BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

(ADJUDICATION ORDER NO: EAD/PM-RR/AO/2019-20/7039-7054)

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

In respect of:

SL. No.	Name of the Entity	PAN
1	Cosmos Distributors Pvt. Ltd.	AADCC8835H
2	Bhargabi Trading Pvt. Ltd.	AAECB9628A
3.	Jagsakti Tower Pvt. Ltd.	AACCJ8180F
4.	Jahman Agency Pvt. Ltd.	AACCJ8181E
5.	Ritudhan Marketing Pvt. Ltd.	AAFCR8047L
6.	Godavari Real Estate Pvt. Ltd.	AAFCG4666C
7.	Bharti Goyal	AVLPG1346F
8.	Laxmikanta Vyas	AEWPV9659J
9.	Sandeep Jain	AAKPJ3581H
10.	Chandrakanta Laddha	ABIPL0665K
11.	Neha Bimal Shah	ABCPS4435Q
12.	Uttam Bagri HUF	AAAHU5502R
13.	Raj Kamal Poswalia (HUF)	AALHR6310K
14.	Om Prakash Dhandania	ACQPD6056K
15.	V.S.G. Leasing & Finance Co P. Ltd.	AADCV2143D
16.	Sumeet Agarwal	AGUPA8903E

In the matter of Mapro Industries Limited

FACTS OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI") conducted an investigation in the matter of Mapro Industries Limited (hereinafter referred to as "the Company/Mapro/MIL") during July 1, 2014 to

November 30, 2014 (hereinafter referred to as “investigation period”) and the possible violation of Regulations 3(a), (b), (c) & (d), 4(1), 4(2) (a) and (e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to FUTP) Regulations, 2003 (hereinafter referred to as “SEBI PFUTP Regulations, 2003”) by Cosmos Distributors Pvt. Ltd. (hereinafter referred to as "Noticee 1"), by Bhargabi Trading Pvt. Ltd. (hereinafter referred to as "Noticee 2"), by Jagsakti Tower Pvt. Ltd. (hereinafter referred to as "Noticee 3"), by Jahman Agency Pvt. Ltd. (hereinafter referred to as "Noticee 4"), by Ritudhan Marketing Pvt. Ltd. (hereinafter referred to as "Noticee 5"), by Godavari Real Estate Pvt. Ltd. (hereinafter referred to as "Noticee 6"), by Bharti Goyal (hereinafter referred to as "Noticee 7"), by Laxmikanta Vyas (hereinafter referred to as "Noticee 8"), by Sandeep Jain (hereinafter referred to as "Noticee 9"), by Chandrakanta Laddha (hereinafter referred to as "Noticee 10"), by Neha Bimal Shah (hereinafter referred to as "Noticee 11"), by Uttam Bagri HUF (hereinafter referred to as "Noticee 12"), by Raj Kamal Poswalia (HUF) (hereinafter referred to as "Noticee 13"), by Om Prakash Dhandania (hereinafter referred to as "Noticee 14"), by V.S.G. Leasing & Finance Co P. Ltd (hereinafter referred to as "Noticee 15") and by Sumeet Agarwal (hereinafter referred to as "Noticee 16")

(The aforesaid Noticees are hereinafter individually referred to by Noticee 1 to Noticee 16 and collectively referred to as the Noticees)

APPOINTMENT OF ADJUDICATING OFFICER

2. I have been appointed as the Adjudicating Officer, vide Order dated May 17, 2017 and communicated vide communique dated July 17, 2017 under Section 15-I of SEBI Act read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as ‘Adjudication Rules’) to inquire into and adjudge under the provisions of Sections 15HA of the SEBI Act for the alleged violation of the abovementioned provisions of SEBI PFUTP Regulations, 2003 by the Noticees.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

3. A common Show Cause Notice dated September 27, 2017 (hereinafter referred to as 'SCN') was issued to the Noticees under the provisions of Rule 4 (1) of the Adjudication Rules, to show cause as to why an inquiry should not be held against the Noticees and why penalty should not be imposed on the Noticees under the provisions of Sections 15HA of the SEBI Act, for the aforesaid alleged violations.

4. The aforesaid SCN was sent to the Noticees at their latest address available on record. While SCN was served upon nine Noticees, it returned undelivered for seven Noticees. With regard to the undelivered SCN to above seven Noticees, the said SCN was also uploaded on the SEBI website (www.sebi.gov.in) under the head Enforcement-Unserved Summons/Notices.

   With regard to undelivered SCN, Noticee 6, Noticee 14 and Noticee 15 were intimated about initiation of adjudication proceedings against them along with SCN details through public notice in newspapers on September 7, 2018. Further, vide the said public notice, Noticee 6, Noticee 14 and Noticee 15 were granted opportunity of personal hearing on September 27, 2018. Post public notice dated September 7, 2018, Noticee 14 and Noticee 15 submitted their reply seeking adjournment of hearing. Acceding to the request of Noticee 14 and Noticee 15, another hearing opportunity was provided to them on November 28, 2018. However, it is observed that while the said hearing Notices were successfully delivered to Noticee 14 and Noticee 15, they neither attended the hearing before me nor submitted their subsequent reply in the instant matter. With regard to hearing provided to Noticee 6 in public notice dated September 7, 2018, the Noticee did not attend the hearing nor submitted any reply to the SCN. Subsequently, with respect to undelivered SCN to Noticee 6, another public notice was issued in newspapers on January 15, 2020 wherein Noticee 6 was granted additional hearing opportunity on January 30, 2020. Post public notice, Noticee 6 neither attended the said hearing on January 30, 2020 nor submitted any reply to the SCN.

With regard to Noticee 2, Noticee 3, Noticee 4 and Noticee 5, Notice of hearing were issued providing the opportunity of personal hearing on September 25, 2018. However, the said Notices were returned undelivered. Therefore, the undelivered SCNs and Hearing Notices issued to abovementioned Noticees were uploaded on the SEBI website (www.sebi.gov.in) under the head Enforcement-Unserved Summons/Notices. In addition, said Noticees were intimated regarding initiation of adjudication proceedings against them along with SCN details and hearing Notice details through publishing the notices in newspapers on January 15, 2020. Noticees were granted additional hearing opportunity on January 30, 2020. However, the aforesaid Noticees neither attended the hearing on January 30, 2020 nor submitted any reply to the SCN.

It is further observed that both SCN and hearing Notices were delivered to Noticee 1, Noticee 9 and Noticee 11. While Noticee 9 submitted his reply to SCN, till date, Noticee 1 and Noticee 11 neither submitted any reply to the allegations levelled against them in the SCN nor availed the opportunity of personal hearing granted to them.

It is observed that SCN was served upon Noticee 7 to which she had submitted her preliminary reply. Thereafter, hearing Notice was also served upon the Noticee 7 providing her opportunity of personal haring on September 25, 2018. While Noticee 7 submitted her additional reply, had also stated her inability to attend hearing at Mumbai as she is Delhi based. Therefore, the second opportunity of hearing was provided to her at SEBI office, Delhi on April 15, 2019. However, the said hearing Notice returned undelivered. Thereafter, Noticee 7 was granted third opportunity of personal hearing through video conferencing on November 29, 2019 at SEBI office, Delhi. The said hearing notice was delivered to Noticee 7 through her e-mail address available on record. However, Noticee 7 neither attended the said hearing nor replied to it.

SCN issued to Noticee 8 was served upon him and subsequent reply to SCN was received. Thereafter, hearing Notice was issued to Noticee 8 wherein the Noticee was provided opportunity of personal hearing on September 25, 2018. The said hearing Notice was delivered to the Noticee 8. While Noticee 8 opted to submit his reply, had stated his inability to attend hearing at Mumbai. Therefore, as the Noticee was Delhi based, an outstation hearing was provided to Noticee 8 at SEBI office, Delhi on April 15, 2019 and Noticee 8 attended the said hearing.

With regard to Noticee 10, while SCN was delivered, no reply to SCN was received. Subsequently, Notice of hearing was issued to Noticee 10, wherein opportunity of hearing was provided to him on September 25, 2018. While Notice of hearing was successfully delivered to Noticee 10, he did not attend said hearing nor submitted any reply.

With regard to Noticee 12, both SCN and hearing Notice (providing opportunity of hearing on November 28, 2019) were successfully delivered. Noticee 12 submitted his replies and also attended personal hearing before me on November 28, 2019.

With regard to Noticee 13 and Noticee 16, SCNs were successfully served upon them and in response, they had submitted their preliminary replies to SCN. Subsequently, they were granted opportunity of hearing on November 28, 2019 and September 25, 2018 respectively. While the said hearing Notices were successfully delivered, both the Noticees sought adjournment of hearing. Therefore, they were granted another opportunity of hearing on January 13, 2020 which was attended by the authorised persons of Noticee 13 and Noticee 16.

In addition to the above, Noticee 12, Noticee 13 and Noticee 16 sought opportunity of inspection of documents and the same was provided to them on September 5, 2018, October 11, 2018 and November 22, 2019 respectively.

5. Following are the observations and allegations made in the SCN:

   i. During the investigation period, it was observed that the share price of the Company increased from Rs.79.15 (opening price on 01/07/2014) to Rs. 430 (closing price on 28/11/2014), touching a high of Rs.493.4 (on 10/11/2014).

   ii. It was alleged by investigation that Noticee 1 to Noticee 6 belonged to a group of suspected entities. Basis of connection among suspected entities is as under:

S.N	Name Of Entities	PAN	Basis Of Nexus/ Relation
1	Bhargabi Trading Pvt Ltd	AAECB9628A	Common Director Mr. Naresh Shaw in entities at Sr.No.2,3,11
2	Goldenleap Distributors Pvt Ltd	AAECG6775D	Off Market Transaction With Raga Tradecon Pvt Ltd In Mapro Industries Ltd
			Common Director Mr. Naresh Shaw in entities at Sr.No.1,3,11
3	Jagsakti Tower Pvt Ltd	AACCJ8180F	Common Director Mr. Naresh Shaw in entities at Sr.No.1,2 and 11
4	Cosmos Distributors P Ltd	AADCC8835H	Off Market Transaction With Raga Tradecon Pvt Ltd In Mapro Industries Ltd
			Common Address With Bhargabi Trading Pvt Ltd
5	Jahman Agency Pvt. Ltd	AACCJ8181E	Off Market Transaction With Raga Tradecon Pvt Ltd In Mapro Industries Ltd
6	Ashok Investors Ltd	AACCA5450B	Off Market Transaction With Raga Tradecon Pvt Ltd In Mapro Industries Ltd
7	Kalashdhan Sales Pvt Ltd	AAECK7346Q	Off Market transaction with Swapno Conclave Pvt Ltd In Himachal Futuristic Communications Ltd. Swapno Conclave Pvt Ltd have Common Director Mr. Naresh Shaw
			Common Director Mr Sumit Singh & Mr Surajit Dey In Ritudhan Marketing Pvt. Ltd
8	Ritudhan Marketing Pvt. Ltd	AAFCR8047L	Common Director Mr Sumit Singh And Mr Surajit Dey In Kalashdhan Sales Pvt Ltd
			Common Address 13, G C Avenue, Kolkata & Ph. 9883990399 with Bangmata Construction Pvt Ltd
9	Angeliqua Corporation Pvt Ltd	AAMCA0179P	Common Address Of Directors With Directors Of Godavari Real Estate Pvt Ltd
			Off Market Transaction With Bangmata Tradelinks Pvt Ltd In CCL International Ltd
10	Bangmata Tradelinks Pvt Ltd	AAECB9718R	Off Market Transaction With Angeliqua Corporation Pvt Ltd In CCL International Ltd
			Off Market Transaction With Cosmos Distributors Pvt Ltd In CCL International Ltd
			Off Market Transaction With Ritudhan Marketing Pvt Ltd In CCL International Ltd
11	Ranchhor Nirman P Ltd	AAFCR8191R	Common Director Mr. Naresh Shaw

