Sell Orders	Executed trades [Price range (Rs.) : no. of shares]
Shreyans									
1	2012092742 398061	15:29:29	88/84	2 lakh	84.8-87.95	1,61,724	86.88	56	84.8-87.9 : 1,58,724
					88	21,47,406	88	44	88 : 41,276
					88.2-96	61,04,356	90.25	71	**Total: 2 lakhs**
2	2012092742 402207	15:29:34	88/85	1 lakh	85-87.9	2,95,799	86.72	15	85 : 1,00,000
					88	20,78,882	88	43	**Total: 1 lakhs**
3	2012092742 383425	15:29:42	88/85.5	2 lakh	85.5-87.95	2,58,602	87.7	47	85.5-87.9 : 2,00,000
					88	20,75,483	88	46	**Total: 2 lakhs**
					88.2-96	62,00,461	90.57	84	
4	2012092742 374418	15:29:55	88.2/87.5	1 lakh	87.8-87.95	30,200	87.86	5	87.8-88 : 1,00,000
					88-88.2	67,55,670	88.03	58	**Total: 1 lakhs**
					88.35-96	2,05,363	90.94	78	

49. I observe that Shreyans modified the bid price of orders at sl.no. 2 and sl.no. 3 at the table above, to Rs. 88 when the LTP for the scrip of Ruchi Soya was Rs. 85 - 85.5 and the required quantity was available at lesser price. Also, with the subsequent trades, Shreyans increased the LTP of the scrip. The orders were modified to higher prices and the trades were executed mainly during the last 3 minutes of the trading on September 27, 2012. These trades of Shreyans contributed to positive LTP and Net LTP of the scrip.

50. I also note from SCN that Noticee 9 (Moebius) placed buy orders for 20 lakh shares (4 buy orders of 5 lakhs each) from 14:28:45 to 14:30:42 at Rs.64-65 which was below the LTP of Rs. 71. Noticee 9 then revised the bid price to Rs. 88 from 15:28:29 to 15:28:53. The details of buy orders of Moebius at modified time is as follows:

Table: Buy Order Analysis of Moebius

Sr. No.	Buy Orders	Modified time	Modify Bid price / LTP (Rs.)	Modify Buy Vol	Sell Orders pending at Modified time with price range	Total sell vol of shares offered at the sell price range	Average ask price per share	total no. of Sell Orders	Executed trades [Price range (Rs.) : no. of shares]
Moebius									
1	2012092742 166537	15:28:29	88/76.5	5 lakh	76.5-80	6,19,008	78.96	321	76.5-78 : 2,13,537
					80.1-87.9	9,19,717	83.55	311	78.1-80 : 2,86,463
					88-89.05	98,47,890	88.26	74	**Total : 5 lakhs**
2	2012092742 175818	15:28:34	88/78.8	5 lakh	78.8-82	1,92,831	81.1	123	78.8-82.9 : 2,14,315
					82.2-87.9	8,85,417	84.69	204	83-84 : 2,85,685
					88-89.05	98,47,890	88.27	74	**Total : 5 lakhs**
3	2012092742 164332	15:28:40	88/82	5 lakh	83-85.8	3,60,166	84.67	66	83-85 : 3,52,545
					86-87.9	2,50,080	86.65	57	85.5-87 : 1,47,455
					88-89.05	98,65,890	88.28	76	**Total : 5 lakhs**
4	2012092742 176535	15:28:53	88/85.3	5 lakh	85.3-87.9	31,306	86.87	11	85.3-87.9 : 31,306
					88	24,10,748	88	25	88 : 4,68,694
					88.2-89.05	60,08,033	88.67	33	**Total : 5 lakhs**

51. I note from the above table that Noticee 9 modified the bid price of orders at sl.no. 1, sl.no.2 and sl.no.3 to Rs. 88 when the LTP was Rs. 76.5 - 82 and the required quantity was available at lesser price itself. Also with the subsequent trades, Noticee 9 increased the LTP of the scrip. Thus, I note that Noticee 9 had deliberately placed order at prices higher than LTP to increase the price of the scrip. The orders were modified to higher prices and the trades were executed mainly during the last 3 minutes of the trading on September 27, 2012. These trades of Moebius contributed to positive LTP and Net LTP of the scrip.

