

SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: S.K. MOHANTY, WHOLE TIME MEMBER
ORDER

UNDER SECTIONS 11(1), 11(4) AND 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 IN THE MATTER OF SHANTANU SHEOREY AQUAKULT LTD.

In respect of:

Sr. No.	Entity Name	PAN
1.	ASBN Commodities & Fineserve Pvt. Ltd.	AAJCA2178D
2.	Naseen Tradelink Pvt. Ltd.	AADCN1075A
3.	Abjayoni Trading Pvt. Ltd.	AAJCA2177N
4.	Nirvana Mall Management Co. Pvt. Ltd.	AACCN2665B
5.	Adamina Traders Pvt. Ltd.	AAICA0681J
6.	Orange Mist Productions Pvt. Ltd.	AABCO0927C
7.	Anvita Real Estate Pvt. Ltd.	AAICA2157M
8.	Roho Real Estate Pvt. Ltd.	AAECR5430N
9.	Black Horse Media and Entertainment Pvt. Ltd.	AADCB5849G
10.	Sally Real Estate Pvt. Ltd.	AANCS8549Q
11.	Dizzystone Trading Pvt. Ltd.	AADCD5749F
12.	Tushar Pandit Jadhav	AHUPJ8781G
13.	Haritima Infrastructure Pvt. Ltd.	AACCH8710M
14.	Vihar Infrastructure Pvt. Ltd.	AADCV9737F
15.	Jeshna Multitrade Pvt. Ltd.	AACCJ2392K
16.	Wellman Tradelinks Pvt. Ltd.	AAACW8534C
17.	Magan Mercantile Pvt. Ltd.	AAGCM2167D
18.	Whitetext Infrastructure Pvt. Ltd.	AABCW0224G
19.	Matulya Trading Pvt. Ltd.	AAHCM0217H
20.	Yogita Trading LLP	AABFY4583D
21.	Meritorious Realty Pvt. Ltd.	AAGCM3629L

(The above entities are individually referred to by their corresponding names/numbers and collectively referred to as "Notices")

Background:

1. The present proceedings arise out of an investigation conducted in the scrip of Shantanu Sheorey Aquakult Ltd. (hereinafter referred to as “**SSAL/the Company**”) for the period of March 01, 2014 to May 31, 2016 (hereinafter referred to as “**the investigation period**”), in which a common show cause notice dated August 09, 2017 (hereinafter referred to as “**the SCN**”) was issued to 21 entities named above. The facts necessary for the present proceedings, as have been captured in the said SCN are briefly stated hereunder:
 - i. The scrip of the *Company* was listed on BSE Limited. The price of the scrip opened at INR 4.95 on March 03, 2014, which touched a high of INR 261 on May 26, 2016 before closing at INR 260.50 on May 31, 2016.
 - ii. The *Company* had made preferential allotment of its equity shares on three different instances during the Financial Years 2012-13, 2013-14 and 2014-15. The *Company* had made profits of INR 26.40 Lakh, INR 79.80 Lakh and INR 99.20 Lakh for the FY 2012-13, 2014-15 and 2015-16 respectively and incurred a loss of INR 8.52 Crore for the FY 2013-14. During the investigation period, no major corporate announcements except for declaration of financial results, allotment of shares on preferential allotment etc., were made by the *Company*.
 - iii. The trading in the scrip of the *Company* was under suspension during the period of January 07, 2015 to December 08, 2015, due to surveillance measure. The market capital of the *Company* as on March 23, 2017 was INR 559.13 Crore.
 - iv. As the profits of the *Company* were negligible and no major corporate announcements were made, the price hike of the scrip from INR 4.95 to INR 260.50 during the investigation period did not view to be normal.
 - v. A total no. of 8274 trades were executed in the scrip of the *Company* during the investigation period involving 79,55,079 shares i.e. 961 shares per trade on an average.
 - vi. The *Notices* were found to be involved in the trades which had contributed to the last traded price (hereinafter referred to as “**LTP**”) and were also found to be connected to each other, majorly on account of common directorships, fund transfer etc.
 - vii. The *Notices* had carried out a total number of 4217 buy trades in the scrip of the *Company* out of the total number of 8274 trades, as aforesaid, which was 50.96% of the total market wide trade. Out of those 4217 trades, in 4028 trades, the buy orders were placed by the *Notices* subsequent to the sell orders, with which the buy orders of the *Notices* have got matched.

The said 4028 trades were executed by the *Notices* during the period of February 01, 2016 to May 31, 2016 and during such time, the price of the scrip of the *Company* had increased from INR 141 to INR 260.50. In the aforesaid period, the *Notices* in total had purchased 44.07 Lakh shares, which was 55.39% of the total market volume of 79.55 Lakh shares.

viii. Further, out of these 4028 trades, in 1252 trades, the *Notices* had placed their respective buy orders at prices higher than the sell order prices available on the market platform. In the said 1252 trades, the *Notices* have purchased a total quantity of 36.38 Lakh shares only, when the total quantity of shares available for sale from the sellers was 98.98 Lakh shares.

2. Based on the aforesaid facts, the SCN alleges that by executing such trades at prices higher than the LTP, the *Notices* have violated Regulation 3 (a), (b), (c), (d), 4 (1), 4 (2) (a) and (e) of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as “**the PFUTP Regulations**”)

3. From the records of the present matter, it is noted that as the SCN could not be served on all the *Notices* through SPAD/email, therefore, the service of the SCN was effected upon few of the *Notices* by way of substituted mode, with the following details:

Table no. 1

Sr. no.	Noticee nos.	Mode of Service of SCN
1.	Noticee nos. 4, 7, 11, 14, 19 and 21	Newspaper publication Times of India/Navbharat Times/Maharashtra Times-Mumbai Edition – 30/08/2018
2.	Noticee no. 12, 16, 20	Affixation on last known address

4. The personal hearing in the matter was first scheduled on December 17, 2019. The hearing notice for the said date of hearing was served upon *Noticee nos. 5, 6, 12 and 20*. As the hearing notices could not be served upon the rest of the *Notices* through postal modes, the said hearing notice was affixed on the last known address of the *Noticee no. 11* while on the other *Notices*, the

hearing notices were served by way of newspaper publication that was carried out on December 10, 2019 in the following newspapers:

- a) Kolkata Edition of Asian Age (English), Bartaman (Bengali) and Dainik Jagran (Hindi) for *Noticee no. 16*; and
- b) Times of India (English), Navbharat Times (Hindi) and Maharashtra Times (Marathi) for *Noticee nos. 1, 2, 3, 4, 7, 8, 9, 10, 13, 14, 15, 17, 18, 19 and 21*.

5. On the said date of hearing, i.e., December 17, 2019, only *Noticee no. 5* entered appearance and made oral submissions. Subsequently another opportunity of personal hearing was granted to all the *Noticees* on April 22, 2020. However, due to the lockdown imposed in the wake of Covid-19, the personal hearing on the said date could not take place. The hearing was thereafter scheduled on August 25, 2020 and hearing notices dated July 27, 2020 were issued to all the *Noticees* through postal modes as well as through emails (as mentioned in the records of BSE and CDSL). Additionally, publication of the hearing notice was also carried out in the following newspapers on August 10, 2020:

- a) Kolkata Edition of Times of India (English), Bartaman (Bengali) and Dainik Jagran (Hindi) for *Noticee no. 16*;
- b) Ahmedabad Edition of Times of India (English), Gujarat Vaibhav (Hindi) and Gujarat Samachar (Gujarati) for *Noticee no. 20*; and
- c) Times of India (English), Navbharat Times (Hindi) and Maharashtra Times (Marathi) for *Noticee nos. 1-15, 17-19 and 21*.

6. On the said date of hearing, i.e., August 25, 2020, the authorised representatives of *Noticee nos. 4, 5, 11 and 16* appeared through Video Conferencing and made their respective submissions. During the course of the said hearing, certain queries were raised to the said authorised representatives, however, the said *Noticees* could not furnish the information/documents pertaining to the queries so raised to them.

7. Subsequently, the personal hearing in the matter was again fixed for February 11, 2021 and February 16, 2021 and the hearing notices were served to the *Noticees* in the following manner:

Table no. 2

Sr. no.	Noticee no.	Mode of Service
1.	Noticee no. 1, 2, 12-15, 18 and 19	Newspaper publication
2.	Noticee no. 3, 7-10, 17, 20 and 21	E-mail
3.	Noticee no. 6	SPAD and email

8. It is noted from the records that many of the *Noticees* have filed numerous letters seeking adjournment and/or asking for more time to file their replies on merits of the case, etc. For the sake of convenience, the details of such communications that have been received are indicated in the following table:

Table no. 3

Sr. No.	Noticee	Letter/email date	Details
1.	Noticee no. 1	Letter dated September 26, 2017	Request to grant additional time to file reply to the SCN
		Letter dated November 14, 2018	Seeking copy of the Investigation Report and other documents, statement of Mr. Madan as referred in para 6, Trade and Order log of the Noticee
		Email dated August 17, 2020	Request for adjournment of the hearing scheduled on August 25, 2020, as it has filed application under SEBI (Settlement Proceedings) Regulations, 2018,

2.	Noticee no. 3	Letter dated December 07, 2018	Request to provide copy of the SCN.
		Email dated December 18, 2019	Request to provide copy of the SCN and adjourn the hearing.
3.	Noticee no. 4	Letter dated November 09, 2018	Request to provide copy of the SCN.
4.	Noticee no. 5	Letter dated September 02, 2017	Request to provide copies of Investigation Report, legible copy of the statement of Mr. Kumar Raichand Madan etc.
		Letter dated December 16, 2019	Reply to the SCN
5.	Noticee no. 6	Letter dated September 09, 2017	Request to grant additional time to file reply to the SCN
		Letter dated November 11, 2018	Seeking copy of the Investigation Report and other documents, statement of Mr. Madan as referred in para 6, Trade and Order log of the Noticee
		Letter dated December 24, 2019	Reply to the SCN
6.	Noticee no. 7	November 06, 2018/December 14, 2019	Request to provide copy of SCN to new address and adjournment of the hearing
7.	Noticee no. 8	November 09, 2018/December 16, 2019	Request to provide copy of SCN to new address and adjournment of the hearing