S.N	Name Of Entities	PAN	Basis Of Nexus/ Relation
			Off Market transaction with Goldenleap Distributors Pvt Ltd In CCL International Ltd
12	Littlestar Distributors Pvt Ltd	AABCL7093C	Mr Sumit Singh Common Director with Jahman Agency Pvt Ltd, Ritudhan Marketing Pvt Ltd, Kalashdhan Sales Pvt Ltd And Littlestar Distributors Pvt. Ltd
13	Godavari Real Estate P Ltd	AAFCG4666C	Common Address Of Directors With Directors Of Angeliqua Corporation Pvt Ltd
14	Bangmata Construction P Ltd	AAECB9627R	Common address 13, G C Avenue, Kolkata & Ph. 9883990399 with Ritudhan Marketing P Ltd
			Mr Dilip Mahto & Ms. Pratibha Mondal Common Director With Fateful Infra Projects Pvt Ltd & Glaze Construction Pvt Ltd
15	Fateful Infra Projects P Ltd	AABCF8059Q	Common Director Mr. Dilip Mahto And Mr. Amit Kumar Chourasia In Glaze Construction Pvt Ltd And Mr Dilip Mahto Common Director With Bangmata Consturction Pvt Ltd
16	Glaze Construction P Ltd	AAECG4007G	Common Director Mr. Dilip Mahto And Mr. Amit Kumar Chourasia In Fateful Infra proj. Pvt Ltd And Mr Dilip Mahto Common Directior With Bangmata Construction Pvt Ltd
17	Wonder Procon P Ltd	AABCW0317N	Mr. Biplab Guha Common Director With Blossom Dealcom Pvt Ltd
18	Blossom Dealcom P Ltd	AADCB9903B	Mr. Biplab Guha Common Director With Wonder Procon Pvt Ltd
19	Raj Goenka	ADLPG8181C	Common Address With Pref Allotee In September – 2014 Mr Girdhari Lal Goenka
20	Savjibhai M Menpara	ACIPM9945J	Common Address Of Madhuvan Society B H Jalaram Society Janagadh, Janagadh, Gujarat, India , 362001 And Gokul Chamber, Jayshree Road, Janagadh, Junagadh, Gujarat, India , 362001
21	Bharti Ravi Menpara	CHQPP4243M	
22	Menpara Savjibhai Manjibhai (HUF)	AABHM7278R	
23	Ravi S Menpara	ANQPM8119H	
24	Pravinaben S Menpara	ACIPM9946M	
25	Arvindkumar Sanghai	AAIPS8953L	Pref Allottee In 2013
26	Ramesh Kriplani	ACQPK1434L	Pref Allottee In 2013
27	Ashutosh Omprakash Sanghai	ALCPS8022P	Pref Allottee In 2013
28	Sushil Sukhlal Kanchhara	AHWPK8991K	Pref Allottee In 2013
29	Jitendra Kumar Jain	ACVPJ1249B	Pref Allottee In 2013
30	Pramil Nahata	ACFPN5621H	Pref Allottee In 2013
31	Kumar Didwania Nitin	AACPD7055J	Pref Allottee In 2013
32	Nidhi Kataria	AGEPK0080A	Pref Allottee In 2013
33	Sumeet Rajendraprasad Bhalotia	AEZPB1813K	Pref Allottee In 2013
34	Rajesh Jain	ACCPJ7049L	Pref Allottee In 2013
35	Dwaraka Prasad Sharada	ACRPS1449J	Pref Allottee In 2013

S.N	Name Of Entities	PAN	Basis Of Nexus/ Relation
36	Ratneshchand Mahavir Prasad Jain	AABPJ0683P	Pref Allottee In 2013
37	Reena Jain	AEAPJ6605C	Pref Allottee In 2013
38	Rajni Jain	ACCPJ7050M	Pref Allottee In 2013
39	Nand Lal Kothari	ADXPK6983G	Pref Allottee In 2013
40	Samyak Jain Ug	AICPJ0619E	Pref Allottee In 2013
41	Shraddha Sandip Bagla	AACPB5554C	Pref Allottee In 2013

iii. From the analysis of trading activity of the group of suspected entities during the investigation period, it was observed that Noticee 1 to Noticee 6 had together contributed 18.07% of the market positive LTP which is tabulated below:

S.N		All trades			LTP Diff. >0			LTP Diff. < 0			LTP Diff. =0		% of +ve LTP to Market +ve LTP
	Buyer Name	LTP Impact	Qty Traded	No Of Trades	LTP impact	Qty Traded	No Of Trades	LTP impact	QTY traded	No of trades	Qty Traded	No Of Trades	
1	Cosmos Distributors P. Ltd.	20.60	6868	24	57.30	36	7	-36.70	551	4	6281	13	7.40
2	Jagsakti Tower P. Ltd.	16.40	10000	8	16.40	20	2	0.00	0	0	9980	6	2.12
3	Ritudhan Marketing P. Ltd.	14.00	10555	8	14.00	50	1	0.00	0	0	10505	7	1.81
4	Godavari Real Estate P. Ltd.	9.10	2157	2	9.10	157	1	0.00	0	0	2000	1	1.17
5	Jahman Agency P. Ltd.	7.85	9703	13	7.85	42	2	0.00	0	0	9661	11	1.01
6	Bhargabi Trading P .Ltd.	4.70	34717	65	35.30	2909	9	-30.60	7486	9	24322	47	4.56

From the table above, it can be seen that Noticee 1 to Noticee 6 had executed 120 trades as buyers and out of such trades, 85 trades did not contribute to any LTP, 13 trades contributed to negative LTP of Rs -67.30 and 22 trades contributed to positive LTP of Rs 139.95. The trades contributing to positive LTP were further analysed. The analysis revealed that out of 22 trades contributing to positive LTP, buy orders were placed first in 14 trades and LTP contribution of such trades were Rs 88.95, which was 11.48% of the total positive market LTP of Rs.774.55. A summary of the said 14 trades is tabulated below:

S.N	Buyer Name	No. of Trades	Qty Traded	LTP Impact	% of +ve LTP to Market +ve LTP
1	Bhargabi Trading P .Ltd.	7	2803	28.4	3.67
2	Jagsakti Tower P. Ltd.	2	20	16.4	2.12
3	Ritudhan Marketing P. Ltd.	1	50	14	1.81
4	Cosmos Distributors P. Ltd.	1	2	13.2	1.7
5	Godavari Real Estate P. Ltd.	1	157	9.1	1.17
6	Jahman Agency P. Ltd.	2	42	7.85	1.01
	Total	14	3074	88.95	11.48
	Market Total	157	37586	774.55	100

iv. From the counterparty analysis of aforementioned 14 trades, it was observed that Noticee 14 had appeared as counterparty on more than 1 day with total LTP contribution of more than 5%. Analysis of sell orders of Noticee 14 is given in table below:

Date	Sell Entity Name	Sell order quantity	Sell order Rate	Sell Order Time	Buy Entity	Buy order quantity	Buy order Rate	Buy Order Time	LTP Contribution	LTP Contribution (as % of Mkt +ve LTP)
23/09/14	Om Prakash Dhandhania	1	312.3	15:18:49	Bhargabi Trading Pvt Ltd.	1000	312.3	09:26:01	6.10	0.79 %
24/09/14	Om Prakash Dhandhania	1	318.5	10:24:00	Bhargabi Trading Pvt Ltd.	2000	318.5	09:17:37	6.20	0.80 %
26/09/14	Om Prakash Dhandhania	1	331.3	11:45:42	Bhargabi Trading Pvt Ltd.	2000	331.3	09:34:54	6.45	0.83 %
22/10/14	Om Prakash Dhandhania	10	411.7	09:05:18	Jagsakti Tower Pvt Ltd	5000	411.7	09:00:00	8.05	1.04 %
27/10/14	Om Prakash Dhandhania	10	428.25	11:28:00	Jagsakti Tower Pvt Ltd	5000	428.25	09:00:00	8.35	1.08 %
03/11/14	Om Prakash Dhandhania	157	465	11:22:18	Godavari Real Estate Pvt Ltd.	7000	465	09:00:00	9.10	1.17 %
TOTAL		180							44.25	5.70 %

From the above table, it was observed that Noticee 14 was counterparty to 6 trades of Noticee 2, Noticee 3 and Noticee 6 which contributed Rs. 44.25 (5.71%) to market positive LTP. It was further observed that all these trades were first trades of the day and also were the only trades which contributed to positive LTP during the day. In addition, the order quantity in all the above mentioned 6 instances of sell orders placed by Noticee 14 was miniscule even when buy orders in large quantities existed at rates higher than LTP.

v. Considering the increase of share price of the Company from Rs 79.15 to Rs. 430 and touching a high of Rs.493.4 during investigation period, New High Price (NHP) analysis was carried out for the trades of the suspected entities. It was observed that the following entities, as buyers, contributed to NHP during investigation period.