52. I further note from the SCN that during 15:00:00 hrs to 15:30:00 hrs, the price of the scrip in NSE moved from Rs. 70.65 to Rs. 88.0 an increase of Rs. 17.35. Details of all the group entities who have contributed to NHP and their contribution to NHP is as follows:

Table: NHP Analysis of the trades of the Group Entities

S.No.	Entity Name	No. of NHP trades	Sum of NHP Quantity	NHP contribution (in Rs.)	NHP contribution to total market NHP (in %)
1	Moebius	10	14143	9.1	52.45%
2	Aventis	8	73009	5.65	32.56%
	Total	**18**	**87152**	**14.75**	**85.01%**
	Market	**26**	**90018**	**17.35**	**100%**

53. I note that Noticee 9 and Noticee 1 contributed 85.01% to NHP during the investigation period. Order book analysis was carried out for top 10 trades of Moebius and Aventis which resulted in NHP. It was observed that the buy trades of these entities which contributed to NHP were the same trades that contributed to positive LTP and net LTP, the analysis of which has been mentioned earlier.

54. I note that the NSE notified on July 24, 2012 that futures contracts in the scrip of Ruchi Soya will not be available for trading after September 27, 2012, Therefore, there was no reasonable explanation for the Noticees to buy the shares of Ruchi Soya in the cash market on the last trading day and in the last half an hour. Noticee nos. 1, 4 and 5 have not provided any cogent explanation as to why they did not start accumulating shares of Ruchi Soya in the cash market when they were aware from July 2012 onwards that the future contracts in the scrip will not be traded from September 27, 2012 onwards and why they only bought in the last half an hour of trading on September 27, 2012 and that too at a higher price of Rs. 88 when the sell orders were available for less price. I further note that Noticee nos.1, 4 and 5 have also not explained why they were increasing their long position in the futures of Ruchi Soya on the last day, i.e., September 27, 2012 if their objective was to accumulate shares in the cash market due to the closing of the futures contract and when they have claimed that they were purportedly only converting their position in futures to the cash market. In view of the above, I find that the contention of the Noticees that they were converting their position in futures to cash market is not acceptable.

55. The Noticees have also contended that they placed the buy orders at a higher price than the prevailing market price in order to get sellers for the requisite high volumes that they desired to purchase. With respect to this contention of the Noticees, I find from the tables in the earlier paragraphs that sell orders were available at a lower price for the requisite quantity of shares for which buy orders were placed by Noticee no. 1, 4, 5 and 9 at Rs. 88 during the investigation period.

56. I note that a buyer in the market strives to acquire any shares at a less price. However, in the present case the Noticees were placing buy orders at Rs. 88 whereas sellers were available in the system willing to sell at lower prices and the quantity offered by the sellers were also sufficient. This trading behavior has not been explained by the Noticees except for stating that they were looking for large volumes which, as stated above, is not supported by facts.

57. I note that their repetitive buy orders in the scrip of Ruchi Soya at a price much higher than LTP were of large volumes and thus, got executed in the higher range of the sell orders and influenced the LTP. Moreover, I also note that such buy orders were placed by them during the investigation period in the NSE cash market in order to influence the settlement price of the futures contracts in Ruchi Soya wherein they were holding long positions, as discussed in subsequent paragraphs. Therefore, their submissions that their buy orders were of no consequence, is untenable.

58. Based on the discussion above, I find that Noticee nos. 1, 4, 5 and 9 placed buy orders at a price much higher than the prevailing market price in the last half an hour of trading in the scrip of Ruchi Soya in the NSE cash market on September 27, 2012. Since these Noticees have not been able to provide any acceptable basis for such trade behavior, I find that Noticee no. 1, 4, 5 and 9 placed buy orders at prices higher than LTP to increase the price of the scrip of Ruchi Soya. The orders were modified to higher prices and the trades were

executed mainly during the investigation period, especially, in the last 2/ 3 minutes of the trading on September 27, 2012 and thus, they contributed towards the price rise by establishing an artificial higher price in the scrip of Ruchi Soya during the investigation period.

59. I also note that the said Noticees have claimed that the volume of shares traded by them with other group entities was less, compared to the total shares traded by them. I note that the SCN does not allege that the fraudulent trades of Noticees executed by placing buy orders at a price higher than LTP, were only executed with other members of the group entities. The allegation against the Noticees is that they placed buy trades at higher LTP whereas sufficient quantity of shares were available at less price and the same was done to increase the price of scrip of Ruchi Soya with large volumes in order to manipulate the settlement price for futures contracts of Ruchi Soya in F&O market where Noticees had large long positions and increase in settlement price for Ruchi Soya futures would result in reducing losses for them. Therefore, the fact that the trades of Noticees amongst themselves were purportedly less as compared to trades executed with other sellers does not take away the manipulative and fraudulent character of their trades, particularly, when it had an impact on the price of the scrip and contributed to a higher market LTP, in the shares of Ruchi Soya during the investigation period. Therefore, the submission of Noticee no. 1, 4, 5 and 9 in this regard is not acceptable and I find that Noticee no. 1, 4, 5 and 9 placed buy orders in Ruchi Soya in the cash market of NSE at prices higher than LTP, although sell orders for the same quantities were available at lower prices, in order to increase the price of the scrip of Ruchi Soya for the purpose of getting a higher settlement price in futures of Ruchi Soya where some of the group entities had a long position.