		December 26, 2019	Reply to the SCN
8.	Noticee no. 9	November 07, 2011	Request to provide copy of SCN to new address
		Email dated December 18, 2019	Request to provide copy of SCN and adjourn the hearing.
9.	Noticee no. 10	November 09, 2018/December 17, 2019	Request to provide copy of SCN to new address
10.	Noticee no. 11	August 20, 2020	Reply to the SCN
11.	Noticee no. 13	September 21, 2017	Request to grant additional time to file reply to the SCN
		November 14, 2018	Seeking copy of the Investigation Report and other documents, statement of Mr. Madan as referred in para 6, Trade and Order log of the Noticee
12.	Noticee no. 14	September 27, 2017	Request to grant additional time to file reply to the SCN
		November 13, 2018	Request to provide copy of SCN at new address
13.	Noticee no. 15	November 15, 2018	Seeking copy of the Investigation Report and other documents, statement of Mr. Madan as referred in para 6, Trade and Order log of the Noticee

14.	Noticee no. 16	November 10, 2018	Request to provide SCN at new address
		August 20, 2020	Reply to the SCN
15.	Noticee no. 17	December 10, 2018	Request to provide copy of SCN at new address
		December 17, 2020	Reply to the SCN
16.	Noticee no. 18	September 27, 2017	Request to grant additional time to file reply to the SCN
17.	Noticee no. 21	December 16, 2020	Reply to the SCN

9. As noted from the above details, certain *Notices* had requested SEBI for serving the copy of the SCN at their new addresses. Accordingly, the SCN along with the annexures were again sent at the new addresses provided by the respective entities, however, as the said letters also returned undelivered, the copy of the SCN and the annexures were served on the respective entities through emails. Subsequently, pursuant to the issuance of the hearing notices (through publication), certain entities like *Noticee no. 3* again requested for the copy of the SCN and in response thereto, in the interest of justice, copy of the SCN and its annexures were provided afresh to the such entities to enable them to defend themselves against the allegations made in the SCN. It is also pertinent to mention here that the *Noticee nos. 1 and 13* (vide their separate emails dated August 17, 2020) had submitted that they have filed an application under SEBI (Settlement Proceedings) Regulations, 2018, however, no detail of any such application was provided by the said *Notices*.

10. As noted earlier, only *Noticee nos. 5, 6, 8, 11, 16, 17 and 21* have filed written replies to the SCN. A careful perusal of the said replies reflect that all these replies carry certain common submissions, which are presented in brief herein below:

- i. The SCN has been issued after delay as the alleged transactions pertained to May, 2016 and SCN has been issued in August, 2017.

- ii. The scrip was trading in “T” group, therefore there was no scope of manipulation due to the continuous surveillance.
- iii. The SCN does not allege any profit earned by the *Notices* nor it demonstrates how the *Notices* gained by causing LTP contribution. No loss to any investor has been caused.
- iv. The trading system does not provide the details of orders placed by sellers, like quantity of shares, price and time of orders etc.
- v. The power under Section 11B of SEBI Act, 1992 cannot be used for penal purposes, as has been laid down by Hon’ble SAT in the matter of *Libord Securities Vs. SEBI* and by Hon’ble Supreme Court in the matter of *SEBI Vs. Libord Securities*.
- vi. The *Notices* are net buyers of the scrip during the investigation period.
- vii. The *Noticee nos. 5 and 6* have traded only during February, 2016 to May, 2016 whereas the *Noticee no. 8* had traded during March, 2014 to May 2016.
- viii. The trades of the respective *Notices* have been wrongly bunched with other *Notices*.
- ix. Mr. Kumar Raichand Madan (based on whose statement recorded before Income Tax, the allegations of connections have been made in the SCN), has expired on 08.10.2016.
- x. The bank account transactions referred to in the SCN to impute connections are commercial in nature and have no connection with the trading done in the scrip of the Company.
- xi. The entities with whom connection is sought to be alleged are not the counter parties to the trades of the *Notices*.
- xii. Orders were executed at sell order prices.
- xiii. There is no embargo on placing of orders on positive LTP and manipulation cannot be related only to positive LTP as it can be a genuine case of buyer being desperate to acquire shares.
- xiv. It is a market practice to put orders at higher round figure price to get the orders executed.
- xv. All the orders were limit order which can only be executed at limit price or lower, based on the price quoted by the seller.
- xvi. There is a substantial time gap in the orders placed by the *Notices* as buyers and majority of the pending sell orders.
- xvii. The counter parties are not impleaded nor such parties are connected to the *Noticee*.

11. It is further noted that apart from the aforesaid common points of arguments, following submissions have also been made, which though vary only on the factual aspects specific to a particular *Noticee* are identical in essence, such as:

- i. The current Directors of *Noticee no. 5* are Mr. Sanjay Mahadev Unawane and Sujata Deepak Mane. The current Directors of *Noticee no. 6* are Mr. Akshay Vijay Nawale and Sunil Sudhakar Ahire. The current Directors of *Noticee no. 8* are Nisha Sanjay Unawane and Akshay Unawane. The current Directors of *Noticee no. 11* are Mr. Rohit Dattatrya Navle and Mr. Ganesh Shankar Budbadkar. The current Directors of *Noticee no. 16* are Mr. Rohit Dattatrya Navle and Mr. Aditya Rupchand Sueyavanshi. The current Directors of the *Noticee no. 17* are Mr. Ranjankumar Ramdulare Rajbhar and Mr. Prakash Ratilal Naik. The current Directors of the *Noticee no. 21* are Ms. Reshma Rajesh Malagavakar and Mr. Ajitkumar Sudhakar Singh.
- ii. During the relevant period the price of the scrip rose from INR 150.80 to INR 260.50. The *Noticee no. 5* made an insignificant contribution of INR 2.60 (1.02% of the total market positive LTP) towards LTP while the *Noticee no. 6* contributed INR 14.30 (4.84% of the total market positive LTP) to the LTP and the said LTP contributions are miniscule to the total market positive LTP.
- iii. During the investigation period, *Noticee no. 5* purchased 2,20,880 shares and sold 10,320 shares. *Noticee no. 6* had purchased 8,12,243 shares and *Noticee no. 8* had purchased 2,96,000 shares and both of them did not sell any share. *Noticee no. 11* has purchased 159497 shares and no shares were sold by it. The *Noticee no. 16* has purchased 24367 shares and sold 1900 shares and the *Noticee no. 17* has purchased 2,97,504 shares and sold 19,458 shares. The *Noticee no. 21* has purchased 327385 shares during the investigation period.
- iv. As per SCN, the *Noticee no. 5* had executed 166 trades, out of which 129 trades resulted in 0 LTP, 14 trades resulted in negative LTP of Rs. 6.00 and only 23 trades resulted in positive LTP of Rs. 12.90. *Noticee no. 6* had executed 489 trades, out of which 403 trades resulted in 0 LTP, 21 trades resulted in negative LTP of Rs. 7.20 and only 65 trades resulted in positive LTP of Rs. 29. The *Noticee no. 11* has executed 202 trades, out of which 165 trades have resulted in 0 LTP, 17 trades have resulted into negative LTP of Rs.4.70 and 20 trades have resulted into positive LTP of Rs.6.20. The *Noticee no. 16* has alleged to have executed 2 trades in a single day when it contributed LTP of Rs.2.70 only. The *Noticee no. 17* has executed 263 trades, out of which 232 trades have resulted into 0 LTP, 11 trades have resulted into negative LTP of Rs.1.80 and 20 trades have resulted into positive LTP of Rs.17.10. The *Noticee no. 21* has executed 261 trades, out of which 218 trades have resulted in 0 LTP, 13 trades have resulted into negative LTP of Rs.3.80 and 30 trades have resulted in positive LTP of Rs.10.90. The aforesaid pattern of trade shows that the *Noticees* were not

having any intention of manipulating the scrip as every trade will result into some kind of LTP.

- v. On a few occasions, part of the order quantity got matched at 0 LTP and subsequently, for remaining quantities, the price was modified which led to contribution to LTP. The modification was done to grab the next best-selling orders. For example, an order of 1000 shares @ INR 227 per share was placed by the *Notices no. 5* for which, two trades of 400 and 250 shares got executed @ INR 227 only and no LTP was contributed. For remaining 350 shares, the price was modified @ INR 228 and resultantly, the trade got executed @ INR 227.50 by creating a positive LTP of INR 0.50.

Consideration

12. After carefully perusing the charges levelled in the SCN, the replies that have been filed, as well as the materials available on record, I observe that the issue that needs to be adjudged in the present proceedings is whether or not, the trades executed by the *Notices* in the scrip of the *Company*, have resulted in violation of provisions of the PFUTP Regulations?

13. From the replies filed by the *Notices*, as aforesaid, I find that two technical issues have been raised by most of the *Notices*. The first one pertains to the non-supply of the copy of the entire investigation report and the second issue pertains to the delay in initiating the proceedings, which is submitted to have caused prejudice to the *Notices*. Therefore, before embarking on the merits of the matter, I find it appropriate to first deal with those two preliminary issues.