Client Name	Qty.	No. of Trades	NHP	% of total mkt. NHP
Bhargabi Trading Pvt Ltd	4	4	24.60	5.94
Jagsakti Tower Pvt Ltd	20	2	16.40	3.96
Cosmos Distributors Pvt Ltd	2	1	13.20	3.19
Godavari Real Estate Pvt Ltd.	157	1	9.10	2.20
Jahman Agency Pvt Ltd	2	1	6.85	1.65
Total	185	9	70.15	16.93
Market Total	1592	67	414.25	100

From the table above, it is observed that Noticee 1 to Noticee 4 and Noticee 6 have together contributed Rs 70.15 (i.e 16.93% of the total market NHP) in establishing new high price. Further, in all such trades contributing to NHP, buy orders were placed first before sell orders by the aforesaid Noticees. It is therefore observed that Noticee 1 to Noticee 4 and Noticee 6 have manipulated the share price of the Company by contributing significantly in establishing new high price

In addition, from the counterparty analysis to the aforementioned 9 trades it was observed that Noticee 14 had appeared as counterparty on more than 1 day with total LTP contribution of more than 5% through 6 trades. The analysis of the said 6 trades of Noticee 14 is stated at Para 5(iv) above. Therefore, it has been alleged that Noticee 14 had indulged in manipulating the share price of the Company by continuously placing the sell orders in miniscule quantities even when buy orders in large quantities existed at rates higher than LTP.

vi. First trade analysis during the investigation period was carried out to ascertain whether the scrip price was manipulated through first trades. Details of all first trades that have resulted in positive LTP contribution during the investigation period is given below:

Clients Name	No. of First Trades	Positive LTP
Cosmos Distributors Pvt Ltd	5	45.90
Bhargabi Trading Pvt Ltd	4	24.60
Jagsakti Tower Pvt Ltd	2	16.40
Godavari Real Estate Pvt Ltd.	1	9.10
Jahman Agency Pvt Ltd	1	6.85
Total	13	102.85
Total of Market positive LTP through First Trades	73	470.35

From the table above, it is observed that, Noticee 1 to Noticee 4 and Noticee 6 have together contributed to positive LTP of Rs.102.85 (21.87% of market positive LTP through First Trades) which is significant. Further, it was observed that out of abovementioned 13 first trades, buy order was placed first in 9 trades that have contributed Rs. 70.15 (14.91% of market positive LTP through First Trades) which is significant compared to total market positive LTP through First Trades during the investigation period.

Therefore, it has been alleged that Noticee 1 to Noticee 4 and Noticee 6 have indulged in manipulating the share price of the Company by contributing significantly to the price rise in the scrip through First Trades.

In addition, from the counterparty analysis to the aforementioned 9 trades it was observed that Noticee 14 had appeared as counterparty on more than 1 day with total LTP contribution of more than 5% through 6 trades. The analysis of the said 6 trades of Noticee 14 is stated at Para 5(iv) above. Therefore, it has been alleged that Noticee 14 had indulged in manipulating the share price of the Company by continuously placing the sell orders in miniscule quantities even when buy orders in large quantities were existed at rates higher than LTP.

vii. In view of the abovementioned observations, it is inferred that Noticee 1 to Noticee 6 and Noticee 14 have indulged in manipulating the share price of the Company thereby violated Regulations 3 (a), (b), (c), (d), 4(1), 4(2) (a) & (e) of SEBI (PFUTP) Regulations, 2003.

viii. Trading activity of the entities, other than the suspected entities, was analyzed during investigation period in order to examine whether there were other entities who manipulated the scrip price. The top 10 entities who have contributed to market net LTP is given in table below:

		All trades			LTP > 0				LTP > 0 and Buy order first			
S N	Buyer Name	LTP impact in Rs.	QTY traded	No of trades	LTP impact Rs	QTY traded	No of trades	% of market net LTP	LTP impact in Rs.	QTY traded	No of trades	% of market net LTP
1	Bharti Goyal	28.65	284	9	28.65	34	4	8.13	28.65	34	4	8.17
2	Laxmikanta Vyas	42.20	251	7	42.20	105	4	11.98	27.20	54	3	7.75
3	Sandeep Jain	26.20	13	4	26.20	13	4	7.43	26.20	13	4	7.47
4	Chandrakanta Laddha	23.95	4	3	23.95	4	3	6.80	23.95	4	3	6.83
5	Neha Bimal Shah	23.95	7	3	23.95	7	3	6.80	23.95	7	3	6.83
6	Uttam Bagri HUF	23.75	39	4	23.75	38	3	6.74	23.75	38	3	6.77
7	Raj Kamal Poswalia (HUF)	23.60	452	3	23.60	4	2	6.70	23.60	4	2	6.73
8	Rajeshkumar Dhirajlal Thakkar	32.65	23	6	32.65	9	5	9.27	15.40	8	4	4.39
10	Pankaj Telgaonkar	17.00	101	4	17.00	20	1	4.82	0	0	0	0.00
	Total	241.95	1174	43	241.95	234	29	68.66	192.7	162	26	54.92
	Market Total	350.85	264337	586	774.55	37586	157					

Note:-entity at 9th position is Cosmos Distributors Private Limited (Noticee 1), whose trades have already been analyzed in para 5(iii), (v) and (vi)

From the table above, it is observed that, aforesaid 9 entities had contributed to Rs. 241.95 which was 68.96% of market net LTP. It was also observed that total of net LTP contribution of above entities was equal to their positive LTP (i.e. no trades of the above clients had contributed to negative LTP).

It was further observed that Pankaj Telgaonkar (entity at Sr.No.10), had positive LTP contribution less than 5%. Therefore, his trading activity has not been analyzed further.

For all the above entities (except Pankaj Telgaonkar), buy orders of above entities were further analysed and it was observed that buy orders were placed first in most of the trades. It was also observed LTP contribution of such trades (where buy orders were placed first) were more than 5% in respect of all entities except Rajeshkumar Dhirajlal Thakkar (entity at S. No. 8).

In view of the above, the buy trades of above entities (except Pankaj Telgaonkar and Rajeshkumar Dhirajlal Thakkar) which had contributed substantial positive LTP in the price of the scrip is further analyzed below:

Sr. No	Name of entity	Date	Trade price (Rs)	Trade Qty	Last Traded Price (Rs)	LTP rate (Rs)	Whether First Trade	Whether Buy order first	Buy order time
1	Bharti Goyal	30/09/2014	337.9	1	331.3	6.6	Yes	Yes	09:15:00
		09/10/2014	358.5	3	351.5	7	Yes	Yes	09:18:25
		14/10/2014	372.95	10	365.65	7.3	Yes	Yes	09:00:00
		20/10/2014	395.75	20	388	7.75	Yes	Yes	09:00:00
2	Laxmikanta Vyas	01/09/2014	187.95	2	179	8.95	Yes	Yes	09:00:46
		02/09/2014	197.3	2	187.95	9.35	Yes	Yes	09:00:37
		31/10/2014	455.9	50	447	8.9	Yes	Yes	09:00:40
3	Sandeep Jain	12/08/2014	134.00	5	127.65	6.35	Yes	Yes	11:27:46
		13/08/2014	140.7	2	134.00	6.7	Yes	Yes	10:54:40
		22/09/2014	306.20	1	300.20	6.00	Yes	Yes	09:15:00
		10/10/2014	365.65	5	358.5	7.15	Yes	Yes	10:50:23
4	Chandrakanta Laddha	08/09/2014	228.35	2	217.5	10.8	Yes	Yes	09:03:21
		25/09/2014	324.85	1	318.5	6.35	Yes	Yes	09:01:32
		01/10/2014	344.65	1	337.9	6.75	Yes	Yes	09:02:51
5	Neha Bimal Shah	12/09/2014	264.25	1	251.7	12.5	Yes	Yes	09:00:00
		17/09/2014	288.6	1	282.95	5.65	Yes	Yes	09:00:00
		18/09/2014	294.35	5	288.6	5.75	Yes	Yes	09:05:44
6	Uttam Bagri HUF	04/09/2014	217.5	2	207.15	10.3	Yes	Yes	09:00:00
		16/09/2014	282.95	34	277.45	5.5	Yes	Yes	09:00:00
		21/10/2014	403.65	2	395.75	7.9	Yes	Yes	09:00:00
7	Raj Kamal Poswalia	19/08/2014	147.7	2	140.7	7.00	Yes	Yes	09:00:00
		28/08/2014	179.0	2	162.4	16.6	Yes	No	12:13:19

From the table above, it is observed that, Noticee 7 to Noticee 13 were placing orders at a rate higher than the previous closing price (i.e. ranging from 2% to 10% higher than the closing price) in all the cases. On analyzing the trades contributed to positive LTP, it was observed that the prices of the scrip increased primarily through first trades. In addition, in the case of all the above trades, buy orders were placed first.

It was further observed that Noticee 7 to Noticee 13 together contributed Rs. 177.30 to market net LTP (i.e., 50.31% of market net LTP contribution). Since the above Noticees contributed more than 5% of the market net LTP individually, their trades were further analyzed and is given below:

a. Bharti Goyal (Noticee 7)

Details of trades by Noticee 7 are as follows:-

All Trades				Trades with LTP > 0			Trades with LTP > 0 and buy orders placed first			
No. of trades	No. of shares	LTP Cont. (in Rs.)	% to Mkt LTP	No. of trades	No. of shares	LTP Cont. (in Rs.)	No. of trades	No. of shares	LTP Cont. (in Rs.)	% to Market net LTP
9	284	28.65	8.13%	4	34	28.65	4	34	28.65	8.13%

From the above table, it was observed that Noticee 7 purchased 284 shares from 9 trades and her buy trades contributed Rs. 28.65 to the LTP in the scrip during IP (8.13% of market net LTP). It was also observed that out of 9 trades, 4 trades contributed to positive LTP and all in such 4 trades, buy orders were placed before the sell orders and all trades were first trades. These 4 trades contributed 8.13% of market net LTP. Hence, it has been alleged that Noticee 7 manipulated the scrip price by continuously placing buy orders first at a rate higher than LTP.

b. Laxmikanta Vyas (Noticee 8)

Details of trades by Noticee 8 are tabulated herein below:

All Trades				Trades with LTP > 0			Trades with LTP > 0 and buy orders placed first			
No. of trades	No. of shares	LTP Cont. (in Rs.)	% to Mkt LTP	No. of trades	No. of shares	LTP Cont. (in Rs.)	No. of trades	No. of shares	LTP Cont. (in Rs.)	% to Market net LTP
7	251	42.20	11.98%	4	105	42.20	3	54	27.2	7.72%

From the above table, it was observed that Noticee 8 purchased 251 shares from 7 trades and his buy orders contributed Rs. 42.20 (11.98 % of market net LTP). It was also observed that out of 7 trades, 4 trades contributed to positive LTP. Further, out of such 4 trades, buy orders were placed before sell orders in respect of 3 trades which had positive LTP of 7.72% of market net LTP and all 3 trades were first trades of the day. Hence, it has been alleged that Noticee 8 manipulated the scrip price by continuously placing buy orders first at a rate higher than LTP.

c. Sandeep Jain (Noticee 9)

Details of trades by Noticee 9 are as follows:-

All Trades				Trades with LTP > 0			Trades with LTP > 0 and buy orders placed first			
No. of trades	No. of shares	LTP Cont. (in Rs.)	% to Mkt LTP	No. of trades	No. of shares	LTP Cont. (in Rs.)	No. of trades	No. of shares	LTP Cont. (in Rs.)	% to Market net LTP
4	13	26.2	7.43%	4	13	26.2	4	13	26.2	7.43%