Analysis of trades of Noticee nos.2 and 3 (sellers)

60. I note that Noticee nos. 2, 3 and 8 had executed sell trades during the investigation period, I note the following details from the SCN:

Table: Details of Trades amongst the Group Entities

Buyers	**Aventis**		**Moebius**		**Shreyans**		**Sunmate**		**Sell vol of Group entities within group**	**Total Sell vol of Group entities**	**Sell within group group as % of total sell vol**
Sellers	Trd Qty	LTP	Trd Qty	LTP	Trd Qty	LTP	Trd Qty	LTP			
Navinya	280000	0	70000	0	-	-	70000	0	420000	420000	100%
Vision	264217	0.05	85783	0.1	16740	0.05	51260	0	418000	420000	99.52%
Uni24	210000	1.05	89906	0	45023	0.05	11818	1	356747	370197	96.37%
Total	**754217**	**1.1**	**245689**	**0.1**	**61763**	**0.1**	**133078**	**1**	**1194747**	**1210197**	**98.72%**

61. I note from the above table that 98.72% of the sell trades of Noticee nos. 2, 3 and 8 were executed with other Noticees. The trades among the group entities contributed Rs. 2.3 to LTP which is 0.67% of market positive LTP during the investigation period. On the analysis of the sell orders of Noticee nos. 2, 3 and 8, it was observed that these entities placed sell orders of 15 lakhs each at 14:42:11 hrs., 14:41:50 hrs. and 14:48:10 hrs., respectively, with a limit price of Rs. 88 significantly higher than the LTP of Rs. 71. The order quantity of these shares were revised to 10 lakh shares at 15:26:54 hrs., 15:26:42 hrs. and 15:27:11 hrs., respectively. Since, the sell order price was higher than the LTP, the sell orders were not executed. The sell order quantity was modified to 7 lakh shares at 15:28:05 hrs., 15:27:55 hrs. and 15:27:43 hrs. The SCN further states that when the group entities (Noticees. 1, 4, 5 and 9) placed buy orders for the same price, i.e., Rs. 88 beginning 15:28:05 hrs., the orders matched and the trades were executed. Thus, the SCN alleges that Noticee nos. 1 to 5, 8 and 9 together established a higher trading price of Rs. 88 in the market by placing matching buy and sell orders and that Noticee nos. 2, 3 and 8 in collusion with Noticee nos. 1, 4, 5 and 9 (buyers) set higher market traded price.

62. The submissions of Noticees Nos. 2, 3 and 8 are similar to each other stating that the buying and selling in the scrip of Ruchi Soya on September 27, 2012, in the cash segment, was done by them in the ordinary course of business

dehors sinister intent or design. They had first bought the shares at a lower price, thereafter, they had placed the sell order at a price of Rs 88/, in order to benefit from the wild fluctuations which usually happen on the expiry day.

63. I note that the Noticee nos. 2, 3 and 8 put their sell orders at exactly Rs. 88, i.e., the same price at which the Noticee nos. 1, 4, 5 and 9 had placed their modified buy orders during the investigation period. The sell orders by Noticee nos. 2, 8 and 3 at Rs. 88 were placed at 14:42:11 hrs., 14:41:50 hrs. and 14:48:10 hrs., respectively, i.e., within 10-15 minutes before beginning of the last half an hour of trading. Keeping in mind the connection between the group entities, I am unable to accept that the said transaction on the part of Noticee 2, 3 and 8 was a coincidence and without any intention. I am also unable to accept the contention of Noticee nos. 2, 3 and 8 that in the anonymous platform of the exchange they did not know who their counter parties were and thus, their trades were normal. In this regard, the observation of the Hon'ble Supreme Court of India in SEBI vs. Kishore R. Ajmera [(2016) 6 SCC 368] may be referred to:

"According to us, knowledge of who the 2nd party/ client or the broker is, is not relevant at all. While the screen-based trading system keeps the identity of the parties anonymous it will be too naive to rest the final conclusions on said basis which overlooks a meeting of minds elsewhere. Direct proof of such meeting of minds elsewhere would rarely be forthcoming. The test, in our considered view, is one of preponderance of probabilities so far as adjudication of civil liability arising out of violation of the Act or the provisions of the Regulations framed thereunder is concerned."

64. In view of the connection between the group entities, and the fact that Noticee nos. 2, 3 and 8 placed the sell orders at exactly the same price as the modified buy orders of their connected entities, Noticee nos.1, 4, 5 and 9 which were placed with a view to increase the price of the scrip and also in view of the fact that 98.72% of the sell trades of the Noticee nos. 2, 3 and Vision were executed with the other group entities during the investigation period, I find that the facts

and circumstances of the present case show that the Noticees executed the trades in the shares of Ruchi Soya during the investigation period, under a premeditated plan. Noticee nos. 2, 3 and 8colluded with Noticee nos. 1, 4, 5 and 9 in contributing to the price rise by establishing artificial higher price for the scrip of Ruchi Soya in the cash market of NSE in a fraudulent manner during the investigation period.

Long positions of Noticee nos. 1 to 7 in the future contracts of Ruchi Soya expiring on September 27, 2012

65. The second leg of the allegation in the SCN is that Noticee nos. 1, 4, 5 and 9 in collusion with Noticee nos. 2, 3 and 8, fraudulently increased the price of the scrip of Ruchi Soya by placing buy orders at a higher price than existing sell orders in the system, so that some of the group entities, i.e., Noticee nos. 1 to 7 who were holding long positions in the futures of Ruchi Soya could benefit from a higher settlement price. I note from the SCN that 7 of the 9 group entities, i.e., Noticee nos. 1 to 7 were holding net long positions in the future contracts of Ruchi Soya as on September 27, 2012 and one group entity, Noticee 8, was holding short position in the Ruchi Soya futures. One group entity, Noticee 9 was not holding any position in the futures of Ruchi Soya. The trading pattern of 8 group entities and their built-up of positions in the futures of Ruchi Soya, for September 27, 2012 expiry as per the SCN has been depicted below:

Table: Trade details of the Group Entities in the NSE Futures market (Qty in lakhs)

S. No	**Name**	**August 2012**		**September, 2012 (Upto 26th)**		**Net Long shares as on (date) (%)**	**On Sep 27, 2012**		**Net Long on Sep 27, 2012**
		Buy	**Sell**	**Buy**	**Sell**		**Buy**	**Sell**	
1	Navinya	13.72	0	0	0	13.72 (Aug 27) (21.03%)	0	0	13.72
2	Shreyans	9.88	0	0.68	0.24	10.32 (Sep 13) (15.82%)	2.84	0	13.16
3	Betul Minerals	13	0	0	0	13.00 (Aug 30) (19.93%)	0	0	13
4	Aventis	11.2	0.2	0	0	11.00 (Aug 27) (16.86%)	0.24	0	11.24
5	Betul Oils	11	0	0	3.36	7.64 (Sep 24) (11.71%)	2.6	0	10.24
6	Sunmate	10.76	0	1.24	4.64	7.36 (Sep 25) (11.28%)	1.04	0	8.4
7	Uni24	12.2	0	0	10	2.20 (Sep 24) (3.37%)	0	0	2.2

8	Vision	3.48	0	0	7.4	(3.92)(Sep 24)	0	0	(3.92)
	Total	**85.24**	**0.2**	**1.92**	**25.64**	**65.24**	**6.72**	**0**	**71.96**

66. I note from the SCN that 4 of the 8 group entities, i.e. ,Noticee nos. 1, 4, 5 and 7 mentioned in the table above, increased their long positions in the Ruchi Soya futures on the day of the contract expiry i.e. on September 27, 2012. The group entities bought 6.72 lakh futures contracts in Ruchi Soya scrip on September 27, 2012. The SCN states that 7 group entities, i.e., Noticee nos. 1 to 7 holding long position in the Ruchi Soya futures as on September 27, 2012, also appear in the top 10 entities holding long position in the Ruchi Soya futures as on September 27, 2012 and thus, it would have been in the interest of these group entities, if the price of the scrip rose in the cash market. The SCN also states that from the price trend in the NSE cash market, it was observed that the price of the scrip was in downward trend since morning of September 27, 2012. It was observed that Noticee nos. 1 to 7 were holding significant long positions in futures contracts of Ruchi Soya expiring on September 27, 2012. They would have made more losses, had the price fall continued throughout the day. Therefore, the SCN alleges that group entities had vested interest to arrest the price fall in the scrip to get a better settlement price in the futures market.

67. I note that none of the Noticees have denied their long positions in the futures of Ruchi Soya. I note that, Noticee nos. 1 to 5, 8 and 9 traded heavily on September 27, 2012 mainly during 15:00 hrs. to 15:30 hrs. I note that the buy trades of these entities were concentrated in the last 30 minutes (especially last 3 minutes) of trading on September 27, 2012 and they contributed 61.63% and 79.69% to the market traded volume in the last 30 minutes and last 3 minutes of trading on September 27, 2012, respectively. I also note that the net LTP impact of the buy trades of the group entities was Rs. 55.55. It is observed that the group entities contributed to 18.31% to the market positive LTP. The volume weighted average price of the scrip of Ruchi Soya during the last half an hour of trading on September 27, 2012 was taken for consideration of the

calculation of the settlement price of the futures contracts expiring on September 27, 2012. As has been discussed in previous paras, Noticee nos. 1, 4, 5 and 9 (buyers) in collusion with Noticee nos. 2, 3 and 8 (sellers) established an artificial higher price in the scrip of Ruchi Soya in the NSE cash market during the investigation period, i.e. last half an hour of trading on September 27, 2012. I find that this transaction on the part of Noticee nos. 1 to 5, 8 and 9 increased the volume weighted average price of Ruchi Soya in the last half an hour on September 27, 2012 and thus, helped to establish a higher settlement price of Rs. 78.65 for the futures contract of Ruchi Soya on the NSE futures market. The SCN states that the Last Traded Price of the Ruchi Soya scrip at 15:00:00 was Rs. 70.65. The SCN further states that since the actual settlement price of the Ruchi Soya scrip on September 27, 2012 was Rs. 78.65, it is clear that the group entities impacted the settlement price of the scrip by Rs. 8.00 per share by way of manipulating the traded price of the scrip (i.e., Rs. 78.65 from Rs. 70.65) in the manner as discussed in previous paras.

68. In this regard, I also observe that Noticees have submitted that they took delivery of the shares that they purchased on the NSE cash market and thus, the allegation against them regarding manipulation in the futures contract do not stand established. In this regard, I note that it has been established above the Noticees executed fraudulent trades on the NSE cash market to enable 7 group entities who were holding long positions in Ruchi Soya futures to avoid losses in the NSE futures market. Therefore, the submission that these entities took or gave delivery of shares on the cash market, is not a relevant factor in determining the fraudulent nature of their trades, in the facts and circumstances of the present case.

69. The SCN observes that Noticee nos. 6 and 7 were connected to Noticee nos. 1 to 5, 8 and 9 who had manipulated the price of the scrip at NSE cash market on September 27, 2012. Due to this manipulation, the settlement price of the

Ruchi Soya futures was increased. Although Noticee nos. 6 and 7, have not traded in the scrip in the cash market during the investigation period on September 27, 2012, on account of them being part of the group entities, they benefitted from the price manipulation since, they were holding long positions in the Ruchi Soya futures expiring on September 27, 2012. Thus, Noticee nos. 6 and 7 acted in furtherance of the scheme of the Noticees to increase price in the cash market to get a better settlement price in Ruchi Soya futures, and thus, benefitted from this manipulative scheme by reducing their square-off losses in the futures segment.

70. Both Noticee nos. 6 and 7 have submitted that they were not connected to any of the other group entities. Noticee 6 has stated that it had miniscule trading in the NSE cash market in Ruchi Soya on September 27, 2012 and Noticee 7 has stated that it did not trade in the NSE cash market in Ruchi Soya at all. Therefore, both of them have contended that the issue of manipulating the settlement price on the trading day does not arise.

71. I note that Noticee nos. 6 and 7 were connected to Noticee nos. 1 to 5, 8 and 9, as discussed earlier. It has also been found that Noticee nos. 1 to 5, 8 and 9 indulged in establishing a higher price for the Ruchi Soya scrip in the NSE cash market during the investigation period which enabled the Noticee nos. 1 to 7 who were holding long positions in the Ruchi Soya futures on September 27, 2012 to reduce their losses arising out of their long positions in futures of Ruchi Soya. Therefore, based on the connection between the entities and based on the fact the Noticee nos. 6 and 7 directly benefitted out of the fraudulent activity of the other members of the group entities, by reducing their square-off losses, I find that Noticee nos. 6 and 7 were also part of the artifice to manipulate the price of scrips of Ruchi Soya.

Calculation of avoidance of losses by Noticee nos. 1 to 7

72. The calculation of the square-off gains/losses earned by Noticee nos. 1 to 7 who were holding long positions in the futures of Ruchi Soya of September 27, 2012 expiry, as stated in the SCN, is given below:

Table: Square-off earned / suffered by the Group Entities

S.No	Entity Name	Buy Qty (in Lakhs)	Buy Value (Rs. In Lakhs)	Sell Qty (In Lakhs)	Sell Value (Rs. In Lakhs)	Net Buy Posn(in lakhs)	Net Buy Value (Rs. in Lahs)	Settlement value of futures posn @ Rs. 78.65(Rs. in Lakhs)	Square-Off Earned/Suffered (Rs. In Lakhs) @ Settlement Price of Rs. 78.65
		A	**B**	**C**	**D**	**E = A-C**	**F= B-D**	**G=E * 78.65**	**H=F-G**
1	Navinya	13.72	1162.59	0	0	13.72	1162.59	1079.078	-83.51
2	Shreyans	13.40	1094.62	0.24	20.18	13.16	1074.44	1035.034	-39.41
3	Betul Minerals	13.00	1098.93	0	0	13.00	1098.93	1022.45	-76.48
4	Aventis	11.44	966.41	0.2	16.95	11.24	949.46	884.026	-65.43
5	Betul Oils	13.60	1114.44	3.36	237.95	10.24	876.49	805.376	-71.11
6	Sunmate	13.04	1087.44	4.64	349.43	8.40	738.01	660.66	-77.35
7	Uni24	12.20	1032.28	10	700.13	2.20	332.15	173.03	-159.12
Total		**90.4**	**7556.71**	**18.44**	**1324.64**	**71.96**	**6232.07**	**5659.65**	**-572.41**

73. I note from above that Noticee nos. 1 to 7 suffered their square-off losses of Rs. 572.41 lakhs from their long positions in the Ruchi Soya futures expiring on September 27, 2012. The SCN notes that the settlement price of Ruchi Soya futures on September 27, 2012 was Rs. 78.65. Since the manipulative trades by the group entities were carried out during the period from 15:00 to 15:30 hrs. on September 27, 2012, the SCN states that the trades during that period are excluded from the calculation of the revised settlement price. Therefore, the Last Traded Price of the Ruchi Soya scrip at 15:00:00, i.e., Rs. 70.65 is taken by the SCN as the revised settlement price as it would reflect the market traded price of the scrip without the impact of manipulative trades of the group entities, on the share price of Ruchi Soya. The SCN further states that since the actual settlement price of the Ruchi Soya scrip on September 27, 2012 was Rs. 78.65, it is clear that the group entities impacted the settlement price of the scrip by Rs. 8.00 per share by way of manipulating the traded price of the scrip (i.e., Rs. 78.65 from Rs. 70.65).

74. The SCN, thereafter, compared the square-off gains / losses earned by the long positions of Noticee nos. 1 to 7 at a price of Rs. 70.65 (revised settlement price, had the manipulation not taken place), against the actual settlement price of Rs. 78.65 which is given below:

Table: Analysis of trade gains earned by the Group Entities (value in Rs. Lakh)

S. No.	Entity Name	Net Long in futures (as on Sep 27, 2012)	Net Buy Value of the long posn	Net position acquired in cash market (as on Sep 27,2012)	Sett value at sett. price of Rs. 78.65 (in Rs)	Square-off gain / loss @ Rs. 78.65	Sett. Value at revised sett. price of Rs. 70.65 (in Rs)	Square-off gain / loss @ Rs. 70.65	Diff in Square-off gain / loss (in Rs.)
		A	**B**	**C**	**D=A*78.65**	**E=D-B**	**F=A*70.65**	**G=F-B**	**H=E-G**
1	Navinya	13.72	1162.59	7.1	1079.078	-83.51	969.318	-193.27	109.76
2	Shreyans	13.16	1074.44	6.01	1035.034	-39.41	929.754	-144.69	105.28
3	Betul Minerals	13.00	1098.93	0	1022.45	-76.48	918.45	-180.48	104
4	Aventis	11.24	949.46	32.72	884.026	-65.43	794.106	-155.35	89.92
5	Betul Oils	10.24	876.49	0.016	805.376	-71.11	723.456	-153.03	81.92
6	Sunmate	8.4	738.01	4.9	660.66	-77.35	593.46	-144.55	67.2
7	Uni24	2.2	332.15	0.79	173.03	-159.12	155.43	-176.72	17.6
	Total	**71.96**	**6232.07**	**71.34**	**5659.65**	**-572.41**	**5083.97**	**-1148.1**	**575.68**

75. The SCN alleges that if Noticee nos. 1 to 5, 8 and 9 had not manipulated the settlement price, Noticee nos. 1 to 7 would have made square-off losses of Rs. 11.48 crores. Due to the manipulation, Noticee nos. 1 to 7 have reduced their square- off losses to Rs. 5.72 crores. Therefore, Noticee nos. 1 to 7 have reduced their losses by Rs. 5,75,68,000/- through the manipulative trades of Noticee nos. 1 to 5, 8 and 9.

76. The SCN further observes that that the group entities made notional loss of Rs. 4.66 crore by their cash position in the scrip of Ruchi Soya. Since the avoidance of losses of the group entities in the futures market is approximately, Rs. 5.76 crores compared to the notional loss of Rs. 4.66 crores in the cash market, the

group entities made a net gain of Rs. 1.1 crore through their manipulative trades.

77. In this respect, the Noticees have submitted that the calculation pertaining to impact of the Noticees' trades on the closing price is misleading. The Noticees have calculated the impact of their trades in the last half an hour of trading on September 27, 2012 by taking the volume weighted average price of the number of shares which each individual Noticee has traded with other Noticees. These Noticees have also calculated the impact of the volume weighted average price of the shares traded amongst themselves (group entities) to arrive at their figure of gains.

78. I note from the submissions of the Noticees that they have calculated the last 30 minutes' average price and subtracted the effect of trades executed between the alleged group entities to come to their calculation of the fair price for the scrip during the investigation period. However, I do not agree with the contention of the Noticees that the impact of the trades of the group entities on the price of the scrip of Ruchi Soya in the last half an hour of trading in the NSE cash market on September 27, 2012 was limited to the volume of shares only traded amongst the group entities. I note that the SCN also does not allege so.

79. I note that Noticee nos.1,2, 3, 4, 5, 8 and 9 contributed to the price rise in the scrip of Ruchi Soya on the NSE cash market by artificially establishing a higher price in the scrip by placing buy orders at an unusually high price when sell orders at lower prices for the requisite quantity was available in the system. As a result of the higher price, the Noticee nos. 1 to 7 were able to avoid losses in the futures of Ruchi Soya in the NSE futures market. The SCN does not in any way mention that these buy orders placed by the members of the group entities in the cash market were only executed with other group entities. I also note that during the investigation period 61.63% of the buy volume of the Noticees were with other members of the group entities. Therefore, I note that limiting the

calculation of ill-gotten gains to only the volume of shares traded amongst the group would not be correct since the fraudulent trades of the Noticees were also executed with entities outside the group. Therefore, the calculation submitted by the Noticees is not tenable. Had the buy orders at unusually high prices not been placed by the Noticees the higher price would not have been established and therefore, the higher settlement price in the futures contract would not have been established. Therefore, I am of the view that the Noticees were responsible for establishing the higher price of the Ruchi Soya scrip in the last half an hour of trading in the NSE cash market on September 27, 2012, irrespective of the volume traded amongst the group entities. In view of the same, I agree with the observation in the SCN that the Last Traded Price of the Ruchi Soya scrip at 15:00:00, i.e., Rs. 70.65 would reflect the market traded price of the scrip without the price impact of the manipulative trades of the group entities. Thus, I agree with the calculation that the group entities have reduced their losses by Rs. 5.76 crores through their manipulative trades. As noted earlier, after subtracting the notional loss of Rs. 4.66 crores in the cash market, the Noticees have made a net gain of Rs. 1.1 crore through their manipulative trades.

80. In view of the foregoing, I find that Noticee nos. 1, 4, 5 and 9, as buyers placed buy orders in the scrip of Ruchi Soya at a price higher than LTP although sell orders were available in the system for the requisite quantity at lower price, during the investigation period, in order to increase the price of the scrip of Ruchi Soya in the cash market with a view to obtain a higher settlement price of the futures of Ruchi Soya expiring on September 27, 2012. I also find that Noticee nos. 2, 3 and 8, as sellers, have colluded with their connected entities, i.e., Noticee nos. 1, 4, 5 and 9, to increase the price of Ruchi Soya in the cash market during the investigation period with a view to obtain a higher settlement price of the futures of Ruchi Soya expiring on September 27, 2012. Noticees 1 to 7 also benefitted from their positions in the futures of Ruchi Soya because

of manipulation carried out by them. Thus, I find that the Noticees have violated Section 12A (a), (b) & (c) of SEBI Act read with Regulations 3 (a), (b), (c) & (d), 4(1), 4(2)(a) of PFUTP Regulations. I further find that Noticees nos. 1 to 7 have further violated Regulation 4(2)(e) of the PFUTP Regulations.