14. Insofar as the issue of providing copy of documents like investigation report is concerned, there is no dispute that the relevant findings of the investigation report which formed the basis for the imputations/allegations made against the *Notices* have already been captured in the show cause notice, which was duly served upon the *Notices*. Further, I observe that all the relevant documents which have been relied upon for the purpose of examination to arrive at the findings against the *Notices*, including the bank account statements, complete or /relevant Order Log and Trade Log, have already been served on the *Notices* in form of Annexures to the SCN. Since all the relevant extracts of the investigation report have been captured in the SCN and the documents relied upon therein have also been provided to the *Notices*, there does not appear to be any prejudice whatsoever caused to the *Notices* nor the *Notices* have brought to my attention any such specific prejudice that has possibly been caused to them by not receiving any particular document due to which they can claim that they are not in a position to defend themselves against the allegations made in the SCN. The *Notices* have apparently raised the bogey of non-

receipt of investigation report or documents as a matter of a general claim without any *bonafide* reason or specific grievance in this regard, which appears to be an attempt to thwart the proceedings. I may add here that Hon'ble Securities Appellate Tribunal in a recent order dated July 17, 2020, passed in the matter of *Anant R. Sathe Vs. SEBI (Appeal no. 150/2020)* have held that SEBI is required to supply only those documents, which have been relied upon while serving the show cause notice and supply of such documents are sufficient for the purpose of filing an efficacious reply in defence. Thus, I can firmly observe that there is no violation of principles of natural justice as all the documents relied upon in the present proceedings have already been served to the *Notices* along with the SCN.

15. With respect to the submission that delay in initiating the present proceedings has caused prejudice to the *Notices*, I find it relevant to recollect here that the investigation period in the present matter was for the period of March 01, 2014 to May 31, 2016, and the SCN came to be issued on August 09, 2017. Further, the details of time consumed in serving the SCN as well as hearing notices on most of the *Notices* have already been elaborated in the earlier part of the order and thus need no reiteration. Therefore, from the factual conspectus of the present case, it is seen that the SCN was issued within a period of around fifteen months from the end of the investigation period during which the alleged violations took place; hence, there does not appear to be any 'delay' which can be claimed to be fatal to have caused any serious prejudice of any nature to the *Notices* and thereby incapacitated them from defending themselves against the allegations. It is an undisputed position that in order to arrive at a *prima facie* case prior to issuance of SCN, several factual details like bank account transfers, directorship, trading data, etc., need to be collected and investigated empirically, which was also done in the present case. Therefore, the reasonable time consumed to put appropriate efforts during an investigation, cannot be taken as a plank of defence by the delinquent itself, who was the subject of such investigation. I would also like to add here that the said claim of prejudice caused due to delay is also a generic claim, without assigning any details or explaining as to what exact prejudice was caused to the *Notices* emanating from the purported delay. In this connection, it is noted that Hon'ble SAT, while dealing with the issue of delay, have observed in the matter of *Bhavesh Pabari Vs. SEBI (date of decision: October 07, 2020)* as: "...The defense of delay is an afterthought and without any supporting reason like the prejudice in defending the case before the adjudicating officer..."

16. It is also relevant to observe here that under the extant framework of SEBI Act, 1992 and PFUTP Regulations, there is no limitation period prescribed for initiation of action against any delinquent for the violations of the said Act and Regulations made thereunder. It is a settled position of law that in absence of any specific limitation period prescribed under the statute itself, the proceedings cannot be dropped merely on the ground of delay, and all the cases need

to be evaluated on the basis of their respective facts. [*Ravi Mohan Vs. SEBI, date of decision: December 16, 2015*]. It is also pertinent to note here that the ratio laid down by Hon'ble SAT in the aforesaid case, was upheld and reiterated by it, in its order in the matter of *Kunal Pradip Savla & Ors v. SEBI, date of decision: April 13, 2018*. Thus, considering the foregoing, particularly the fact that the SCN has been issued within a reasonable time frame and in light of the applicable legal framework, I find that there is no merit in the said submission of the *Notices* and accordingly the same is rejected.

17. Before adverting to the facts of the case, it is deemed relevant to first recapitulate that the SCN alleges violation of Regulation 3, (a), (b), (c), (d), 4 (1), 4 (2) (a) & (c) of PFUTP Regulations. Therefore, in order to adjudge the charges made against the *Notices* and to evaluate the strength of the replies filed herein, it is relevant that a reference to the aforesaid regulations be made at this point, which are reproduced for ready reference hereunder:

Regulation 3. Prohibition of certain dealings in securities

"No person shall directly or indirectly –

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

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

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

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

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;"

18. As noted in the earlier part of the order, certain trading activities of the *Notices*, in the scrip of the *Company* have been alleged to be manipulative and unfair. Further, the said allegations are also corroborated by the *inter-se* connection between the *Notices*. The allegation of connection is primarily premised on various cardinal factors such as common directorship, common email address, and in few cases, the said allegation is also premised on inter se fund transactions. The details of the connections that were observed to be existing amongst various *Notices* during the relevant period, as culled out from the SCN are reproduced herein below:

Table no. 4

Sr. no.	Connected Entity's name	Connected Entity's Address	Names of Directors	Connection Details
1	Orange Mist Productions Pvt. Ltd. (Noticee no. 6)	Office no. 01, Laura Building No. 13/21 1st Dhobi Talao Lane, Mumbai - 400002	Kumar Raichand Madan, Athistamani Velu, Sadashiv Pawar	Entities at Sr. No. 1, 2, 3, 4, 5 are connected to each other through common Director i.e. Kumar Raichand Madan. <u>Connection through Fund transfers:</u> Fund transaction between Orange Mist (Corporation bank, A/c no: 146901601000344) and Tushar P Jadhav (A/c no: 146900101002398, Corporation Bank). Fund transaction between Adamina Traders (Axis Bank A/c: 914020029287819) and Matulya Traders (A/c no: 146901601000200, Corporation Bank), Tushar P Jadhav (A/c no: 146900101002398, Corporation Bank).
2	Magan Mercantile Pvt. Ltd. (Noticee no. 17)	R. No. 13, Daulat nagar, Rd., No.7, Near Jain mandir, Borivali (E), Mumbai-400066	Prakash R Naik, Ranjankumar R Rajbhar, Kumar Raichand Madan, Sumit V Salvi	
3	Roho Real Estate Private Limited (Noticee no. 8)	3,Bldg No C-38,Shanti Nagar Complex Sec-2, Mira Road Thane 401107	Kumar Raichand Madan, Paresh B Gharat, Prashant S Indlkar	
4	Adamina Traders Pvt. Ltd. (Noticee no. 5)	Office no. 01, Laura Building No. 13/21 1st Dhobi Talao Lane, Mumbai - 400002	Rajesh P Malgaonkar , Ranjankumar R Rajbhar, Raichand Kumar Madan	
5	Yogita Trading LLP (Noticee no. 20)	1/3/52 Krishna Chawl, Opp Bihari Mills, Khokhramedabad, Ahmedabad 380008	Raichand Kumar Madan, Chetan S Bhelekar	
6	Abjayoni Trading Pvt. Ltd. (Noticee no. 3)	12 Vasant Heights, Bldg 74, Shanti Park, Mira Road East Thane- 401107	Sunil B Rajbhar, Shivsharan Yulidra, Sajid Sayed	

7	Jeshna Multitrade Pvt. Ltd. (Noticee no. 15)	R. No. 6, Hari Nivas CHS Ltd., Daulat Nagar, Rd. No.7, Borivali (E), Mumbai-400066	Sunil Rajbhar, Shyam kadam	
8	Anvita Real Estate Pvt. Ltd. (Noticee no. 7)	Shop No-5 Aadeshwar Krupa Chs Ltd Shanti Park Mira Road (East) Thane-401107	Mahesh Hirji Jogadia , Reshma R Malagavakar	Raichand Madan and Reshma Malagavakar are common Directors of Jeet Commosales LLP and Avantika Commosales LLP. Hence, the entities at Sr. No. 8 to 10 are connected to each other through Kumar Raichand Madan.
9	Meritorious Realty Private Limited (Noticee no. 21)	No. 9, Building No. B-20, Sector-10, Shanti Nagar, Mira Rd. (E), Thane- 401107	Ajitkumar S Singh, Reshma R Malagavakar	
10	Haritima Infrastructure Private Limited (Noticee no. 13)	Shop-5, Aadeshwar Krupa Chs Ltd, Shanti Park, Mira Road Thane 401107	Reshma R Malagavakar , Deepak Jambodaker,	
11	Sally Real Estate Private Limited (Noticee no. 10)	Shop No.10,Wing-M,Gokul Village (Two)Chs ltd,Shan- ti Park Layout,Near Corporation Bank, Mira Road€, Thane 401107	Chetan S Bhelekar, Sunita Poojary, Reshma R Surve.	Raichand Madan and Chetan S Bhelekar are common Directors of Yogita Trading LLP and Moonlight Trading LLP. Hence, entity at sr. no 11 is connected to Kumar Raichand Madan and thus connected to other Noticees through him.
12	White Text Infrastructure Pvt. Ltd. (Noticee no. 18)	R No 10, Shree Hari Niwas Daulat Naga Road No - 7, Near jainMandir, Borivali - East, Mumbai 400066	Mukhtar Shaikh, Pradeep Tak, Chandrakant Gaikwad	Raichand Madan and Chandrakant Gaikwad are common Directors of Bymethod Reality Pvt Ltd. Hence, the entities at Sr. No 12-13 are connected to Kumar Raichand and thus connected to other Noticees through him.
13	Vihar Infrastructure Private Limited (Noticee no. 14)	R N 12, SaiSadan T Nagar, R Chawl, Bandongri Village, Malad, Nr Times of India Mumbai	Hanmant Ranjane, Chandrakant Gaikwad, Kirtikumar Sidhpura	