Noticee 9 purchased 13 shares from 4 trades and his buy trades contributed Rs.26.2 (7.43% of market net LTP). In respect of all trades, buy orders were placed before the sell orders and all trades were first trades. Further, quantity involved in all trades was miniscule (1-5 shares). Hence, it has been alleged that Noticee 9 manipulated the scrip price by continuously placing buy orders first at a rate higher than LTP.

d. Chandrakanta Laddha (Noticee 10)

Details of trades by Noticee 10 are as follows:

All Trades				Trades with LTP > 0			Trades with LTP > 0 and buy orders placed first			
No. of trades	No. of shares	LTP Cont. (in Rs.)	% to Mkt LTP	No. of trades	No. of shares	LTP Cont. (in Rs.)	No. of trades	No. of shares	LTP Cont. (in Rs.)	% to Market net LTP
3	4	23.95	6.80%	3	4	23.95	3	4	23.95	6.80%

Noticee 10 purchased 4 shares from 3 trades and her buy orders contributed Rs. 23.95 of positive LTP (6.80% of market net LTP). In respect of all trades, buy orders were placed before the sell orders and all trades were first trades. Further, quantity involved in all trades was miniscule (1-2 shares). Hence, it has been alleged that Noticee 10 manipulated the scrip price by placing buy orders first at a rate higher than LTP.

e. Neha Bimal Shah (Noticee 11)

Details of trades by Noticee 11 are as follows:

All Trades				Trades with LTP > 0			Trades with LTP > 0 and buy orders placed first			
No. of trades	No. of shares	LTP Cont. (i Rs.)	% to Mkt LTP	No. of trades	No. of shares	LTP Cont. (in Rs.)	No. of trades	No. of shares	LTP Cont. (in Rs.)	% to Market net LTP
3	7	23.95	6.80%	3	7	23.95	3	7	23.95	6.80%

Noticee 11 purchased 7 shares from 3 trades and her buy orders contributed Rs.23.95 (6.80% of market net LTP). In respect of all trades, buy orders were placed before the sell orders and all trades were first trades. Further, quantity involved in all trades was miniscule (1-2 shares). Hence, has been alleged that Noticee 11 manipulated the scrip price by trading at placing buy orders first at a rate higher than LTP.

f. Uttam Bagri HUF (Noticee 12)

Details of trades by Noticee 12 are as follows:

All Trades				Trades with LTP > 0			Trades with LTP > 0 and buy orders placed first			
No. of trades	No. of shares	LTP Cont. (in Rs.)	% to Mkt LTP	No. of trades	No. of shares	LTP Cont. (in Rs.)	No. of trades	No. of shares	LTP Cont. (in Rs.)	% to Market net LTP
4	39	23.75	6.74%	3	38	23.75	3	38	23.75	6.74%

Noticee 12 purchased 39 shares from 4 trades. Out of 4 trades, 3 trades had contributed to positive LTP of Rs. 23.75 (6.74 % of market net LTP). Further in all 3 trades, buy orders were placed before the sell orders was placed in the market and all the trades were first trades. Hence, it has been alleged that Noticee 12 manipulated the scrip price by placing buy orders first at a rate higher than LTP.

g. Raj Kamal Poswalia (HUF) (Noticee 13)

Details of trades by Noticee 13 are as follows:-

All Trades				Trades with LTP > 0			Trades with LTP > 0 and buy orders placed first			
No. of trades	No. of shares	LTP Cont. (in Rs.)	% to Mkt LTP	No. of trades	No. of shares	LTP Cont. (in Rs.)	No. of trades	No. of shares	LTP Cont. (in Rs.)	% to Market net LTP
3	452	23.60	6.70%	2	4	23.60	2	4	23.60	6.70

Noticee 13 purchased 452 shares from 3 trades, of which two trades had positive LTP contribution of Rs. 23.60 (6.70% of market LTP). Further in both trades, buy orders were placed before the sell orders was placed in the market. Hence, it has been alleged that Noticee 13 manipulated the scrip price by placing buy orders at a rate higher than LTP.

ix. In view of the above, it has been inferred that Noticee 7 to Noticee 13 have manipulated the scrip price by trading at a rate higher than LTP through First trades, thereby violated Regulation 3(a),(b),(c),(d),4(1), 4(2) (a) and (e) of SEBI (PFUTP) Regulations, 2003.

x. It was observed in para 5(viii) that Noticee 7 to Noticee 13 contributed Rs. 177.30 (50.31% to market net LTP) through 22 trades and in all such trades, buy orders were placed first and all such trades (except 1 trade by Raj Kamal Poswalia - HUF) were first trades of the day.

The counterparties to the aforementioned 22 trades of Noticee 7 to Noticee 13 were analyzed and it was observed that there were 3 entities who had appeared as counterparty on more than one day with total net LTP contribution of more than 5%. Analysis of sell orders of the said 3 counterparties are given in table below:

Date	Sell Entity Name	Sell order quantity	Sell order Rate	Sell Order Time	Buy Entity	Buy order quantity	Buy order Rate	Buy Order Time	LTP Contribution	LTP Contribution (as % of Mkt +ve LTP)
28/08/14	Sumeet Agarwal	2	179	12:56:48	Raj Kamal Poswalia (HUF)	100	179	12:13:19	16.6	4.71
08/09/14	Sumeet Agarwal	2	228.35	12:07:46	Chandrakanta Laddha	500	228.35	09:03:21	10.85	3.08
04/09/14	Sumeet Agarwal	2	217.5	14:13:13	Uttam Bagri HUF	150	217.5	09:00:00	10.35	2.94

Date	Sell Entity Name	Sell order quantity	Sell order Rate	Sell Order Time	Buy Entity	Buy order quantity	Buy order Rate	Buy Order Time	LTP Contribution	LTP Contribution (as % of Mkt +ve LTP)
02/09/14	Sumeet Agarwal	2	197.3	10:04:24	Laxmikanta Vyas	50	197.3	09:00:37	9.35	2.65
01/09/14	Sumeet Agarwal	2	187.95	12:38:22	Laxmikanta Vyas	25	187.95	09:00:46	8.95	2.54
19/08/14	Sumeet Agarwal	2	147.7	11:45:29	Raj Kamal Poswalia (HUF)	450	147.7	09:00:00	7	1.99
12/08/14	Sumeet Agarwal	5	134	15:25:46	Sandeep Jain	100	134	11:27:46	6.35	1.80
12/09/14	Om Prakash Dhandhania	1	264.25	15:29:34	Neha Bimal Shah	5	264.25	09:00:00	12.55	3.56
25/09/14	Om Prakash Dhandhania	1	324.85	14:38:53	Chandrakanta Laddha	500	324.85	09:01:32	6.35	1.80
22/09/14	Om Prakash Dhandhania	1	306.2	15:12:48	Sandeep Jain	23	306.2	09:15:00	6	1.70
17/09/14	Om Prakash Dhandhania	1	288.6	15:28:14	Neha Bimal Shah	4	288.6	09:00:00	5.65	1.60
30/09/14	V.S.G. Leasing & Finance Co Ltd	1	337.9	12:17:41	Bharti Goyal	10	337.9	09:15:00	6.6	1.87
10/10/14	V.S.G. Leasing & Finance Co Ltd	5	365.65	15:21:27	Sandeep Jain	10	365.65	10:50:23	7.15	2.03
14/10/14	V.S.G. Leasing & Finance Co Ltd	10	372.95	14:57:11	Bharti Goyal	10	372.95	09:00:00	7.3	2.07
TOTAL		37				1937			121.05	34.35%

From the table above, it is observed that, Sumeet Agarwal (Noticee 16) was counterparty to 7 trades that contributed Rs. 69.45 (19.71% to market net LTP). Om Prakash Dhandhania (Noticee 14) was counterparty to 4 trades that contributed Rs. 30.55 (8.67% to market net LTP). V.S.G. Leasing & Finance Co. Ltd. (Noticee 15) was counterparty to 3 trades that contributed Rs. 21.05 (5.97% to market net LTP). In addition, it was observed that in all the above 14 trades by Noticee 14, Noticee 15 and Noticee 16, the sell order quantity was miniscule (mostly 1-2 shares per sell order) although buy orders in large quantities were existed at rates higher than LTP. Further, out of 14 trades, except for 2 trades (on the dates 19/08/2014 and 28/08/2014), the remaining 12 trades were the only trades on respective days. Further, w.r.t. 19/08/2014 and 28/08/2014, trades of such counterparties were the only trades that contributed to positive LTP during the day.

xi. In view of the para 5(x) above, it has been inferred that Noticee 14, Noticee 15 and Noticee 16, have manipulated the scrip price by consistently marking the price in the market by putting sell orders of 1-2 shares even when buy orders in large quantities were existed at rates higher than LTP thereby violated Regulations 3 (a), (b), (c), (d), 4(1), 4(2) (a) & (e) of SEBI (PFUTP) Regulations, 2003.

6. In response to the aforesaid SCN dated September 27, 2017, the eight Noticees have filed their replies. However, till date, Noticee 1 to Noticee 6, Noticee 10 and Noticee 11 have not submitted any reply to SCN. Replies received from the eight Noticees are summarised below:

Reply submitted by Noticee 7

a) *The trades in Mapro were done by me in the normal course of my investment business.*
b) *When I observed that the scrip was under upper circuit for last few trades, just to get some profit, I traded in the scrip.*
c) *Since, being housewife, I was not a regular trader in stock market, I missed to take the benefit of increase in its share price on November 5, 2014 and instead I bought 150 shares at Rs 274. 77 per share. When I realised that its price was doing down, I sold the entire holding of 284 shares on January 2, 2015 and January 5, 2015 and incurred a loss of Rs 12753.27 in the total transaction.*
d) *I was not involved in any manipulation of price activities of the above scrip and I did not have any news about the scrip. I have done the trades as a normal investors after observing from the screen and to take the benefit of increase in price due to frequent upper circuits*

e) *The reason for placing buy order first at a rate higher than LTP may be that the scrip was under continuous upper circuit and was not available for buying. If I was involved in price manipulation, the number of shares would have been higher instead of just 284 shares.*
f) *I am a housewife and have invested some amount of my petty savings in the shares of certain companies just to earn some income to support my husband in household expanses*
g) *Keeping the above facts in view, it is requested to drop my name from the proceedings and relieve me from the same.*