81. Hon'ble Supreme Court of India in the matter of SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC) 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…".* In view of the same, I am convinced that it is a fit case for imposition of monetary penalty on the Noticees under the provisions of Section 15HA of the SEBI Act, which reads as under:

    SEBI Act

    Penalty for fraudulent and unfair trade practices.

    15HA. If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty 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.

82. While determining the quantum of penalty under Section 15HA 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.

    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.

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.

83. I note that the Whole Time Member of SEBI in Order dated March 19, 2021 had directed the Noticees to disgorge a total amount of Rs. 5.76 crore with an interest at the rate of 12% per annum from September 28, 2012 till the date of actual payment. I also note that the Noticees were restrained from accessing the securities market and further prohibited from buying, selling or dealing in securities in any manner from February 15, 2013 to December 6, 2013. In view of the same, I find it appropriate to consider the direction in the nature of disgorgement / debarment that has already been passed against the Noticees herein as a relevant factor while deciding the quantum of penalty. Nonetheless, any manipulation in the volume or price of the stocks caused by vested interest always erodes investor confidence in the market so that investors find themselves at the receiving end of market manipulators. It is of utmost importance to preserve and protect the market integrity in order to boost investor confidence in the securities market. By executing manipulative trades, as has been executed by the Noticees in the instant matter, the price discovery system itself is affected. It also has an adverse impact on the fairness, integrity and transparency of the stock market. I have also taken into account the fact that the Noticees had traded in a specific pattern and their contribution in manipulation in the scrip. In view of the same, I am inclined to consider that the Noticees are responsible for the aforesaid violations and therefore, I impose an appropriate penalty on the Noticees. It is also gathered that Noticee 1, subsequent to initiation of the present proceedings, has amalgamated with Immix Trade Pvt. Ltd., while Noticee 8 has amalgamated with Noticee 9. Thus, any direction with respect to Noticee 1 has to be complied with by Immix Trade Pvt. Ltd. and any direction with respect to Noticee 8 has to be complied with by Noticee 9.

ORDER

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

<table>
<tr><th>S. No.</th><th>Name</th><th>Penalty</th></tr>
<tr><td>1</td><td>Aventis Biofeeds Private Limited</td><td rowspan="9">Rs. 25,00,000 (Rupees Twenty-Five Lakh Only)</td></tr>
<tr><td>2</td><td>Navinya Multitrade Private Limited</td></tr>
<tr><td>3</td><td>Uni24 TechnoSolutions Private Limited</td></tr>
<tr><td>4</td><td>Sunmate Trade Private Limited</td></tr>
<tr><td>5</td><td>Shreyans Credit and Capital Private Limited</td></tr>
<tr><td>6</td><td>Betul Oils and Feeds Private Limited</td></tr>
<tr><td>7</td><td>Betul Minerals and Constructions Private Limited</td></tr>
<tr><td>8</td><td>Vision Millennium Exports Private Limited</td></tr>
<tr><td>9</td><td>Moebius Credit and Capital Private Limited</td></tr>
</table>

85. The above penalty shall be payable jointly and severally by the Noticees. I am of the view that the above penalty is commensurate with the lapse/omission on the part of the Noticees. 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 favour 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. In case of any difficulties in payment of penalties, the Noticees may contact the support at portalhelp@sebi.gov.in.

86. The Noticees shall forward said Demand Draft or the details / confirmation of penalty so paid to the "The Division Chief, EFD-1, DRA-II, SEBI, SEBI Bhavan 2, Plot No. C –7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400051". The Noticee shall provide the following details while forwarding DD/ payment information:
    a) Name and PAN of the entity
    b) Name of the case / matter
    c) Purpose of Payment – Payment of penalty under AO proceedings
    d) Bank Name and Account Number
    e) Transaction Number

87. 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 for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties.

88. 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: April 29, 2022 **VIJAYANT KUMAR VERMA**

Place: Mumbai **ADJUDICATING OFFICER**