		400064		
14	Nirvana Mall Management Co. Pvt. Ltd. (Noticee no. 4)	104, Vardhman Shopping Center, Manpada Road, Dombivli (E) Behind Shivaji State, Thane 421201	Sunil V Vachharajani, Vilas Antu Yadav, Athistamani M Velu, Sadashiv D Pawar	Kumar Raichand Madan and Athistamani M Velu are common directors of Orange Mist Productions Pvt. Ltd. Hence the entities at sr. no 14-15 are connected to Kumar Raichand thus connected to other Noticees through him.
15	Dizzystone Trading Pvt. Ltd. (Noticee no. 11)	D-1 Plot No-854 Charkop Hari Om Bhavan CHS Ltd Charkop Kandivali (w) R.S C-12 No-41 Sector-8 Mumbai 400067	Athistamani M Velu, Ganesh S Budbadkar, Nilesh D Pagare	
16	A S B N Commodities & Fineserve Pvt. Ltd. (Noticee no. 1)	R No 10, Shree Hari Niwas Daulat Naga Road No - 7, Near jain Mandir, Borivali - East, Mumbai 400066	Mahesh Hirji Jogadia, Rajesh P Malgaonkar,	Kumar Raichand and Rajesh Malgaonkar are common Directors of Adamnia Traders Pvt. Ltd. Hence entities at Sr. no 16-17 are connected to Kumar Raichand and thus connected to other Noticees through him.
17	Black Horse Media and Entertainment Pvt. Ltd. (Noticee no. 9)	Shop No 6, Solitare - 2, Bldg No.6, Mira Bhaindar Road, Near MIG Complex Poonam Garden, Mira Road -(E) Thane 401107	Rajesh P Malgaonkar, Hiralal K Bhardwaj	
18	Wellman Tradelinks Private Limited (Noticee no. 16)	8, Old China Bazar Street, Ground Floor Kolkata WB 700001	Sunil sukum, Meena Kamani, Suryanath Singh	Raichand Madan and Meena C Kamani are common Directors of Samyak Multitrade PLtd. Hence, the entity at Sr. No. 18 is connected to Kumar Raichand thus connected to other Noticees through him.
19	Naseen Tradelink Private Limited (Noticee no.	M/4, New Anant Bhuvan 257/65 N.N. Street Mumbai MH 400009	Nathuram Plakar, Ranjankumar Rajbhar, Priti Thakkar	Raichand Madan and Ranjankumar Rajbhar are common Director of Magan Mercantile Pvt Ltd. Also the email id of these entities are common. Hence the entity at Sr. no. 19 is connected to Kumar Raichand thus connected to other Noticees through him.

	2)			
20	Matulya Trading Pvt. Ltd. (Noticee no. 19)	No. 9, Building No. B-20, Sector-10, Shanti Nagar, Mira Rd. (E), Thane- 401107	Geeta Varma, Rakesh Naik, Priti M Thakkar, Kartik S Thakkar	Matulya (A/c no: 146901601000200, Corporation Bank) received funds from Adamina Traders (A/c no: 914020029287819, Axis Bank) in which Kumar Raichand is Director. Hence, the entity at Sr. no. 25 is connected to entity at Sr. no. 4 in which Mr. Kumar Rai Chand holds directorship. Thus, entity at Sr. No. 25 is connected to other Noticees.
21	Tushar P. Jadhav (Noticee no. 12)	C-4 Kearlodha Heven near Shivaji Circle, Dombivali East, Kalyan, Thane		Tushar Jadhav (A/c no: 146900101002398, Corporation Bank) Received funds from Orange Mist Productions (A/c no: 146901601000344, Corporation Bank) / Adamina Traders P Ltd (A/c no: 914020029287819, Axis Bank) in which Kumar Raichand is director. Hence, the entity at Sr. no. 26 is connected to other Noticees.

19. A perusal of the aforesaid details would indicate that the *Noticees no. 5, 6, 8,17 and 20* had a common Director on their respective Board of Directors, viz., Mr. Kumar Raichand Madan. In this connection, it is also relevant to highlight that the said person, Mr. Kumar Raichand Madan, in a separate proceeding before the Office of Income Tax, Ahmedabad, had recorded a statement on April 09, 2013. In the said statement, Mr. Madan had *inter alia* admitted that he was Director in 44 companies, and out of the said 44 companies, in 34 companies, he was acting as a proxy to another third person. Apart from the above assertion, he had also claimed to have provided many name lending directors, from his family, friends etc. The list of such companies as furnished by Mr. Madan also included many of the *Noticees* herein.

20. Apart from the aforesaid, many of the *Noticees* are allegedly connected because of the reason of having common Director amongst themselves. For illustration, *Noticee no. 7* (Anvita Real Estate Private Limited) and *Noticee no. 21* (Meritorious Realty Private Limited), were having Ms. Reshma R Malagavakar as common Director. Further, the said person, Ms. Reshma R Malagavakar, was also acting as Director of Jeet Commosales LLP and Avantika Commosales LLP. On the Boards of both the aforesaid LLP, Mr. Kumar Raichand Madan was also one of the Directors.

21. Insofar as the allegation of connection on the basis of common directorship of Mr. Kumar Raichand Madan is concerned, the *Noticees* have made few submissions. Some of the *Noticee*

companies, where Mr. Kumar Raichand Madan himself was a Director, have claimed that Mr. Madan has expired in October, 2016 and the current Directors of such *Notices* companies are not aware of the past activities undertaken by Mr. Madan. Further, few of the *Notices* like *Notice no. 16* has challenged the allegation of connection by claiming that said Mr. Madan was never a Director on its Board. I have considered both sets of submissions, and in my view, the said arguments are baseless and devoid of merits as the SCN has not proceeded to make any imputation with respect to any act done by Mr. Madan in his personal capacity. It is only the common directorship of Mr. Madan between a set of *Notices*, or common directorship of Mr. Madan on some third-party company/LLP, which is also shared by a person who is one of the Director of a *Notice*, that has been premised to allege connection between the entities. Further, the said narration of connection is not a violation in itself nor is the only premise to establish the charge of indulging in unfair and manipulative trades. It is the acts of unusual trading indulged in by the *Notices*, which could be the basis to come to a finding as to whether the charges would sustain or not after due appreciation of the materials on record. The issue pertaining to enjoyment of connections amongst different *Notices* will only serve as a corroboration to other finding about the alleged manipulative trades allegedly indulged in by the *Notices* and nothing more. In view of the above, I find that the said submissions do not hold any water and are thus rejected, leading me to deal with the other submissions.

22. The *Notices* have attempted to defend their trades by claiming that none of the parties with whom connection has been alleged are counter parties to their trades. In this regard, it is noted that in the present SCN, there is no such allegation of matching/synchronising trades between two connected entities. The allegation levelled against the connected *Notices* is that they have acted in a uniform manner to manipulate the price of the scrip through their abnormal and unusual way of trading in securities, where they were noticed to have placed buy orders over and above the sellers' demand price. The SCN does not proceed with allegation of any nature against the *Notices* for indulging in trades with known counter parties. Thus, the said submission is rejected *in limine* and I do not find it relevant to deal with the details of such submission.

23. Further, as noted in the above table, many of the *Notices* were having inter-se fund transactions. I note that the details of the said fund transactions have been duly reflected in the bank account statements, annexed to the SCN and furnished to the *Notices*. For illustrative purpose, it may be mentioned here that the *Notice no. 6* (Orange Mist Productions Pvt. Ltd.) and *Notice no. 12* (Mr. Tushar Pandit Jadhav) were having fund transactions between themselves. From the relevant annexure, it is noted that an amount of INR 2.10 Lakh has been transferred from the bank account of the *Notice no. 6* to the account of the *Notice no. 12*, on March 08, 2016. In this connection, it is noted about the recipient of the funds, that the *Notice no. 12*, has

preferred not to file any specific response to the facts stated in the SCN. On the other hand, *Noticee no. 6* has in its reply has stated baldly that the said fund transfer was commercial in nature, and has no connection with trading in shares. A copy of the ledger of the *Noticee no. 12*, in the books of accounts of the *Noticee no. 6* has been furnished in support of the said submission. The said ledger reflects only three entries: one journal entry for “investment unquoted shares” of INR 5.40 Lakh on August 18, 2015, for one bank account entry of INR 7.50 Lakh on March 04, 2016 and one payment entry of INR 2.10 Lakh on March 08, 2016. In this connection, it is seen that the reply of the said *Noticee* is largely evasive as it has only stated about the above said fund transactions to be in commercial nature, without providing further necessary details like name of the company whose shares were transacted between the two parties, broker involved in such transaction, etc. Furthermore, the manner of closing the ledger account also corroborates the kind of a collusive nexus apparently existing between the said two entities, as the reply is completely silent as to how and when the two *Noticees* came in contact and what transpired between them on the basis of which they readily agreed to enter into those commercial transaction involving transfer of funds and for which, even they did not bother to enter into any documentation. I further note that there was an outstanding amount of INR 5.40 Lakh payable to the *Noticee no. 6* by the *Noticee no. 12*, pertaining to some transaction of unlisted/unquoted shares. In order to settle the said outstanding amount, the *Noticee no. 12* first pays INR 7.50 Lakh on March 04, 2016 and subsequently, the purported excess amount of INR 2.10 Lakh (INR 7.50 - INR 5.40) is paid back after 3 days to the *Noticee no. 12*. From the said flow of funds and the explanation emanating from the ledger statement, I find no ground to term those transactions as commercial transaction, as the same are shorn of necessary details pertaining to such transactions. The absence of the necessary documents which are normally required to be executed in any commercial transaction, more particularly when it involves an artificial person/corporate body, further strengthens the preposition of the said transaction being bogus in nature and not a commercial one as no such documents have been furnished in support of the claims so advanced.