<u>Reply submitted by Noticee 8</u>

a) *I am a very small investor and trade with very little capital mainly on market rumors and TV news*
b) *I have bought 251 shares of Mapro Industries purely on market rumors and lost the entire amount invested in the scrip*
c) *I have absolutely no idea about the LTP neither I know any of the person/entity mentioned in your letter*
d) *I have bought all the shares myself in online trading platform of ICICI Direct without any outside help and not with an intention to manipulate the prices*
e) *I am a salaried person and just traded in the market for some small income.*
f) *I request to exclude me from investigation.*

<u>Reply submitted by Noticee 9</u>

a) *Bought the shares because was interested in the company.*
b) *Bought them in very small quantity because I wanted to receive the annual report from company to know more about it. But later I did not purchase more.*
c) *Purely bought them for investment purpose only.*

<u>Reply submitted by Noticee 12</u>

a) *We are a Hindu Undivided Family of which Mr. Uttam Bagri is Karta.*

b) Our main activity is to deal in the securities market. While dealing in the stock market, we employ various strategies like tick trading, momentum trading, jobbing trading etc. depending upon various market conditions prevailing at relevant point in time. We submit that the trading strategies employed by us have been proactively disclosed and intimated to SEBI and stock exchange by our broker.

c) In the relevant period referred in SCN, we have traded in over 600+ scrips and our total turnover was around 70crore rupees. To consider data of our dealing in one scrip of Mapro out of 600+ scrips, that too in respect of mere 3 trades for 38 shares and draw adverse inference against us is unfair and unwarranted.

d) Our trading in Mapro was in normal and ordinary course of our business activity and also disclosed to SEBI and stock exchange much in advance of those trades.

e) We have not violated any provisions of law as alleged in the SCN.

f) We have no relationship with any of 15 co-noticees, with counterparty to our trades in scrip of Mapro. Further, we are not connected/related to Mapro Industries Ltd or any of its promoters/directors/Key Management persons in any manner whatsoever.

g) Value and volume of our trades in scrip of Mapro was very much within our financial and risk bearing capacity. We submit that we had no intention or purpose to contribute towards positive Last Traded Price or defraud anyone as alleged in SCN

h) We understand that matching in stock market is a computer system driven process and buy/sell orders in shares is done by online trading module which is autonomous. Undisputedly, in case of screen based trading, the automated system itself matches orders on a price time priority basis and thus it is not possible for anybody to have access over the details of order/trades/identity of counter party dealing in any scrip.

i) We were not part of any group of suspected entities which has been alleged of the manipulation in Mapro *j) Only allegation against us is that we have manipulated the scrip price of Mapro by trading at a rate higher than LTP through first trades. Our submissions in this regard are as below:*

- *The allegations against us are not inferred on the basis of our orders but on the basis of our trades which got executed first on the anonymous trading platform of stock exchange.*
- *With regard to our 3 buy orders in question, we state that if none of the 3 sellers would have placed their sell orders, our orders would not have culminated into trades. Those 3 trades were the effect of multiplicity of market factors as of which were beyond our control and were not caused due to our placing of orders per se and hence there is no violation by us. Therefore, the allegation in the SCN that we have manipulated the scrip price of Mapro by trading at a rate higher than LTP through First Trades does not survive.*
- *Our 3 orders culminated into 3 trades for 38 shares with the sell orders of 3 entities. Out of these 3 entities, 2 entities who were counterparties of 2 trades in question have not been alleged of any wrongdoing despite the fact that allegations against us are on the basis of our trades with them.*
- *With regard to para 11 of SCN we submit that out of 5 months investigation period, we had placed orders on 3days and placed total buy order of 550 shares against which we could purchase only 38 shares. Counterparty sellers to our purchase in all 3 instances were different and not related to us. Therefore, there is no meeting of minds. On all 3 days, these were the only trades in this scrip on the exchange.*
- *In view of the above, violations alleged against us in the SCN do not survive.*

k) Our alleged 3 trades have to be viewed in the context of regularly rising market prices of Mapro during 3 to 4 months before we decided to buy its shares. In order to make sure that we are able to purchase the shares of Mapro during the constantly rising market price scenario, we had placed 3 orders purchase on 3 different days. Further, first trade was effects of *multiplicity of market factors all of which were beyond our control and were not caused due to our placing orders and hence there is no violation by us.*

l) *Our trades have to be viewed in the context of market price of Mapro which was prevailing during the period of investigation. When price of a scrip has increased regularly only one way for 3-4months before we dealt in the scrip during investigation period, if we would have placed our order at a price equal to or lower than LTP, our buy order would not have got executed into trade but possibly we would have been alleged of lowering the LTP. High LTP was effects of multiplicity of market factors all of which were beyond our control and were not caused due to our placing orders and hence there is no violation by us.*

m) *As per para 11 of SCN, Pankaj Telgaonkar and Rajeshkumar Dhirajlal Thakkar have contributed Rs. 17 and Rs 32.65 which was not construed to be in violation.*

n) *In view of the above submissions, since there is no violation by us, it is requested to dispose SCN without any penalty.*

Reply submitted by Noticee 13

a) *We have dealt in MIL shares in normal course of our business activity and the same was within our financial and risk bearing capacity*

b) *We have carried out delivery based transactions on the market and met with all our obligation of funds and securities with our broker and exchanges*

c) *All the pre-trade, trade and post trade activities were all carried out on the trading cum clearing & settlement mechanism of the exchange*

d) *While dealing in shares of MIL, we had followed and complied with all the procedures and requirements as statutorily required.*

e) *With regard to our buy transactions in MIL, we submit that:*

   - *After we decided to invest in MIL, we put a buy order of around 450 shares in the market for which we received full 450 shares. After that, we placed an Order for 100 shares however, we received only two* *shares. Thus we thought that not many people were ready to part-away with their shares since they might see value in it*

- *We had put in our buy orders before the sell orders on both days. Further, though on August 28, 2014 we had placed Order for 100 shares, we got only 2 shares and the unfulfilled quantity of our order was quite high*
- *Out of 452 shares bought by us, only 4 shares are alleged to have positively contributed to last trades price i.e., 1% of the total shares bought by us are allegedly manipulative in nature. This such meagre quantity of shares i.e., 4 cannot be alleged to have caused manipulation in the scrip. Further, we had traded only on 2 days during the investigation period. Thus our trading on only 2 days out of 81 trading days cannot said to have caused manipulation in the scrip of MIL.*
- *Our trading volume causing alleged manipulation (4 shares) vis-à-vis the market volume (264337 shares) in the scrip of MIL during the investigation period was insignificant/diminutive so as to have any impact on the price/volume of the scrip.*
- *Our no. of trades alleged to be manipulative in nature (2 trades) vis-à-vis the total market trades (996 trades) in scrip of MIL during the investigation period was insignificant/diminutive so as to have any impact on the price/volume of the scrip*

f) We have no connection or relationship with MIL, its promoters, directors and any of its alleged connected entities.

g) Presently, more than 5 years have been passed from the date of our transactions. Hence great prejudice is caused to us to defend our case at this stage and on this ground only SCN deserve to be dismissed.

h) No action has ever been taken against us in past in respect of our dealing in securities market.

i) No harm, injury or loss has been caused or suffered by any investor of securities market due to our dealing in scrip of MIL.

j) We have not derived any gain disproportionate or otherwise

k) The lapses, if any, are non-repetitive in nature

l) *We believe that there is no investor complaint in respect of our dealing in scrip of MIL.*
m) *The proceedings initiated vide SCN dated September 27, 2017 against us be dropped. The allegation and charges qua us be withdrawn and we may be discharged without imposing penalty on us.*

Reply submitted by Noticee 14

Post issuance of Public Notice on September 7, 2018 in newspapers regarding unserved Show Cause Notice, the Noticee, vide e-mail dated September 26, 2018 submitted the following:

a) *I have approached a few Advisors who have knowledge about the capital markets. I am expecting their comments and suggestions on the communication issued by your office.*
b) *I request you and seek time upto four weeks to respond to letter dated September 27, 2017/ Public Notice dated September 27, 2017.*

Reply submitted by Noticee 15

Post issuance of Public Notice on September 7, 2018 in newspapers regarding unserved Show Cause Notice, the Noticee, vide e-mail dated September 26, 2018 submitted the following:

c) *We have approached few consultants/experts having knowledge about the stock/capital/financial markets and we are waiting their suggestions on the same.*
d) *We request you to give us three weeks' time to your Notice and Public Notice*

Reply submitted by Noticee 16

a) *At the outset, I deny all allegations made against me in the SCN.*
b) *I am into Marble business with limited knowledge of capital market.*
c) *My trading in the scrip was in normal and ordinary course of my share trading activity. Value and volume of my trades in the scrip of MIL was very much within my financial and risk bearing capacity.*

d) *I had no intention or purpose to contribute towards positive Last Traded Price or defraud anyone while dealing in the scrip of MIL as alleged in the SCN.*
e) *I have carried out delivery based transactions on the market and met with all my obligation of funds and securities with my broker and exchanges*
f) *All the pre-trade, trade and post trade activities were all carried out on the trading cum clearing & settlement mechanism of the exchange*
g) *While dealing in shares of MIL, I had followed and complied with all the procedures and requirements as statutorily required.*
h) *My transaction in MIL are independent and totally in isolation to the transactions carried out by other entities/person in the scrip of MIL. I have no connection or relationship with MIL, its promoters, directors and any of its alleged connected entities.*
i) *With regard to my sell transactions in MIL, I submit that:*
    - *As I wanted to sell my shares at the maximum price, I was selling shares only in small quantity and also similar patterns were observed prior to execution of my sell trades*
    - *An analysis of price volume chart of MIL reveals that the daily traded volume was miniscule even before I started selling the shares. I have sold shares going by that pattern only*
    - *I have placed an order to sell at the price which already existed on the trading terminal at that point in time. Therefore, I cannot be held responsible for placing an order at a price higher than LTP since it is the buyer who had already placed an order before I placed an order. In view thereof, no allegation of price manipulation can be levelled against me.*
    - *I have sold 5698 shares in total of MIL prior to, during and post investigation period. However, only 17 shares are alleged to have positively contributed to last traded price i.e., 0.29% of the total shares sold by me and are alleged to be manipulative in nature*
    - *I have not only bought/sold shares of MIL during the investigation period, but also prior to and post investigation period which shows*

that my trades were not concentrated during investigation period only.

- *My trading volume causing manipulation (17shares) vis-à-vis the market volume (264337 shares) in scrip of MIL during the investigation period was insignificant/diminutive so as to have any impact on the price/volume of the scrip.*
- *My no. of trades alleged to be manipulative in nature (7 trades) vis-à-vis the total market trades (996 trades) in scrip of MIL during the investigation period was insignificant/diminutive so as to have any impact on the price/volume of the scrip.*
- *Trade log of my trades reveals that the buy order was entered much before I entered the sell order. Hence I have only followed the trend and I was not the trend setter.*
- *In stock exchange mechanism, trade is a function of the counterparty order rate and size. While placing sell order, I had no idea who counterparty was since all my transactions were executed through normal screen based trading system of stock exchange.*
- *Currently, I have 65 shares of MIL lying in my demat account which shows that I had no malafide intentions or knowledge of any alleged price manipulation in the shares of MIL. The trading in shares of MIL is suspended from August 25, 2015 as company has not paid Annual Listing Fees. Hence I am stuck with 65 shares of MIL with no option to sell them.*

j) No action has ever been taken against me in past in respect of my dealing in securities market.

k) No harm, injury or loss has been caused or suffered by any investor of securities market due to my dealing in scrip of MIL.

l) I have not derived any gain disproportionate or otherwise

m) I believe that there is no investor complaint in respect of my dealing in scrip of MIL.

n) *The proceedings initiated vide SCN dated September 27, 2017 against me be dropped. The allegation and charges qua me be withdrawn and I may be discharged without imposing any monetary penalty on me.*

7. Taking into account the aforesaid facts, I am of the view that principles of natural justice have been followed in the matter by granting the Noticees ample opportunities for replying to the SCN and of being heard. Therefore, I deem it appropriate to decide the matter on the basis of facts/material available on record and replies of Noticees wherever Noticees have submitted their replies.

CONSIDERATION OF ISSUES, EVIDENCE AND FINDINGS

8. I have taken into consideration the facts and material available on record. I observe that the allegation levelled against the Noticees is that they have violated Regulations 3(a), (b), (c) & (d), 4(1), 4(2) (a) and (e) of SEBI PFUTP Regulations, 2003.

After perusal of the material available on record, I have the following issues for consideration, viz.

I. *Whether the Noticees have violated the provisions of Regulations 3(a), (b), (c) & (d), 4(1), 4(2) (a) and (e) of SEBI PFUTP Regulations, 2003?*

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

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

9. Before moving forward, it is pertinent to refer to the relevant provisions of SEBI PFUTP Regulations, 2003 which reads as under:

Relevant provisions of SEBI PFUTP Regulations, 2003:

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.

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;

Issue I: Whether the Noticees have violated the provisions of Regulations 3(a), (b), (c) & (d), 4(1), 4(2) (a) and (e) of SEBI PFUTP Regulations, 2003?

10. The first issue for consideration is whether the Noticees have violated the aforesaid provisions of SEBI PFUTP Regulations, 2003.

11. Findings with respect to facts of the case and submissions of Noticees are as under:

a) **Findings with respect to Noticee 1 to Noticee 6 and Noticee 14**

i. From the trading activity of Noticee 1 to Noticee 6 during investigation period, it is observed that they had executed 120 trades as buyers and out of which their 22 trades contributed to positive LTP of Rs. 139.95 which was 18.07% of market positive LTP. On further analysis of said 22 trades, it was observed that buy orders were placed first in 14 trades and LTP contribution of such trades were Rs 88.95 which was 11.48% of the total positive market LTP.

ii. While analyzing the abovementioned 14 trades where buy orders were placed first, it was observed that Noticee 14 was counterparty to 6 trades of Noticee 2, Noticee 3 and Noticee 6 which contributed Rs. 44.25 (5.71%) to market positive LTP. It was further observed that all these trades were first trades of the day and also were the only trades which contributed to positive LTP during the day. In addition, the order quantity in all the above mentioned 6 instances of sell orders placed by Noticee 14 was miniscule even when buy orders in large quantities were existed at rates higher than LTP. I fail to understand why a seller, if a prudent market participant, would sell at a lower price while higher selling prices were available in the market. In addition, Noticee 14 placed sell orders in miniscule quantity while large quantity of buy orders were existed in the market. Therefore, the trading activity of Noticee 14 appears to be manipulative.

iii. From the analysis of New High Price (NHP) during investigation period, it was observed that Noticee 1 to Noticee 4 and Noticee 6, in only 9 trades, have together contributed Rs 70.15 (i.e 16.93% of the total market NHP) in establishing new high price. Further, in all such trades contributing to NHP, buy orders were placed first before sell orders by the aforesaid Noticees. It is therefore observed that Noticee 1 to Noticee 4 and Noticee 6 have manipulated the share price of the Company by contributing significantly in establishing new high price. With regard to abovementioned 9 trades, from the counterparty analysis, it was observed that Noticee 14 was counterparty on more than 1 day with total LTP contribution of more than 5% through 6 trades. Observations on said 6 trades in particular and trading activity of Noticee 14 in general are detailed above at para 11(a)(ii).

iv. From the analysis of first trades during investigation, it was observed that Noticee 1 to Noticee 4 and Noticee 6 have together contributed to positive LTP of Rs. 102.85 (i.e., 21.87% of market positive LTP through First Trades). Further, out of abovementioned 13 first trades, buy order was placed first in 9 trades that have contributed Rs. 70.15 (i.e., 14.91% of market positive LTP through First Trades). The aforesaid trading activity of Noticee 1 to Noticee 4 and Noticee 6 indicates that they have indulged in manipulating the share price of the Company by contributing significantly to the price rise in the scrip through First Trades. In addition, from the counterparty analysis to the aforementioned 9 trades where buy order was placed first, it was observed that Noticee 14 had appeared as counterparty on more than 1 day with total LTP contribution of more than 5% through 6 trades. Observations on said 6 trades in particular and trading activity of Noticee 14 in general are detailed above at para 11(a)(ii).

v. In addition to the above findings, I further observe that Noticee 1 to Noticee 6 did not submit their reply refuting allegations leveled against them in the SCN. Further, Noticee 14 submitted his reply dated September 26, 2018 requesting time to submit his reply however, despite providing enough time, Noticee 14 did not submit his reply against allegations leveled against him in the SCN. Therefore, in the absence of reply from Noticee 1 to Noticee 6 and Noticee 14, aforesaid findings/observations were made based on the facts of the case.

vi. Based on the above findings, I conclude that trading activities of Noticee 1 to Noticee 6 and Noticee 14 were fraudulent and therefore, they have violated the provisions of Regulations 3(a), (b), (c) & (d), 4(1), 4(2) (a) and (e) of SEBI PFUTP Regulations, 2003

b) **Findings with respect to Noticee 7 to Noticee 13**

i. Trading activity of entities, other than suspected entities as stated at para 5(ii) above, was analyzed to examine possibility of price manipulation in the scrip. In this regard, top 10 entities who have contributed to market net LTP were analyzed. Among these top 10 entities, Noticee 1 appeared in 9th position, findings with regard to whom has already been covered in para 11(a) above.

ii. With regard to the remaining 9 entities who have contributed to market net LTP, it was observed that these entities had contributed to Rs. 241.95 which was 68.96% of market net LTP. It was further observed that total of net LTP contribution of above entities was equal to their positive LTP.

iii. As positive LTP contribution of Pankaj Telgaonkar (entity at Sr.No.10 among top 10 entities who have contributed to market net LTP) was less than 5%, his trading activity was not analyzed further. Buy orders of top 8 entities who have contributed to market net LTP were analyzed and it was observed that buy orders were placed first in most of the trades. It was also observed LTP contribution of such trades (where buy orders were placed first) were more than 5% in respect of all entities except Rajeshkumar Dhirajlal Thakkar (entity at S. No. 8 among top 10 entities who have contributed to market net LTP). Therefore, his trading activity was not analyzed further.

iv. In view of the above, buy trades of top 7 entities who have contributed to market net LTP (i.e., Noticee 7 to Noticee 13) that had contributed substantial positive LTP were further analyzed and it was observed that the aforesaid Noticees were placing orders at a rate higher than the previous closing price (i.e. ranging from 2% to 10% higher than the closing price) in all the cases. On analyzing the trades contributed to positive LTP, it was observed that the prices of the scrip increased primarily through first trades. It was further observed that Noticee 7 to Noticee 13 together contributed Rs. 177.30 to market net LTP (i.e., 50.31% of market net LTP contribution). Therefore, trades of the Notices were further analyzed and following was observed:

- Noticee 7 purchased 284 shares in 9 trades which contributed Rs. 28.65 to the LTP in the scrip (i.e., 8.13% of market net LTP). Further, out of 9 trades, 4 trades contributed to positive LTP and these 4 trades were first trades wherein buy orders were placed before the sell orders. These 4 trades contributed Rs 28.65 to positive LTP which was 8.13% of market net LTP.
- Noticee 8 purchased 251 shares in 7 trades which contributed Rs. 42.20 to the LTP in the scrip (i.e., 11.98% of market net LTP). Further, out of 7 trades, 4 trades contributed to positive LTP out of which 3 trades were first trades wherein buy orders were placed before the sell orders. These 3 trades contributed Rs 27.2 to positive LTP which was 7.72% of market net LTP.
- Noticee 9 purchased 13 shares in 4 trades which contributed Rs. 26.2 to the LTP in the scrip (i.e., 7.43% of market net LTP). In respect of all trades, buy orders were placed before the sell orders and all trades were first trades. Further, all trades involved smaller quantity of shares i.e. in the range of 1 to 5 shares.
- Noticee 10 purchased 4 shares in 3 trades which contributed Rs. 23.95 to the LTP in the scrip (i.e., 6.80% of market net LTP). In respect of all trades, buy orders were placed before the sell orders and all trades were first trades. Further, all trades involved smaller quantity of shares i.e. in the range of 1 to 2 shares.
- Noticee 11 purchased 7 shares in 3 trades which contributed Rs. 23.95 to the LTP in the scrip (i.e., 6.80% of market net LTP). In respect of all trades, buy orders were placed before the sell orders and all trades were first trades. Further, all trades involved smaller quantity of shares i.e. in the range of 1 to 2 shares.

- Noticee 12 purchased 39 shares in 4 trades which contributed Rs. 23.75 to the LTP in the scrip (i.e., 6.74% of market net LTP). Further, out of 4 trades, 3 trades contributed to positive LTP. These 3 trades were first trades wherein buy orders were placed before the sell orders.
- Noticee 13 purchased 452 shares in 3 trades, of which two trades had positive LTP contribution of Rs. 23.60 (i.e., 6.70% of market LTP). Further in both trades, buy orders were placed before the sell order was placed in the market.
- From the aforesaid trading activity of Noticee 7 to Noticee 13, it is observed that the said Noticees manipulated the scrip price by placing buy orders first at a rate higher than LTP.

v. Noticee 7 in her reply submitted that she is a housewife and not a regular trader in stock market and had traded in the scrip as a normal investor in the normal course of her investment business. Also stated that the reason for placing buy order first at a rate higher than LTP was that the scrip was under continuous upper circuit. Further if she was involved in price manipulation, she would have traded in more shares rather than just 284 shares of the Company.

From the above submissions of the Noticee 7, I find that on the one hand she has stated that she is a housewife and not a regular investor in stock market and on the other hand she has stated that she has placed buy orders first at a rate higher than LIP because scrip was hitting upper circuit.

Further, from the trading activity of Noticee 7, I find that in just 4 trades (i.e., 34 shares), she had contributed Rs 28.65 (8.13% of market net LTP) to positive LTP in the scrip. Therefore, I do not agree with the contention of the Noticee 7 that if she would have involved in the price manipulation in the scrip, she would have traded in more number of shares rather than just 284 shares.

vi. Noticee 8 in his reply has submitted that he had bought 251 shares of the company based on market rumor and lost the entire amount in the scrip. Further he had bought all shares in online trading platform without intention to manipulate the scrip price. He has no idea about LTP nor does he know about any entity mentioned in Notice.

From the trading activity of Noticee 8, I find that out of 7 trades, in just 3 trades (i.e., 54 shares), he had contributed Rs. 27.2 (7.72% of market net LTP) to positive LTP in the scrip. Further, these 3 trades were first trades of the day wherein buy orders were placed before sell orders. I observe that Noticee 8 placed buy orders first at a rate higher than the LTP thereby manipulated the price. Therefore, I do not agree with the contention that he had dealt in the shares of the Company without any intention to manipulate the price.

Further, I do not agree with the contention of the Noticee 8 that he had bought shares based on market rumor and lost all his investments. In this context, it may be noted that SEBI has been advising market participants to have proper knowledge about the investment avenues prior to making investment in the securities market. Therefore, in my opinion, a prudent investor would not invest in the securities market solely on the basis of market rumors. Further, making loss out of investment does not absolve the Noticee 8 from the abovementioned price manipulation by him.

vii. Noticee 9 in his reply submitted that he had bought smaller quantity of shares of the company because he wanted to receive the annual report from the company to know more about it. Further, he had bought purely for investment purpose only.

I do not agree with the above contentions of the Noticee 9 as basic information regarding a company and its performance is available in the company website and the exchange website where a company is listed. Therefore, to get information in annual report of a company, an investor need not compulsorily investing in the shares of the company rather may obtain it from publically available sources.

Further, from the trading activity of Noticee 9, I find that in just 4 trades (i.e., 13 shares), he had contributed Rs 26.2 (7.43% of market net LTP) to positive LTP in the scrip. In the above mentioned 4 trades which were first trades of the day, I find that, Noticee 9 placed buy orders first at a rate higher than the LTP thereby manipulated the price.

viii. From the material available on record I observe that both SCN and hearing Notice were successfully delivered to Noticee 10. However, they neither submitted any reply nor availed opportunity of personal hearing before me. Therefore, in the absence of any reply, I am inclined to decide the matter with regard to Noticee 10 and Noticee 11 based on the facts of the case.

From the trading activity of Noticee 10, I find that in just 3 trades (i.e., 4 shares), he had contributed Rs 23.95 (6.80% of market net LTP) to positive LTP in the scrip. In the above mentioned 3 trades, which were first trades of the day, I find that, Noticee 10 placed buy orders first at a rate higher than the LTP thereby manipulated the price.

From the facts of the case, I find that although SCN and hearing Notices were successfully delivered to the Noticee 11, she neither submitted her reply nor attended personal hearing before me. Therefore, I am inclined to decide the matter with respect to Noticee 11 based on the facts of the case.

With regard to trading activity of Noticee 11, I find that in just 3 trades (i.e., 7 shares), she had contributed Rs 23.95 (6.80% of market net LTP) to positive LTP in the scrip. In the above mentioned 3 trades, which were first trades of the day, I find that, Noticee 11 placed buy orders first at a rate higher than the LTP thereby manipulated the price.

ix. From the trading activity of Noticee 12, I observe that Noticee 12 purchased 39 shares in 4 trades which contributed Rs. 23.75 to the LTP in the scrip (i.e., 6.74% of market net LTP). Further, out of 4 trades, 3 trades contributed to positive LTP. These 3 trades were first trades wherein buy orders were placed before the sell orders.

- With regard to the allegation in the SCN that Noticee 12 manipulated scrip price by placing buy orders first at a rate higher than LTP through first trades, Noticee 12 made its submissions:
- 3 buy orders were placed in anonymous screen based trading platform of stock exchange to which 3 different sellers placed 3 sell orders without which its order would not have resulted into trade. Therefore, those 3 trades were effect of multiplicity of market factors which were beyond its control. Further, 3 buy orders culminated into 3 trades for 38 shares with the sell orders of 3 entities out of which 2 counterparties to our trade have not been alleged of any wrongdoing. Counterparties were different and were not related to it. First trades, high LTP were effect of multiplicity of market factors which were beyond its control. Scrip price was increasing regularly before we dealt in the scrip. If we would have placed our order at a price equal to or lower than LTP, our buy order would not have got executed into trade and we would have possibly been alleged of lowering LTP.

It is a well-accepted fact that online screen based trading system of an exchange provides equal opportunity to buyer and seller to place buy orders and sell orders. Further, trade is a result of matching of a buy order and a sell order. However, a prudent market participant, as a buyer, would seek to place buy orders at or below LTP and as a seller, would seek to place sell orders at or above LTP. Conversely, in the instant case, I find that Noticee 12 as a buyer, placed buy orders at a price higher than LTP. From the 3 buy trades of Noticee 12, I further observe that on September 4, 2014, LTP price was Rs 207.15 and buy order rate was Rs 217.5 (Rs 10.35 higher than LTP), on September 16, 2014, LTP price was Rs 277.45 and buy order rate was Rs 282.95 (Rs 5.5 higher than LTP) and on October 21, 2014, LTP price was Rs 395.75 and buy order rate was Rs 403.65 (Rs 7.9 higher than LTP). Further, in the above 3 instances, trade executed at the buy order rate placed by the Noticee 12. Additionally, I notice that the above 3 trades of Noticee 12 were first trades wherein in all three instances buy orders were placed by Noticee 12 at 9 am and the above trades were the only trades of the day through which Noticee 12 contributed to price rise in the scrip. Noticee 12, in 3 trades, contributed to positive LTP of Rs 23.74 (6.74% of market net LTP) wherein buy orders were placed before the sell orders at a rate higher than LTP. Therefore, I find that the above trading activity of Noticee 12 is manipulative.

With regard to contention of the Noticee 12 that out of 3 counterparties to its trades, 2 counterparties are not been alleged of any wrong doing, it is stated that as a prudent market practice, a seller seeks to place orders higher than LTP and therefore, the said 2 counterparties have not been alleged of price manipulation.

In view of the foregoing observations, I do not accept the abovementioned contentions of Noticee 12.

- It was further submitted by Noticee 12 that as per para 11 of SCN, Pankaj Telgaonkar and Rajeshkumar Dhirajlal Thakkar have contributed Rs. 17 and Rs 32.65 which was not construed to be in violation. In this regard, I find that the SCN dated September 27, 2017 issued to Noticee explains the rationale for not alleging Pankaj Telgaonkar and Rajeshkumar Dhirajlal Thakkar for price manipulation. Therefore, I do not find merit in the above contention of Noticee 12.

- Noticee 12 submitted that it is neither part of any group of suspected entities nor has any relation with the 15 co-Noticees. I note that Noticee 12, in SCN, has not been alleged of being part of suspected group entities nor has been alleged of having any relation with other entities. However, on account of its trading activity, Noticee 12 has been observed to have manipulated scrip price by placing buy orders at a price higher than LTP through first trades. Therefore, I find that the above contentions of Noticee 12 are irrelevant.
- It is further submitted by Noticee 12 that it has traded in over 600+ companies during relevant period and drawing adverse inference in respect of 3 trades for 38 shares of Mapro is unfair and unwarranted.

  In this context it may be noted that a market participant is free to trade in any number of scrips in a prudent manner, however, he/she is not permitted to freely manipulate share price of any scrip.

  In the instant case, the mere fact that Noticee 12 has traded in over 600+scrips does not absolve it from manipulating scrip price of Mapro as detailed in the aforesaid findings. Therefore, I do not accept the above contentions of the Noticee.

x. From the trading activity of Noticee 13, I observe that Noticee 13 purchased 452 shares in 3 trades, of which two trades had positive LTP contribution of Rs. 23.60 (i.e., 6.70% of market LTP). Further in both trades, buy orders were placed before the sell order was placed in the market.

- With regard to the allegation in the SCN that Noticee 13 manipulated scrip price by placing buy orders first at a rate higher than LTP, Noticee 13 made its submissions:
- We had put in our buy orders before the sell orders on both days. Though on August 28, 2014, we had placed order for 100 shares, we got only 2 shares. We had traded only 2 days during investigation period. Out of 452 shares bought by us only 4 shares are alleged to have positively contributed to last traded price and it cannot be alleged to have caused manipulation in scrip. Our trading volume vis-à-vis is market volume in the scrip and our alleged manipulative trades vis-à-vis market trades during investigation period was insignificant.

  It is a well-accepted fact that a prudent market participant, as a buyer, would seek to place buy orders at or below LTP and as a seller, would seek to place sell orders at or above LTP. Conversely, in the instant case, I find that Noticee 13 as a buyer, placed buy orders at a price higher than LTP. From the 2 buy trades of Noticee 13, I further observe that on August 19, 2014, LTP price was Rs 140.7 and buy order rate was was Rs 147.7 (Rs 7 higher than LTP) and on August 28, 2014, LTP price was Rs 162.4 and buy order rate was Rs 179 (Rs 16.6 higher than LTP). Further, in the above 2 instances, trade executed at the buy order rate placed by the Noticee 13. In 2 trades, Noticee 13 contributed to positive LTP of Rs 23.60 (6.70% of market net LTP) wherein buy orders were placed before the sell orders at a rate higher than LTP. Therefore, I find that the above trading activity of Noticee 13 is manipulative.
- Noticee 13 further submitted that it has no relationship or connection with MIL, its promoters, directors and any of its alleged connected entities.

I note that Noticee 13, in SCN, has not been alleged of being connected to suspected group entities nor has been alleged of having any relation with MIL, its promoters and directors. However, on account of its trading activity, Noticee 13 has been observed to have manipulated scrip price by placing buy orders at a price higher than LTP. Therefore, I find that the above contentions of Noticee 13 are irrelevant.

- In addition to above, Noticee 13 has submitted that more than 5 years have been passed from the date of its transactions. Hence great prejudice is caused to the Noticee 13 to defend its case at this stage and on this ground only SCN deserve to be dismissed.

With regard to above contentions of Noticee, it may be noted that the said matter was received by me vide communiqué dated July 17, 2017 and thereafter SCN was issued to 16 entities on September 27, 2017. However, in view of the fact that large number of entities are involved in the matter and on account of reasons explained in the para 4 above adjudication proceedings took longer time for completion. Further, as the matter involved large number of entities, it was necessary to comply with principle of Natural justice with respect to each entity and give opportunities to them to present their case through filing written reply or through personal hearing.

From the fact of the case, I find that Noticee 13 was provided ample time to submit its preliminary reply as well as additional reply, was provided opportunity of inspection of documents and also provided with multiple opportunities of personal hearing on its request.

xi. Based on the above findings, I conclude that trading activities of Noticee 7 to Noticee 13 were fraudulent and therefore, they have violated the provisions of Regulations 3(a), (b), (c) & (d), 4(1), 4(2) (a) and (e) of SEBI PFUTP Regulations, 2003

c) **Findings with respect to Noticee 14 to Noticee 16**

i. It was observed that Noticee 7 to Noticee 13 contributed Rs. 177.30 (50.31% to market net LTP) through 22 trades and in all such trades (except 1 trade by Raj Kamal Poswalia-HUF), buy orders were placed first and all such trades were first trades of the day.

ii. From the counterparty analysis of abovementioned 22 trades, it was observed that Noticee 14, Noticee 15 and Noticee 16 appeared as counterparty on more than one day with total net LTP contribution of more than 5%.

iii. It was further observed that Noticee 16 was counterparty to 7 trades that contributed Rs. 69.45 (19.71% to market net LTP), Noticee 14 was counterparty to 4 trades that contributed Rs. 30.55 (8.67% to market net LTP) and Noticee 15 was counterparty to 3 trades that contributed Rs. 21.05 (5.97% to market net LTP). It was observed that in all the above 14 trades, the sell order quantity was miniscule (mostly 1-2 shares per sell order) although buy orders in large quantities existed at rates higher than LTP. Further, out of 14 trades, except for 2 trades (on the dates 19/08/2014 and 28/08/2014), the remaining 12 trades were the only trades on respective days. Further, on August 19, 2014 and August 28, 2014, trades of such counterparties were the only trades that contributed to positive LTP during the day.

iv. From the above trading pattern, I find that Noticee 14 to Noticee 16 have manipulated the scrip price by consistently marking the price in the market by putting sell orders of 1-2 shares even when buy orders in large quantities existed at rates higher than LTP.

v. Noticee 14 and Noticee 15, in their reply dated September 26, 2018, requested for additional time of four weeks and three weeks respectively to respond to the SCN. However, I find that till date, Noticee 14 and Noticee 15 have not submitted their reply to the SCN. Therefore, in the absence of any reply refuting allegations made in the

SCN, I am inclined to decide the matter with regard to Noticee 14 and Noticee 15 based on the facts of the case.

From the trading activity of Noticee 14, I find that Noticee 14 was counterparty to 4 trades of Noticee 9, Noticee 10 and Noticee 11 that contributed Rs. 30.55 (8.67% to market net LTP). Further, Noticee 14 placed small sell order quantity although buy orders in large quantity were existed at rates higher than LTP. It is also observed that trades of Noticee 14 were the only trades that contributed to positive LTP during the day.

From the trading activity of Noticee 15, I find that Noticee 15 was counterparty to 3 trades of Noticee 7 and Noticee 9 that contributed Rs. 21.05 (5.97% to market net LTP). Further, Noticee 15 placed small sell order quantity although buy orders in large quantity were existed at rates higher than LTP. It is also observed that trades of Noticee 15 were the only trades that contributed to positive LTP during the day.

It may be noted that a prudent market participant, as a seller, would generally place order rate higher than the LTP, however, I find that Noticee 14 and Noticee 15 placed sell orders at a rate lower than the highest selling price available in the market. In addition, Noticee 14 and Noticee 15 placed miniscule sell orders although buy orders in large quantities were available in the market at rates higher than LTP. From the above trading pattern, I find that Noticee 14 and Noticee 15 manipulated share price of the Company.

vi. From the trading activity of Noticee 16, I find that Noticee 16 was counterparty to 7 trades of Noticee 8, Noticee 10, Noticee 12 and Noticee 13 that contributed Rs. 69.45 (19.71% to market net LTP). Further, Noticee 16 placed small sell order quantity (each of 2 shares per sell order) although buy orders in large quantity (in the range of

25 shares to 500 shares) were existed at rates higher than LTP. It is also observed that all trades of Noticee 16 were the only trades of the day that contributed to positive LTP during the day. From the above trading pattern, I find that Noticee 16 manipulated share price of the Company.

- With regard to the allegation of price manipulation, Noticee 16 submitted that as he wanted to sell his shares at the maximum price, he was selling shares only in small quantity and similar pattern was observed prior to execution of his sell trades. Further, daily traded volume was miniscule even before he started selling the shares. He had placed an order to sell at a price which already existed on the trading terminal at that point in time so he cannot be held responsible for placing an order higher than LTP.

  It may be noted that a prudent market participant, as a seller, would generally place higher order price than the LTP. Conversely, I find that Noticee 16 placed sell orders at a rate lower than the highest selling price available in the market. In addition, Noticee 16 placed miniscule sell orders although buy orders in large quantities were available in the market at rates higher than LTP. From the above trading pattern, I find that Noticee 16 manipulated share price of the Company. Therefore, I do not accept the contentions of the Noticee 16 that as he wanted to sell his shares at the maximum price, he was selling shares only in small quantity.

- Noticee 16 further submitted that he had sold 5698 shares in total of MIL prior to, during and post investigation period. However, only 17 share are alleged to be manipulative. Further, his trading volume vis-à-vis market volume and his no of manipulative trades vis-à-vis total market trades during investigation period was insignificant to have any impact on price/volume of the scrip.

With regard to above contention of the Noticee 16, it may be noted that while analyzing trading pattern of an entity, not necessarily all of his/her trades would be considered as manipulative. In the instant case, therefore, based on the trading activity of Noticee 16, his 7 trades were observed to be manipulative which is explained above. I find that Noticee 16, on account of only 7 trades had contributed Rs 69.45 (19.71% of market net LTP) to price rise. Therefore, I do not accept the above contention of the Noticee 16.

vii. Based on the above findings, I conclude that trading activities of Noticee 14 to Noticee 16 were fraudulent and therefore, they have violated the provisions of Regulations 3(a), (b), (c) & (d), 4(1), 4(2) (a) and (e) of SEBI PFUTP Regulations, 2003

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

The provisions of Section 15HA of the SEBI Act, 1992 read as under:

<u>SEBI Act 15HA - "Penalty for fraudulent and unfair trade practices–</u>

If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty of twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher." (effective till September 7, 2014)

<u>SEBI Act 15HA - "Penalty for fraudulent and unfair trade practices–</u>

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]
(with effect from September 8, 2014)

12. In view of the foregoing, I am convinced that the trades done by the Noticees are in violation thus liable for monetary penalty under Section 15HA of SEBI Act for violation of Regulations 3(a), (b), (c) & (d), 4(1), 4(2) (a) and (e) of SEBI PFUTP Regulations, 2003.

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

13. The provisions of Section 15J of the SEBI require that while adjudging the quantum of penalty, 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.

14. The material available on record has not quantified the amount of disproportionate gain or unfair advantage, if any, made by the Noticees and the loss, if any, suffered by the investors as a result of the Noticees failure. I note that the Noticees have violated provisions of Regulations 3(a), (b), (c) & (d), 4(1), 4(2) (a) and (e) of SEBI PFUTP Regulations, 2003.

ORDER

15. In view of the above, after considering all the facts and circumstances of the case and the factors mentioned in the provisions of Section 15-I of the SEBI Act, 1992 read with Rule 5 of Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995, I hereby impose the penalty on the Noticees as detailed below in terms of the provisions of Sections 15HA of the Securities and Exchange Board of India Act, 1992:

Name of the Noticee	Provisions of law violated	Penalty levied under Section	Quantum of Penalty in Rs.
Cosmos Distributors Pvt. Ltd.	Regulations 3(a), (b), (c) & (d), 4(1), 4(2) (a) and (e) of SEBI PFUTP Regulations, 2003	Section 15 HA of the SEBI Act, 1992	Rs. 5,00,000/- (Rupees Five Lakh Only)
Bhargabi Trading Pvt. Ltd.			Rs. 5,00,000/- (Rupees Five Lakh Only)
Jagsakti Tower Pvt. Ltd.			Rs. 5,00,000/- (Rupees Five Lakh Only)
Jahman Agency Pvt. Ltd.			Rs. 5,00,000/- (Rupees Five Lakh Only)
Ritudhan Marketing Pvt. Ltd.			Rs. 5,00,000/- (Rupees Five Lakh Only)
Godavari Real Estate Pvt. Ltd.			Rs. 5,00,000/- (Rupees Five Lakh Only)
Bharti Goyal			Rs. 5,00,000/- (Rupees Five Lakh Only)
Laxmikanta Vyas			Rs. 5,00,000/- (Rupees Five Lakh Only)
Sandeep Jain			Rs. 5,00,000/- (Rupees Five Lakh Only)
Chandrakanta Laddha			Rs. 5,00,000/- (Rupees Five Lakh Only)
Neha Bimal Shah			Rs. 5,00,000/- (Rupees Five Lakh Only)
Uttam Bagri HUF			Rs. 5,00,000/- (Rupees Five Lakh Only)
Raj Kamal Poswalia (HUF)			Rs. 5,00,000/- (Rupees Five Lakh Only)
Om Prakash Dhandania			Rs. 5,00,000/- (Rupees Five Lakh Only)
V.S.G. Leasing & Finance Co P. Ltd.			Rs. 5,00,000/- (Rupees Five Lakh Only)
Sumeet Agarwal			Rs. 5,00,000/- (Rupees Five Lakh Only)

In the facts and circumstances of the case, I am of the view that the said penalty is commensurate with the default committed by the Noticees.

16. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order either

Through online payment facility available on the SEBI website www.sebi.gov.in on the following path, by clicking on the payment link

ENFORCEMENT → Orders → Orders of AO → PAY NOW

OR

Through e-payment facility into Bank Account, the details of which are given below:

Bank Name	State Bank of India
Branch	Bandra-Kurla Complex
RTGS Code	SBIN0004380
Beneficiary Name	SEBI – Penalties Remittable To Government of India
Beneficiary A/c No.	31465271959

OR

By way of demand draft in favour of "SEBI-Penalties Remittable to Government of India", payable at Mumbai.

17. The Noticees shall forward the following details / confirmation of penalty so paid to the Chief General Manager, Enforcement Department, SEBI, Mumbai.

1. Case Name :	
2. Name of Payee:	
3. Date of payment:	
4. Amount Paid:	
5. Transaction No:	
6. Bank Details in which payment is made:	
7.Payment is made for:	Penalty

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

Date: February 28, 2020 **PRASANTA MAHAPATRA**

Place: Mumbai **ADJUDICATING OFFICER**