24. I find that the *Noticee no. 5* has also taken a similar stand of having commercial transactions with the *Noticee no. 19*. The copy of ledger statement filed by the *Noticee no. 5* is also found to be questionable and is found wanting. It is seen from the said ledger statement that during the period of July 25, 2015 till March 04, 2016, the *Noticee no. 5* has received a total amount of INR 1.58 Crore in multiple transactions from *Noticee no. 19* and has paid back INR 10 Lakh to the *Noticee no. 19*, thereby leaving an outstanding amount of INR 1.48 Crore vis-a-vis the *Noticee no. 19*, at the close of the financial year 2015-16. The said transactions were in the range of INR 3.00 Lakh to INR 16.50 Lakh. In the next financial year (2016-17), there is another payment of INR

15 Lakh on April, 2016 by *Noticee no. 5*, reducing the outstanding dues to INR 1.33 Crore. The said outstanding due is settled then by a Journal Entry of INR 1.13 Crore on July 5, 2018 against investment of unquoted shares and payment of INR 20 Lakh on August 04, 2018. As observed in the case of the *Notices* whose *inter se* transactions are discussed in preceding paragraphs, these aforesaid details of transactions also do not substantiate any commercial deals as the *Notices* would like one to believe in as the transactions have neither been explained with justification nor have been substantiated with any documentary support to suggest that they were entered into with a commercial purpose not having to do anything with their involvement in the share trading as alleged in the SCN. Thus, these transactions *per se* do not convey any meaning at all to grant exoneration to these two *Notices* from the charges of having a collusive nexus between them. I therefore, find that my findings as recorded in the previous para in the context of the *inter se* transactions between *Noticee no. 6* and *12* are equally applicable to the aforesaid transactions between *Noticee no. 5* and *19* as well which are not being repeated for the sake of brevity.

25. The SCN has also alleged about fund transfers between *Noticee no. 5* and *Noticee no.12*, for which no comment or document has been filed by the *Noticee no. 5*. A bare perusal of the copies of the statement of the bank accounts indicates that there have been numerous fund transfers from the bank account of the *Noticee no. 5* to the bank account of the *Noticee no. 12*. For example, on August 12, 2015, the *Noticee no. 12* has received INR 5.00 Lakh from the *Noticee no. 5* and the previous balance in the account of *Noticee no. 12* was only INR 15,397. I may hasten to add here that apart from the fund transactions that have been categorically imputed in the SCN based on the bank account statements, it is seen that there are other transactions also, which have been executed between certain *Notices*. For example, the *Noticee no. 12* and the *Noticee no. 3* can also been seen to have exchanged funds on multiple occasions, however, no explanation with respect to the said fund transfers has been put forth by either of the said entities with any justification and supportive documents.

26. It is found worthy to add here that the details of the present Directors of the *Noticee* companies, (as per the publicly available on the website of Ministry of Corporate Affairs and also as claimed in the respective replies of the *Notices*) would show that even as on today, few of the *Noticee* companies are having common Directors, as can be observed from the following table:

Table no. 5

Sr. No.	Noticee	Directors during investigation period	Present Directors	Remarks
1)	Dizzystone Trading Pvt. Ltd. (Noticee no.11)	Athistamani M Velu, Ganesh S Budbadkar, Nilesh D Pagare	Ganesh Shankar Budbadkar Rohit Dattatrya Navle	Athistamani M Velu was a common Director between Noticee nos. 4 and 11 during the investigation period.
2)	Nirvana Mall Management Co Pvt. Ltd. (Noticee no. 4)	Sunil V Vachharajani, Vilas Antu Yadav, Athistamani M Velu, Sadashiv D Pawar	Mahesh Natvarlal Khatri Sunil Vinodrai Vachharajani	-do-
3)	Wellman Tradelinks Pvt. Ltd. (Noticee no 16)	Sunil Sukum, Meena Kamani, Suryanath Singh	Rohit Dattatrya Navle Aditya Rupchand Suryavanshi	Rohit Dattatrya Navle is a common Director, at present, between the Noticee nos. 11 and 16

27. Similar to the above, other *Noticee* companies like *Noticee nos. 6* and *8* which were having Mr. Madan as common Director during the investigation period, are now having Mr. Akshay Vijay Nawale as a Director common between them and it is only Mr. Akshay who has signed replies on behalf of both the said *Notices*. Thus, even after the demise of Mr. Madan, the two *Noticee* companies are still enjoying connection with each other, which reinforces the view that the allegations pertaining to connections made in the SCN are not based on surmises and conjectures but on actual relationship on ground between these corporate *Notices*.

28. Under the circumstances, the aforesaid examination of materials and responses submitted by the *Notices*, clearly lead to the view that all the *Notices* named in the SCN were tied with a common thread, which would further lead me to believe that there could be a meeting of minds amongst the said *Notices* to manipulate the price of the shares of the *Company* by way of a

common strategy or device to achieve a common purpose. It may also be of relevance to mention here that the connection that has been narrated in the SCN is only a premise, on the basis of which allegation of 'market price manipulation' has been levelled against the *Notices* treating them as a group of persons allegedly having acted in concert. Thus, the alleged connection amongst the *Notices per se* is not an allegation on its own about manipulative practices. What holds key to the main allegation in the SCN is that apart from the explicit factors binding the *Notices* with each other, the *Notices* are seen to have displayed uniform conduct of trading in the scrip of the *Company*, which was devoid of any strong financials, in a manner to manipulate the price of the scrip. Without prejudice to the said observations, I shall now evaluate the trades imputed in the SCN that have been executed by the *Notices* in the scrip of the *Company*.

29. Moving on to the trades executed by the *Notices*, I may recapitulate here that as per SCN, the *Notices* have executed 4217 buy trades in the scrip of the *Company*, which constituted 50.96% of the total number of market trades (8274 trades). Out of such 4217 trades, in as many as 4028 trades, the buy orders were placed by the *Notices* subsequent to the sell orders. The aforementioned trades were executed by the *Notices* during the period from February 01, 2016 to May 31, 2016 during which the price of the scrip of the *Company* had increased from INR 141 (on February 01, 2016) to INR 260.50 (on May 31, 2016). The above noted trades of the *Notices* had further involved purchase of 44.07 Lakh shares, which was 55.39% of the total market volume (79.55 Lakh shares) traded during the period.

30. It is further noted from the contents of the SCN that the out of the total number of 4028 trades, in 1252 trades, the *Notices* have not only placed their respective buy orders after the sell orders were available on the stock exchange, but even the buy prices for such orders were placed at price higher than that of the available sell orders price. Further, out of such 1252 trades, there were contributions to the LTP in as many as 225 trades. The break-up of all the trades executed by the *Notices* and their impact on the LTP of the price of the scrip, *Noticee* wise, are provided in the following table:

Table no. 6

Sr no	Noticees	Total Trades	No. of instance (trades) in which buy orders were placed after sell orders (excluding market orders)	No. of trades in which buy order price > sell order Price (modified price) (excluding market orders)	No. of trades out of 1252 trades which contributed to the price rise (+ Ve LTP)	Positive LTP contribution (in INR) in 225 trades.
1	A S B N Commodities & Fineserve Pvt. Ltd.	269	266	135	24	11.40
2	Abjayoni Trading Pvt. Ltd.	819	720	123	27	16.00
3	Adamina Traders Pvt. Ltd.	166	161	47	11	2.60
4	Anvita Real Estate Pvt. Ltd.	688	669	133	25	13.30
5	Black Horse Media And Entertainment Pvt. Ltd.	77	77	44	11	1.40
6	Dizzystone Trading Pvt. Ltd.	202	185	24	2	0.30
7	Haritima Infrastructure Pvt. Ltd.	163	163	74	10	2.10
8	Jeshna Multitrade Pvt. Ltd.	136	122	46	8	1.60
9	Magan Mercantile Pvt. Ltd.	263	256	36	10	5.40
10	Matulya Trading Pvt. Ltd.	121	121	70	5	0.90
11	Meritorious Realty Pvt. Ltd.	261	258	62	9	5.30
12	Naseen Tradelink Pvt. Ltd.	84	84	26	7	2.80
13	Nirvana Mall Management Co Pvt. Ltd.	57	56	2	-	-
14	Orange Mist Productions Pvt. Ltd.	489	487	260	44	14.3
15	Roho Real Estate Pvt. Ltd.	60	60	33	5	1.45
16	Sally Real Estate Pvt. Ltd.	148	134	34	7	5.2
17	Tushar Pandit Jadhav	80	80	38	5	4.80
18	Vihar	57	52	30	6	0.80

	Infrastructure Pvt. Ltd.					
19	Wellman Tradelinks Pvt. Ltd.	28	28	6	-	-
20	Whitetext Infrastructure Pvt. Ltd	28	28	18	8	2.90
21	Yogita Trading LLP	21	21	11	1	0.20
	Total	4217	4028	1252	225	92.75
	Market Trades	8274	6009	1876		
	Total buy order Qty of the Noticees of 1252 trades			3638537 (809 buy orders)		
	Total sell order qty of the market of the 1252 trades			9898073		

31. As can be deciphered from the details captured in the table above that all the *Noticees* have executed a number of trades totalling to 4217 trades. For the purpose of adjudging the present matter, however, the relevant trades are those 1252 buy trades, which the *Noticees* have placed at prices higher than the prices asked by the already pending sell orders. Further, out of said 1252 buy trades, 225 trades have contributed to the LTP of the scrip of the *Company*. I may clarify here that out of the 21 *Noticees*, two *Noticees*, viz., *Noticee no. 4* (Nirvana Mall Management Pvt. Ltd.) and *Noticee no. 16* (Wellman Tradelinks Pvt. Ltd.) have not executed any such LTP contributing trades, however, based on their connection with the other *Noticees*, the SCN has made allegations that they are also involved in the manipulation of the price of the scrip of the *Company* by their attempts to buy shares at prices higher than the sell price. As the contentions of the *Noticees* are broadly identical, I shall deal with them collectively while making reference to the specificities of the trades of the respective *Noticees*, wherever required.

32. The first and foremost contention which the *Noticees* have raised is that by their alleged trades individually they have made minuscule contributions to the total market LTP and therefore the said trades cannot be termed as manipulative. It has been attempted to project that by their respective individual trades, the allegation of price manipulation cannot stand out against them as have been alleged in the SCN. In this connection, it is to be first recalled that all the 21 *Noticees*, which comprises of twenty corporate entities and one individual, have already been observed to be enjoying connections amongst themselves in one way or the other with each other as has been demonstrated in the earlier paragraphs of this order. Further, as stated earlier, the SCN alleges that the *Noticees* have through their 1252 trades inflated the price of the scrip by

placing their respective buy orders higher than the existing sell orders. Out of said trades, it has also been found that in 225 trades, the *Notices* were successful in marking the price of the scrip up and higher than the LTP of the scrip and collectively, they have contributed INR 92.75 of positive LTP to the total market positive LTP in the scrip. The said LTP contribution of INR 92.75 constitutes 15.46% of the total market positive LTP that the scrip had witnessed during the relevant time. I observe that the claim of the *Notices* that their respective individual contribution to market positive LTP was miniscule appears to be factually correct, however when their contributions to market positive LTP is examined in the backdrop of connections that have been found existing amongst the *Notices* one cannot lose sight of the essence of the allegations of the SCN that have been attributed to the *Notices* as having indulged in manipulative trades in a concerted manner. The issue that needs to be adjudged in the present proceedings is to decide on the complicity of the *Notices* as a group in manipulating the price of the scrip of the *Company*. In terms of the allegations, the *Notices*, acting as a homogeneous group have manipulated the price of the scrip of the *Company*. In such a case, when all the entities have been found to be connected and are also found to be acting in unison, the collective quantum of the LTP changed due to their trades executed in unison needs to be considered, *debors* the actual individual contribution emanating from such individual trades. I find strength for my aforesaid observations from the order of the Hon'ble SAT, passed in the matter of *Hemant Sheth & Ors vs SEBI* (date of Decision March 04, 2020). In the said matter, the Hon'ble SAT has appreciated by holding that in case of a group involved in manipulative and unfair trading, participation of all violators may not be of equal magnitude. In the exact words of the Hon'ble SAT: *"In a scheme of manipulative and unfair trading it is not necessary that every participant should be indulging in every type of trading violation or even in the same / similar magnitude. Once they are found to be part of a group trying to manipulate the volume or price of the scrip they became party to the violation. Hair splitting arguments that some traded more than others or on more days or some indulged in synchronized reversal and self trade while others did only one of those types do not cast away their violations."* Further, in another matter, the Hon'ble SAT have, *inter alia*, held that: *"Having heard the learned counsel for the parties, we are of the considered view that the impugned transactions, in the facts and circumstances of the matter, would fall in the realm of violations of PFUTP Regulations. Individual argument that each entity's trade is miniscule and only on a few days alone etc. is not sufficient to rebut the findings in the impugned order."* [*Giriraj Kumar Gupta HUF V.s. SEBI* (Date of decisions: February 25, 2020)]

33. It is noted that the *Notices* who have filed replies to the SCN have tried to explain their respective individual trades, which have been alleged to be manipulative. As all such explanations seems to be overlapping/identical, I shall illustrate the explanation filed by one of such *Notices*, which will largely cover the contentions of all other *Notices*. For illustration, the *Noticee no. 17*

(Magan Mercantile Pvt. Ltd.) has submitted that on March 15, 2016, a buy order for 1000 shares of the *Company* was placed by it at a price of INR 184.50. The said order was executed in two different trades involving 961 and 39 shares, respectively. The first trade of 961 shares was executed at the rate of INR 184.50 and LTP contribution was zero. For remaining order of 39 shares, the price was modified by the *Notices* to INR 185 and the said modified buy order resulted in trade at the rate of INR 184.90, and a LTP contribution of INR 0.40 was made. In this regard, it is noted from the trade log that the first trade of 961 shares got executed immediately after placing of the order at 12:29:56 pm at INR 184.50 with no change in the LTP. However, the *Notices* for reasons best known to it, without even waiting for few more seconds and despite the fact that almost 96% of his desired quantity had been acquired, modified its order at 12:30:06 pm from INR 184.50 to INR 185. In the said process, the 39 shares were purchased by the *Notices* no. 17 at a higher price thereby contributing to the LTP by INR 0.50. The aforesaid explicit impatient act of modifying the price even for a smaller quantity without waiting for some time to observe the direction of the market, specifically when 96 % of its desired quantity had already been bought indicates that the *Notices* was not trading in a fair manner.

34. Further, it has also been contended that the *Notices* were net buyer of the shares of the *Company* and some of them have claimed that they are still holding the said shares, as purchased during the investigation period. Insofar as the submission of being a net buyer is concerned, I find that the SCN has alleged that the *Notices* have purchased the shares of the *Company* at prices higher than the seller's demand price and have thus indulged in manipulative trading. In the said process, the *Notices* have apparently acted in concert and unitedly and have kept marking the price of the scrip higher and higher. When such an explicit conduct of the *Notices* has been exposed by the factual matrix, the other facts of being net buyer during the relevant time and even the argument that they are still holding on to those shares, are too insignificant to result in exonerating the *Notices* from the charge of indulging unfair and manipulative trades. I observe that the *Notices* were under an obligation to justify their trades by showing some cogent reasons. As noted above, the financials of the *Company* were nothing but poor and despite the said known fact, the *Notices*, majority of which are incorporated entities have not only purchased shares in large quantities but also placed buy orders for purchasing those shares in excess of the price at which shares were already available for sale in the market.

35. The SCN narrates that in majority of the instances, the *Notices* have been seen placing buy orders subsequent to the sell orders. It is also noted that the *Company* had no sound financial track capable of attracting the investors to trade so abnormally in the scrip. Although the *Notices* have claimed that their trades were backed by their inside research, on most of the occasions,

they have been seen placing buy orders after the sell orders had already been placed in the system. The *Notices* have not furnished any documents substantiating their claim of having done any in-house research to justify their buying spree at rates higher than the prevailing prices of sell orders pending in the system. It is not their case that they have placed any buy order first prior to the sell orders to further substantiate their interest in acquiring shares of the *Company* at higher prices. As regards the claim of having done internal research about the *Company*, during the personal hearing the authorised representatives of the *Notices nos. 4, 5, 11 and 16* were asked to provide certain information including the details of the research that the *Notices* have carried out prior to taking a decision so as to make investments in the shares of the *Company*. However, no reply/information what so ever, has been filed in response to the said queries. Under the circumstances, the allegation against the *Notices* of indulging into unfair trades in cohesion with each other, contributing to the market positive LTP of the price of the scrip gains strength to suggest that the *Notices* by resorting to such an abnormal way of trading have acted against the established prudential principles of market mechanism, where buyers always intent to buy at the lowest prices available, but contrary to the said universal practice, these *Notices* were happily placing buy order for the shares of the *Company* even at prices higher than the prices at which shares were available for sale in the market. Thus, from the submissions of the *Notices*, it emerges that they have not been able to justify their decisions of buying shares of the *Company* in such large quantities at prices higher than the LTP and under such circumstances, their alleged trades can't be held to be fair trades executed in the normal course of trading. Rather, the acts of placing buy orders/buying shares repeatedly over and above the available market price and thereby contributing to the market positive LTP in the scrip of the *Company*, which had no market fundamentals to support such price rise or acts of buying at such price, evidently suggest that the trades were nothing but executed with an intent to manipulate the price of the scrip.

36. Moving on to the next submission, it is noted that the *Notices* have sought to take a shelter under the fact that the scrip was under the "T Group" and due to the surveillance imposed on it, manipulation was not possible. I have considered the said submission and find that the only difference that a T group stock holds out vis-à-vis other stocks is that a person holding the shares can sell it on the market platform on trade-for-trade basis by way of compulsory delivery of such shares. The other factors of stock trading like demand and supply, matching of trades on price-time priority are exactly the same for a T Group stock as for the other regular stocks. Thus, the alibi of T Group shares sought to be created by the *Notices* under the extant trading framework falls short of acceptance for the reasons explained above. It is not the case of the *Notices* that sellers were not possessing the requisite shares and placed shares for sale on short selling basis and thereby induced the buyer entities including the *Notices* herein to match their

buy orders with the orders placed by such seller entities. In this respect, the SCN narrates that during the investigation period, while sufficient selling quantities were available for purchase, the *Notices* have bought only 40.09 Lakh shares out of total number of 79.55 shares traded during the period. The *Notices*, despite having sufficient sell orders at lower price, willingly bought shares at higher prices, either by placing orders at prices higher than the prevailing market price or by modifying their originally placed orders as illustrated above in the case of *Noticee no.17*. Thus, the above submission taking the plea that the scrip was under T Group would not be helpful in bringing exoneration to the *Notices*.

37. It is noted that much of emphasis has been laid down by the *Notices* on the fact that they have also executed a large number of trades contributing zero or negative LTP to the scrip. The *Notices* have argued that every trade shall result in some kind of LTP (zero, positive or negative) and merely because fraction of their trades has contributed to positive LTP, such trades should not be held as manipulative trades. In this connection I find that the *Notices* have not been able to discharge the primary onus of controverting the main charge in the SCN about manipulating the price of the scrip in a concerted manner through their buy orders placed after the sell order and above the price quoted by sellers hence, by referring to their other benign trades executed at zero or negative LTP which have not at all been imputed in the SCN to be fraudulent or manipulative in nature, the *Notices* have not been able to make any improvement on their submissions to defend themselves against the charges brought in the SCN against them. Infact, the SCN itself acknowledges all the trades executed by the *Notices* and the impact on the 'net LTP' of those trades executed during the investigation period have already been shown in the following table:

Table no. 7

Buyer Name	Net LTP				Positive LTP			Negative LTP			Zero LTP		% of Positive LTP to Total MKT Positive LTP
	LTP impact in Rs.	QTY traded	No. of trading days	No of trades	LTP impact in INR	QTY traded	No of trades	LTP impact in INR	QTY traded	No of trades	QTY traded	No of trades	
A S B N Commodities & Fineserve Pvt. Ltd	13.60	329630	34	269	19.10	57031	41	-5.50	20280	15	252319	213	3.19
Abjayoni Trading Pvt. Ltd	15.00	457837	59	819	64.15	63947	102	-49.15	39816	94	354074	623	10.70
Adamina Traders Pvt Ltd	6.90	234570	22	166	12.90	45477	23	-6.00	48691	14	140402	129	2.15

Anvita Real Estate Pvt. Ltd	20.10	641543	46	688	45.70	73651	60	-25.60	50336	32	517556	596	7.62
Black Horse Media And Entertainment Pvt. Ltd	2.25	101495	13	77	3.10	17995	14	-0.85	14726	7	68774	56	0.52
Dizzystone Trading Pvt Ltd	1.50	159497	17	202	6.20	17130	20	-4.70	7373	17	134994	165	1.03
Haritima Infrastructure Pvt. Ltd	1.70	195987	22	163	3.10	23840	14	-1.40	8687	5	163460	144	0.52
Jeshna Multitrade Pvt Ltd	1.30	153315	13	136	4.60	29170	16	-3.30	4600	4	119545	116	0.77
Magan Mercantile Pvt Ltd	15.30	260056	18	263	17.10	49040	20	-1.80	34152	11	176864	232	2.85
Matulya Trading Pvt. Ltd	5.80	132710	14	121	6.10	10532	12	-0.30	6511	3	115667	106	1.02
Meritorious Realty Pvt. Ltd	7.10	327385	33	261	10.90	43532	30	-3.80	23093	13	260760	218	1.82
Naseen Tradelink Pvt. Ltd	2.40	57630	12	84	3.30	7539	11	-0.90	2469	3	47622	70	0.55
Nirvana Mall Management Co Pvt Ltd	2.70	95598	12	57	3.00	3333	3	-0.30	13310	2	78955	52	0.50
Orange Mist Productions Pvt Ltd	21.80	700963	41	489	29.00	124092	65	-7.20	60714	21	516157	403	4.84
Roho Real Estate Pvt. Ltd	1.85	165390	10	60	3.95	22068	7	-2.10	32300	5	111022	48	0.66
Sally Real Estate Pvt. Ltd	3.50	163915	20	148	7.70	25500	13	-4.20	33908	16	104507	119	1.28
Tushar Pandit Jadhav	4.30	107705	23	80	5.40	20502	9	-1.10	16510	6	70693	65	0.90
Vihar Infrastructure Pvt. Ltd	1.40	100248	12	57	2.40	29773	13	-1.00	15337	6	55138	38	0.40
Wellman Tradelinks Pvt. Ltd	2.70	26267	11	28	2.70	2550	2	0.00	0	0	23717	26	0.45
Whitetext Infrastructure Pvt. Ltd.	3.00	84029	8	28	3.40	32331	9	-0.40	16900	3	34798	16	0.57
Yogita Trading LLP	0.80	8910	2	21	0.80	2039	2	0.00	0	0	6871	19	0.13
LTP Contribution by 21 Noticees	135.00	4504680	81	4217	254.60	701072	486	-119.60	449713	277	3353895	3454	42.46
MKT LTP	255.78	7955079	207	8274	599.68	1046241	922	-343.90	721208	559	6187630	6793	100

38. A perusal of the contents of the aforesaid table would go on to indicate that despite the fact that the *Noticees* have also executed trades on zero and negative LTP, the ‘net LTP’ contribution

made by all the trades executed by the *Notices* together cannot be ignored. In other words, out of the total market positive LTP of INR 255.78 that occurred in the scrip of the *Company* during the investigation period, it was the trades of the *Notices* that have caused LTP contribution of INR 135.00, which comes to 42.46% of the total market positive LTP. When such a substantial amount of market positive LTP contribution is noticed by an explicit act of manipulative trades executed by a connected group of *Notices* apparently acting in concert, the other non-LTP contributing trades of the *Notices* will not have any strength to outweigh those allegedly manipulative trades which have been executed in a fraudulent in nature to artificially raise the price of the scrip. The above noted acts on the part of the *Notices* deserve to be justified with credible reasoning supported by verifiable evidence so that the *Notices* can defend themselves against the charges of indulging in manipulative and unfair trades. The *Notices* are required to explain with strong reason as to when they themselves have executed large number of orders either at par or below the market price, what then prompted them to execute those imputed trades as alleged in the SCN to place the buy orders for the shares of the same company in huge quantities at prices even higher than the prices being demanded by the sellers, whose sell orders were already pending in the system when the buyer *Notices* entered into the market to buy those shares of the *Company*.

39. Another contention raised by the *Notices* is that there was substantial time gap between the orders placed by the *Notices* as buyers and the orders placed by the sellers which is not substantiated by the actual trade logs which actually reveal that, contrary to the above claim put forward by the *Notices*, not only the sell orders were placed long before placing of the buy orders by the *Notices* but also the buyers (*Notices*) have willingly bought the shares at higher price, which reflects nothing but evidence of a concerted plan on the part of the *Notices* to always mark the price up of the scrip higher and higher. Thus, when a group of connected entities are seen to have displayed a dispensation to buy the shares at higher prices than those demanded by the sellers, it cannot be termed to be a practice of placing the orders only by rounding off the price, as claimed by the *Notices*. The manipulative intent of the *Notices* is manifest from the explicit fact that all the *Notices* have acted in an identical manner to buy the shares of the scrip of a company at prices higher than the prices demanded by the sellers, more so when the dismal financial health of the *Company* at that time could not have justified the strong interest that was exhibited by the *Notices* to buy the shares of the *Company*. At this stage, I may also recollect that many of the *Notices* have also been seen to have involved in *inter-se* fund transactions amongst themselves, for which no acceptable justification has been brought to the table. For example, *Noticee no. 12*, Mr. Tushar P. Jadhav was seen to have received funds from a few of the other *Notices* on multiple occasions. As noted from the bank account statement, on February 22, 2016,

an amount of INR 9.00 Lakh has been received by the *Noticee no. 12* from the *Noticee no. 5* (*Adamina Traders Pvt. Ltd.*). Before receiving the said amount, the *Noticee no. 12* had only INR 12,688 as his account balance. On the same very day of receiving the said amount of money, the *Noticee no. 12* transfers the whole amount of INR 9.00 Lakh to his broker Swastika Investmart Ltd. The *Noticee no. 12* is also seen to have executed trades in the scrip of the *Company* from February 16, 2016 to February 26, 2016. Thus, the aforesaid sequence of funds transactions is adequate enough to rebuff the claims of the *Notices* that their trading in the scrip of the *Company* and their *inter se* fund transactions have no co-relation, when confronted with the above stated attending facts of the case.

40. Yet another contention of the *Notices* is that the trading system does not show the details of the sell orders like quantity of shares, price and time of placing the orders etc. The said contention of the *Notices* is again liable to be rejected as at any given point of time, the trading system of the stock exchange reflects the best 5 sell/buy orders and the quantities offered in such orders. When a person can easily see that a certain number of shares are available in the market at a particular price point, a reasonable and prudent approach would be to buy the shares at the available market price or at a reduced price. However, in the present case, it has been brought out that despite availability of shares at lower prices which were visible on the screen, the *Notices* have placed buy orders at higher prices. Such types of trades were not so small in number that could have been ignored, and rather were as many as 1252 in numbers. Further, out of such 1252 trades, through as many as 225 trades, the *Notices* have been able to actually increase the price of the scrip by INR 92.75. If the *Notices* were desperate and serious enough to buy the shares at any price point, they would have placed market orders that would have resulted in the purchase of shares at the best available/cheapest sell prices. However, in all those trades which have been imputed in the SCN as having contributed to the market positive LTP of the scrip, the *Notices* have not placed any market orders, but have placed limit orders, at prices higher than the sell orders. Under the circumstances, the ignorance feigned by the *Notices* with respect to the details of the pending sell orders available in the system does not help their case and is thus rejected.

41. I note that the *Notices* have placed strong reliance on the order of Hon'ble SAT passed in the matter of *Nishith Shah HUF Vs. SEBI; Sapna Bombaywala Vs. SEBI and Jayesh Gandhi & Ors. Vs. SEBI*, so as to buttress their submission that in order to prove price manipulation, collusion of both buyers-sellers needs to be demonstrated. At the outset, it is to be appreciated that the task assigned to me as a quasi- judicial authority is to adjudge the charges levelled against the *Notices*, *dehors* the role of any other entity. The *Notices* here are under an obligation to make out a case in their favour by presenting strong arguments in their defence supported by factual

details, which they have failed to do. There is nothing brought on record to suggest that any of the counter parties to the trades executed by the *Notices* was also having any kind of connection with any of the *Notices* so as to justify their claim of parity. I also seek guidance from the findings of the Hon'ble SAT recorded in the matter of *Systematix Shares & Stocks India Limited v. SEBI (2012)*. While dealing with a similar argument, the Hon'ble SAT has held *inter alia* as: “*We cannot subscribe to this view since the Board has set its own benchmark in selecting cases for action and, in any case, the appellant cannot plead himself innocent or his trades as lawful.*”

42. Notwithstanding the above, it is also observed that the facts of the above cited cases relied upon by the *Notices* in their defence are glaringly distinguishable from the facts of the present proceedings. In the present case, the *Notices* who have been accused for the allegations of manipulation are admittedly the buyers of the shares, who were deliberately buying shares at higher prices and thus were manipulating the share price on their own volition and will without being dictated or influenced by the sellers. Therefore, the reliance placed on the afore-mentioned cases decided by the Hon'ble SAT is completely misplaced in facts and holds no water. Besides, I may also add here that in a recent decision passed in the matter of *Tanuj Khandelwal Vs. SEBI (date of decision: January 04, 2021)* the Hon'ble SAT has held that even in absence of any connection with the counter party, the vested interest of the entity to manipulate the market can be found from the trading pattern.

43. It is undisputed that the financials of the *Company* were not at all promising and no major corporate announcement was made by it during the investigation period and the profits earned by the *Company* during the relevant financial years were also meagre. Despite being aware of such precarious financial conditions of the *Company*, the *Notices* went on purchasing large quantities of shares and in the process have increased the price of the scrip through their trading in the scrip of the *Company* without any *bonafide* reasons. In a similar matter involving the issue of placement of buy orders at prices higher than the sell orders, the Hon'ble SAT has *inter alia* held as: “*The appellant's role has been one of conscious indulgence in manipulation of the trade in a crude and preplanned manner. The very fact that the appellant has placed orders above the last traded price when sell orders were available in the market at a lower price shows the intention behind the trade.*” [*Shailesh Jain v. SEBI (date of decision May 01, 2012)*]. In another case, Hon'ble SAT has held that: *It must not be forgotten that every trade establishes the price of the scrip and the noticee's trading at higher than LTP resulted in the price of the scrip going up and were done with a view to set the price at a desired level and thereby influencing the innocent/gullible investors. By purchasing at a higher price in most of his trades, the noticee had given the wrong impression about the price of the scrip in the market.* [*Saumil Bhavnagari v. SEBI (date of decision: March 21, 2014)*]

44. To sum up the foregoing observation, I would say that the *Notices* were enjoying collusive nexus with each other and this finding of the investigation has not been disputed by the *Notices* with any tangible explanation with supporting evidence to the contrary. Further, the trading pattern displayed by the *Notices* with glaring unfair practice of placing buy orders repeatedly at prices higher than the sell order prices already pending in the system coupled with funds transfers amongst certain *Notices* indicating a nexus with such trading pattern, and the fact that none of the *Notices* has been able to explain with conviction the rationale behind resorting to such frequent buy trades in large numbers in a scrip, which did not enjoy any market fundamentals go a long way to tilt the preponderance of probabilities against the *Notices* and in support of the charges levelled in the SCN. The *Notices* have grossly failed to demonstrate as to how the fund transfers amongst them effected during the investigation period were of commercial nature; how is it possible that some of them still continue to have common Directors on their respective Boards, if their claim of no connections is to be accepted; why have they exhibited so much exuberance to buy large quantities of shares at prices higher than what was available in the market and what was the reason for all of them to act in an identical manner while dealing in the securities of the *Company*. On the whole the *Notices* have not been successful in demonstrating innocence in their conduct which has been alleged to be manipulative and violative of the provisions of PFUTP Regulations in the SCN.

45. I note that time and again, the Hon'ble apex Court of the country has laid emphasis on the importance of curbing manipulative practices in the securities market. The Hon'ble Supreme Court in the matter of *N. Narayanan v. SEBI* [(2013) 12 SCC 152] held that “*if market abuse is not properly curbed, then it would result in defeating the very object and purpose of SEBI Act. Prevention of market abuse and preservation of market integrity is the hallmark of Securities Law.*” Further, in another matter of *Kishore Ajmera v. SEBI* [(2016) 6 SCC 368], Hon'ble Supreme Court held as: “*...Investors' confidence in the Capital/Securities Market is a reflection of the effectiveness of the regulatory mechanism in force. All such measures are intended to pre-empt manipulative trading and check all kinds of impermissible conduct in order to boost the investors' confidence in the Capital market. The primary purpose of the statutory enactments is to provide an environment conducive to increased participation and investment in the securities market which is vital to the growth and development of the economy...*”

46. Insofar as the degree of proof is concerned, it is now a settled law and also has been upheld by various courts that in a case of market manipulation where it is not feasible or practicable to have a direct evidence, based on the attending facts and circumstances of the matter, the allegations of market manipulation need to be adjudged based on the principles of preponderance of probabilities. [*SEBI Vs. Kishore R. Ajmera (supra)*]. In another matter, the Hon'ble Supreme Court held that unfair trade practice is to be determined by all the facts

surrounding the case and cannot be fixed in a straight- jacket definition. The relevant portion of the judgment passed in the matter of *Securities and Exchange Board of India and Ors. v. Kanaiyalal Baldevbhai Patel and Ors.* [(2017) 143 SCL 124 (SC)], are reproduced hereunder:

“31. Although unfair trade practice has not been defined under the regulation, various other legislations in India have defined the concept of unfair trade practice in different contexts. A clear-cut generalized definition of the ‘unfair trade practice’ may not be possible to be culled out from the aforesaid definitions. Broadly trade practice is unfair if the conduct undermines the ethical standards and good faith dealings between parties engaged in business transactions. It is to be noted that unfair trade practices are not subject to a single definition; rather it requires adjudication on case to case basis. Whether an act or practice is unfair is to be determined by all the facts and circumstances surrounding the transaction. In the context of this regulation a trade practice may be unfair, if the conduct undermines the good faith dealings involved in the transaction. Moreover, the concept of ‘unfairness’ appears to be broader than and includes the concept of ‘deception’ or ‘fraud’.

.....

60. Coupled with the above is the fact that the said conduct can also be construed to be an act of unfair trade practice, which though not a defined expression, has to be understood comprehensively to include any act beyond a fair conduct of business including the business in sale and purchase of securities. However, the said question, as suggested by my learned Brother, Ramana, J. is being kept open for a decision in a more appropriate occasion as the resolution required presently can be made irrespective of a decision on the said question.”

47. The guiding principles that emerge from the aforesaid judgments is that it is essential to curb the market manipulation and unfair trade practices and any attempt made in the direction to interfere with the free and fair operation of the market to create an artificial, false or misleading appearance with respect to the price of security, would amount to entering into the territory which is explicitly forbidden by the PFUTP Regulations.

48. Based on the aforesaid factual analysis and observations, I am of the firm view that the *Notices* by placing buy orders at prices higher than the available sell orders in 1252 instances have attempted to inflate the price of the scrip of the *Company* with a clear manipulative intent. The said attempt to inflate the market price of the scrip so made by the *Notices* through 1252 trades fructified in 225 trades, in which the *Notices* glaringly purchased the shares of the *Company* at prices higher than the last traded price. In this regard, I find that although the SCN acknowledges that the trades executed by the *Noticee nos. 4 and 16* have not directly lead to price rise in the scrip of the *Company*, the very fact that they have also traded in those 1252 instances and were enjoying connection with the order *Notices*, they cannot claim themselves to be

completely ignorant about the fact that the prices of the scrip were manipulated by those artificial trades by their other accomplice *Notices*. Nevertheless, considering the fact that these two *Notices* are not responsible for the alleged 225 trades, for their connection with the other *Notices*, these two *Notices* deserves to be strongly warned to be extremely careful and cautious while dealing in securities.

49. As regard to the acts of other *Notices*, I find that they have not been successful in discharging the burden of establishing that their trades were fair and executed by them in due course of trading in securities, like any ordinary investors normally trade in the market and therefore, considering the connections that existed amongst the *Notices*, their acts of indulging in trades to manipulate the price of the scrip of the *Company*, their trading pattern of placing buy order subsequent to sell orders and above the sell order price cannot be ignored simply on the ground that individually the contribution to LTP by each of the *Notices* was miniscule and not significant. I must conclude the proceedings by observing that the demand created by the *Notices* for shares at prices higher than the ask price of the seller was indeed adequate to hold out inducement, sufficient enough to attract the gullible investors of the securities market to trade in the shares of the *Company* under a mistaken belief that the scrip held out promise for good returns.

50. In view of the foregoing factual analysis and observations, I hold that the *Notices* (except *Notice nos. 4 and 16*) by their respective acts, as enumerated in detail above and as alleged in the SCN, have violated Regulation 3 (a), (b), (c), (d) and 4 (1), 4(2), (a) and (e) of the PFUTP Regulations.

Directions:

51. It is a bounden duty of SEBI to insulate the securities market from the offenders like the *Notices*, who by their ill-will distort the price discovery mechanism and therefore create an impact of price rise in the minds of the investors, which is indeed artificial. I, therefore, in exercise of the powers conferred upon me under Sections 11(1), 11(4) and 11B (1) read with Section 19 of the Securities and Exchange Board of India Act, 1992, hereby restrain the *Notice nos. 1-3, 5-15, 17-21* from accessing the securities market and further prohibit them from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, for a period of three (03) months from the date of this order.

52. It is further clarified that during the period of restraint, the existing holding of securities including the holding of units of mutual funds of the *Notices* shall remain frozen.

53. The *Notices nos. 4 and 16* are cautioned and directed to be careful and to refrain from indulging in such unfair trade practices in future or in any other similar act whatsoever, which will violate the sanctity of the SEBI Act, 1992 and the Rules and Regulations made thereunder.

54. Obligation of the aforesaid *Notices*, in respect of settlement of securities, if any, purchased or sold in the cash segment of the recognized stock exchange (s), as existing on the date of this Order, can take place irrespective of the restraint/prohibition imposed by this Order, only in respect of pending unsettled transactions, if any. Further, all open positions, if any, of the aforesaid *Notices* in the F & O segment of the stock exchange, are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.

55. The Order shall come into force with the immediate effect.

56. A copy of this order shall be forwarded to the *Notices*, all the recognized stock exchange, depositories and registrar and transfer agents for ensuring compliance with the above directions.

-Sd-

Date: JUNE 01, 2021

Place: Mumbai

**S. K. MOHANTY
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA**