

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER**

FINAL ORDER

Under Sections 11B read with 11(4) of the Securities and Exchange Board of India Act, 1992

In Re: Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003

**In the matter of
Vishvjyoti Trading Ltd.**

In respect of:

S. No.	Entity's Name	PAN
1	Rajesh Jivan Patel	AARPP0292Q
2	Shaji Rajappan	AEPPR7909Q
3	Manish Arora	AFKPA3711M
4	Anil Kumar	AFNPK5847F
5	Gopal Chandra Agarwal	AAAHG2352P
6	Mittal Share Brokers Pvt Ltd.	AAICM0733B
7	Shailesh Ghansham Parab	AIIPP2249L

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- 1.** The scrip of Vishvjyoti Trading Ltd. (hereinafter referred to as "Vishvjyoti" or 'the company') is listed in Bombay Stock Exchange Ltd ("BSE") and was suspended

for trading w.e.f. February 17, 2003 to March 01, 2012 on account of non-compliance with submission of quarterly results.

2. Securities and Exchange Board of India (hereinafter referred to as "SEBI") conducted an investigation into the trading activities of certain entities in the scrip of Vishvjyoti for the period March 01, 2012 to January 06, 2015. (hereinafter referred to as "investigation period") in order to ascertain violations, if any, of the provisions of Securities and Exchange Board of India Act, 1992 ("SEBI Act") and SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as "PFUTP Regulations").
3. Pursuant to the investigation, a show cause notice was issued to seven entities namely, Shaji Rajappan, Anil Kumar, Rajesh Patel, Gopal Chandra Agarwal, Manish Arora, Shailesh Ghansham Parab and Mittal Share Brokers Pvt Ltd. (hereinafter collectively referred to as "the Noticees" and individually by their respective names).
4. The findings of the investigation and the allegations levelled against the Noticees contained in the SCN are, *inter alia*, as under: -

4.1. The investigation period was divided into the following 2 patches:

Patch 1: Price rise patch (March 01, 2012 – March 18, 2014)

Patch 2: Price fall patch (March 19-2014 – January 06, 2015)

4.2. It was observed that in the price rise patch, trades happened on 134 trading days. On 130 out of 134 such trading days, only 1 trade per day was carried out. On all such days having 1 trade per day, the trades happened at highest possible price i.e. circuit price. There were only 12 sellers during the whole price rise patch. The entire LTP was contributed by 11 out of these 12 sellers. In order to ascertain any connection amongst these sellers, the UCC details

and bank account statements of all the sellers who had LTP contribution of more than 5% were observed and analyzed.

4.3. Connections amongst sellers (who had contributed to the LTP) were observed as follows:

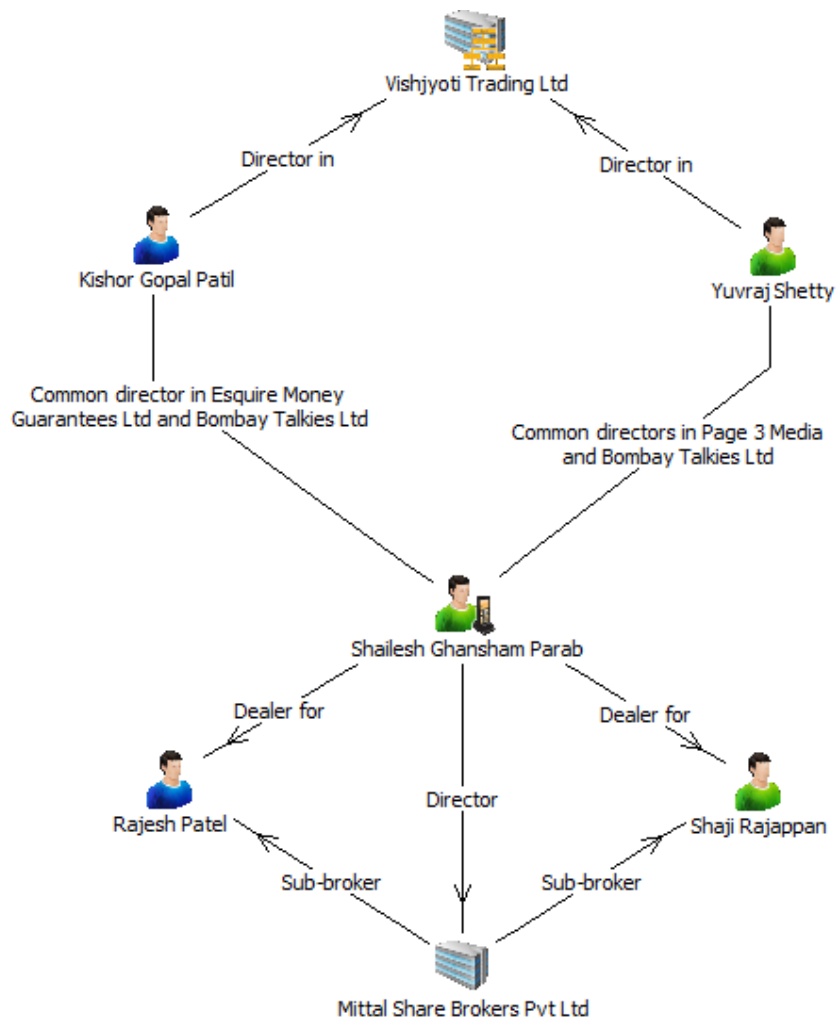
4.3.1. Rajesh Patel had undertaken 90 trades in 90 trading days and LTP contribution of 12.30% as a seller. On further scrutiny, it was observed that dealer for his trades was one Shailesh Ghansham Parab. Shailesh Ghansham Parab was also a director in companies namely, Page 3 Media Ltd and Bombay Talkies Media Ltd, wherein Yuvraj Shetty (director of Vishvjyoti during 22/03/2013-12/05/2014) was also one of the directors. Shailesh Ghansham Parab is common director in Esquire Money Guarantees Ltd and Bombay Talkies Ltd along with Kishor Gopal Patil who is also one of the directors of Vishvjyoti. Thus, Shailesh Ghansham Parab was connected to the company during the relevant period.

4.3.2. Shailesh Ghansham Parab was also the dealer for trades of Shaji Rajapan, who contributed 16.74% to LTP through 10 sell trades.

4.3.3. Shailesh Ghansham Parab was also the director in Mittal Share Brokers Pvt. Ltd who was sub-broker to these trades of Rajesh Patel and Shaji Rajappan.

4.3.4. Shaji Rajappan and Mittal Share Brokers Pvt. Ltd share the same address.

4.3.5. A flow chart depicting the above discussed connection is drawn below:



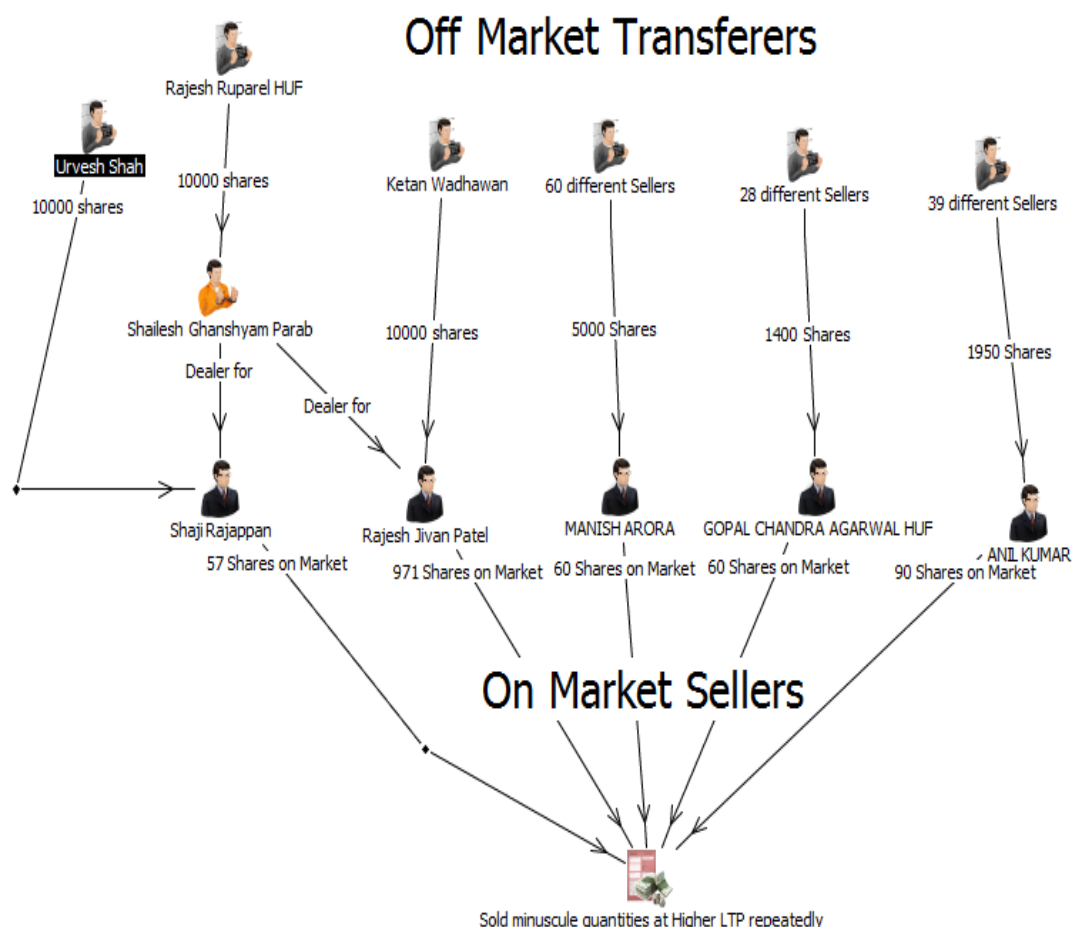
4.4. Before the trade on May 31, 2013 in which, for first time, Rajesh Patel appeared as a seller, all of the shareholding of the company was in physical form except for the shares issued during preferential allotment which were in lock in period.

4.5. Shailesh Ghansham Parab, along with Rajesh Patel and Shaji Rajappan had bought 10,000 shares each from three other shareholders in physical form on April 27, 2013.

4.6. Both Shailesh Ghansham Parab and Rajesh Patel dematerialized these shares on May 13, 2013. Shaji Rajappan dematerialized his shares on May 18, 2013.

4.7. Also, three other LTP contributing sellers namely, Anil Kumar, Gopal Chandra Agarwal and Manish Arora bought shares in physical form from various other shareholders on a single day i.e. September 07, 2013. Number of shares bought by them were 1950, 5000 and 1400 respectively. They dematerialized these shares in October 2013.

4.8. The flow of shares is given in the chart below:



4.9. It was commonly observed in the trades of above sellers that against the available demand (buy) quantity of 100, 500, 1000 and even 5000 shares, only 10 or 15 shares were sold each time by these sellers namely, Anil Kumar, Gopal Chandra Agarwal, Manish Arora, Rajesh Patel and Shaji Rajappan.

4.10. It was observed that only these five entities had the shares to sell on the exchange during patch 1. These five entities proceeded to buy shares in physical form of the company whose fundamentals were very weak (with net profit of -0.28 crore and 0.07 crore in FY ending March 13 and March 14, respectively) and the company was in suspension from trading on BSE for non-compliance regarding filing of quarterly documents. In fact, the revenue of the company was zero in FY ending March 2013.

4.11. Thereafter, they dematerialized the shares and sold only limited quantities repeatedly at higher prices even though large demand for shares on buy side was available.

4.12. Tables depicting such demand (pending buy orders at the time of placing sell order) vis-à-vis sell orders of these entities are as under:

1) Rajesh Patel

Date	Sell Order Number	Trade Time	Trade Price	LTP Percentage	Buy Order Last Modified Price	Sell Order Last Modified Price	Trade Quantity	Buy Order Volume	Sell Order Vol	Sum of buy qty Pending at the time of Sell order
31.05.2013	11000021009711	15:15:24	3.67	4.86	3.67	3.67	25	5000	25	5000
03.06.2013	23000023004427	14:15:22	3.85	4.90	3.85	3.85	20	5000	20	5000
04.06.2013	19000031008150	14:15:28	4.04	4.94	4.04	4.04	15	5000	15	5000
05.06.2013	16000029007384	15:15:32	4.24	4.95	4.24	4.24	10	5000	10	9500
06.06.2013	13000111005951	14:15:25	4.45	4.95	4.45	4.45	10	1000	10	15480
07.06.2013	14000138006701	15:15:19	4.67	4.94	4.67	4.67	15	5000	15	15480

Date	Sell Order Number	Trade Time	Trade Price	LTP Percentage	Buy Order Last Modified Price	Sell Order Last Modified Price	Trade Quantity	Buy Order Volume	Sell Order Vol	Sum of buy qty Pending at the time of Sell order
12.06.2013	17000133002780	14:15:31	4.90	4.93	4.90	4.90	10	700	10	13680
13.06.2013	11000111005681	15:15:34	5.14	4.90	5.14	5.14	15	354	15	14034
17.06.2013	15000029003996	15:15:23	5.39	4.86	5.39	5.39	10	500	10	11480
20.06.2013	20000028003256	14:15:25	5.65	4.82	5.65	5.65	15	5000	15	16970
21.06.2013	19000031011032	15:15:27	5.93	4.96	5.93	5.93	10	120	10	11390
25.06.2013	21000028002751	14:15:28	6.22	4.89	6.22	6.22	15	120	15	15970
26.06.2013	22000024002449	14:15:32	6.53	4.98	6.53	6.53	10	150	10	11945
28.06.2013	17000032003393	15:15:35	6.85	4.90	6.85	6.85	10	200	10	16800
01.07.2013	19000172004018	15:15:26	7.19	4.96	7.19	7.19	15	200	15	24600
03.07.2013	12000034004141	14:15:26	7.54	4.87	7.54	7.54	10	150	10	15500
04.07.2013	18000057004473	15:15:26	7.91	4.91	7.91	7.91	15	500	15	16700
05.07.2013	23000034003600	15:15:21	8.30	4.93	8.30	8.30	10	200	10	18720
08.07.2013	21000028002096	13:15:19	8.71	4.94	8.71	8.71	15	200	15	21750
10.07.2013	17000025003535	15:15:26	9.14	4.94	9.14	9.14	10	100	10	21110
15.07.2013	12000020003273	15:15:26	9.32	1.97	9.32	9.32	15	100	15	23500
16.07.2013	18000033007302	15:15:31	9.50	1.93	9.50	9.50	10	100	10	19520
17.07.2013	23000025004345	15:15:33	9.69	2.00	9.69	9.69	15	100	15	11420
18.07.2013	13000107005724	15:15:26	9.88	1.96	9.88	9.88	10	900	10	14950
19.07.2013	12000020002516	12:15:30	10.07	1.92	10.07	10.07	15	900	15	19550
22.07.2013	19000032000664	10:15:29	10.27	1.99	10.27	10.27	10	900	10	20830
23.07.2013	21000028002458	12:15:29	10.47	1.95	10.47	10.47	15	200	15	20510
24.07.2013	22000024000449	10:15:32	10.67	1.91	10.67	10.67	10	100	10	27400
25.07.2013	15000024000392	10:15:35	10.88	1.97	10.88	10.88	15	50	15	19730
26.07.2013	22000024000392	10:15:27	11.09	1.93	11.09	11.09	10	50	10	24550
29.07.2013	20000123000473	10:15:31	11.31	1.98	11.31	11.31	15	900	15	34250
30.07.2013	20000028000226	10:15:26	11.53	1.95	11.53	11.53	10	50	10	18700
31.07.2013	13000021000513	11:15:31	11.76	1.99	11.76	11.76	15	900	15	32200
01.08.2013	20000028000274	10:15:29	11.99	1.96	11.99	11.99	10	100	10	29250
05.08.2013	13000102003085	12:15:32	12.22	1.92	12.22	12.22	15	50	15	22100
06.08.2013	13000021000195	10:15:37	12.46	1.96	12.46	12.46	10	50	10	29450
07.08.2013	16000137002116	12:15:25	12.70	1.93	12.70	12.70	15	200	10	25550
08.08.2013	14000130000285	10:15:36	12.95	1.97	12.95	12.95	10	200	10	26800
12.08.2013	21000104000723	11:15:30	13.20	1.93	13.20	13.20	15	100	15	29751
13.08.2013	12000020000723	10:15:25	13.46	1.97	13.46	13.46	10	500	10	32850
14.08.2013	22000025001173	10:15:28	13.72	1.93	13.72	13.72	15	490	15	27793
16.08.2013	18000032005261	15:15:24	13.99	1.97	13.99	13.99	10	50	10	23450
19.08.2013	12000019000293	10:15:30	14.26	1.93	14.26	14.26	15	900	15	29150

Date	Sell Order Number	Trade Time	Trade Price	LTP Percentage	Buy Order Last Modified Price	Sell Order Last Modified Price	Trade Quantity	Buy Order Volume	Sell Order Vol	Sum of buy qty Pending at the time of Sell order
20.08.2013	23000021000378	10:15:30	14.54	1.96	14.54	14.54	10	100	10	23950
21.08.2013	13000021001263	11:15:22	14.83	1.99	14.83	14.83	15	500	15	18500
22.08.2013	12000019001129	12:15:33	15.12	1.96	15.12	15.12	10	500	10	19450
26.08.2013	17000129002312	11:15:29	15.42	1.98	15.42	15.42	15	700	15	37050
27.08.2013	12000020001616	11:15:38	15.72	1.95	15.72	15.72	10	900	10	18500
28.08.2013	12000019000498	10:15:43	16.03	1.97	16.03	16.03	15	50	15	18150
29.08.2013	12000019000929	10:15:34	16.35	2.00	16.35	16.35	10	100	10	34500
30.08.2013	22000024000824	10:15:25	16.67	1.96	16.67	16.67	15	100	15	27200
02.09.2013	13000021002419	12:15:24	17.00	1.98	17.00	17.00	10	2500	10	26050
03.09.2013	18000120001595	10:15:32	17.30	1.76	17.30	17.30	15	1000	15	20748
04.09.2013	21000028000561	10:15:37	17.60	1.73	17.60	17.60	10	900	10	31148
05.09.2013	11000021000828	10:15:33	17.95	1.99	17.95	17.95	15	900	15	33499
06.09.2013	12000020000302	10:15:30	18.30	1.95	18.30	18.30	10	50	10	21650
10.09.2013	23000020000515	10:15:38	18.65	1.91	18.65	18.65	15	1000	15	26500
11.09.2013	14000041000436	10:15:35	19.00	1.88	19.00	19.00	10	950	10	25549
12.09.2013	18000034007712	11:15:51	19.35	1.84	19.35	19.35	15	100	15	32200
13.09.2013	17000024002973	11:15:32	19.70	1.81	19.70	19.70	10	50	10	23654
16.09.2013	23000029000540	10:15:36	20.05	1.78	20.05	20.05	10	50	10	16450
17.09.2013	20000027006021	13:15:30	20.45	2.00	20.45	20.45	10	500	10	22400
18.09.2013	16000119000785	11:15:30	20.85	1.96	20.85	20.85	10	500	10	25328
19.09.2013	19000034000547	10:15:30	21.25	1.92	21.25	21.25	11	50	11	21830
20.09.2013	12000020004392	11:15:28	21.65	1.88	21.65	21.65	12	1000	12	33930
23.09.2013	12000019000295	10:15:25	22.05	1.85	22.05	22.05	14	1000	14	23260
24.09.2013	14000022001119	10:15:32	22.45	1.81	22.45	22.45	5	500	5	33359
25.09.2013	13000099000343	10:15:29	22.85	1.78	22.85	22.85	6	100	6	19130
26.09.2013	12000020002225	10:15:31	23.30	1.97	23.30	23.30	8	200	8	22080
27.09.2013	15000024000501	10:15:22	23.75	1.93	23.75	23.75	7	100	7	18430
30.09.2013	13000021000529	10:15:25	24.20	1.89	24.20	24.20	4	100	4	18929
01.10.2013	23000023004186	12:15:23	24.65	1.86	24.65	24.65	6	100	6	13450
03.10.2013	18000032002061	10:15:24	25.10	1.83	25.10	25.10	7	100	7	13489
04.10.2013	19000032000556	10:15:26	25.60	1.99	25.60	25.60	4	800	4	13249
07.10.2013	20000028000947	10:15:28	26.10	1.95	26.10	26.10	8	100	8	13450
08.10.2013	16000033000132	10:15:26	26.60	1.92	26.60	26.60	5	700	5	12550
09.10.2013	21000028002773	10:15:21	27.10	1.88	27.10	27.10	6	500	6	13250
10.10.2013	13000021001434	11:15:27	27.60	1.85	27.60	27.60	5	50	5	18050
11.10.2013	14000022001369	10:15:34	28.15	1.99	28.15	28.15	3	5000	3	12650
14.10.2013	17000025000504	10:15:22	28.70	1.95	28.70	28.70	5	100	5	11150

Date	Sell Order Number	Trade Time	Trade Price	LTP Percentage	Buy Order Last Modified Price	Sell Order Last Modified Price	Trade Quantity	Buy Order Volume	Sell Order Volume	Sum of buy qty Pending at the time of Sell order
15.10.2013	23000025000195	10:15:26	29.25	1.92	29.25	29.25	7	100	7	13350
17.10.2013	12000021004532	10:15:18	29.80	1.88	29.80	29.80	4	43	4	7743
18.10.2013	17000025001683	10:15:33	30.35	1.85	30.35	30.35	6	1000	6	7039
21.10.2013	18000033002171	11:15:25	30.95	1.98	30.95	30.95	5	5000	5	6600
22.10.2013	20000111000578	10:15:30	31.55	1.94	31.55	31.55	6	5000	6	7300
23.10.2013	23000024001781	10:15:26	32.15	1.90	32.15	32.15	5	5000	5	7100
24.10.2013	23000022000586	10:15:29	32.75	1.87	32.75	32.75	10	5000	10	7100
25.10.2013	23000026001815	12:15:30	33.40	1.98	33.40	33.40	5	5000	5	7110
09.12.2013	18000065014563	15:15:27	62.55	4.95	62.55	62.55	5	1000	5	7000
11.12.2013	17000027017287	15:15:26	65.65	4.96	65.65	65.65	7	1000	7	6500

2) Anil Kumar

Date	Sell Order Number	Trade Time	Trade Price	LTP Percentage	Buy Order Last Modified Price	Sell Order Last Modified Price	Trade Quantity	Buy Order Volume	Sell Order Volume	Sum of buy qty Pending at the time of Sell order
08.11.2013	14000022004042	14:15:31	35.05	4.94	35.05	35.05	10	1000	10	7100
18.11.2013	12000020007081	13:15:24	40.50	4.92	40.50	40.50	10	1000	10	6700
25.11.2013	12000021022253	15:15:19	46.80	4.93	46.80	46.80	10	1000	10	7200
02.12.2013	12000020005776	15:15:28	54.10	4.95	54.10	54.10	10	5000	10	7600
01.01.2014	17000133006901	13:15:21	87.75	4.96	87.75	87.75	10	5000	10	5050
09.01.2014	14000137010249	14:15:38	101.50	4.96	101.50	101.50	10	5000	10	5700
15.01.2014	19000150057437	14:41:21	111.85	4.97	111.85	111.85	10	5000	10	5000
27.01.2014	19000083326206	13:45:04	129.40	4.99	129.40	129.40	10	50	10	5850
14.02.2014	15000111164649	12:23:52	210.45	4.99	210.45	210.45	10	2000	10	6795

3) Gopal Chandra Agarwal

Date	Sell Order Number	Trade Time	Trade Price	LTP Percentage	Buy Order Last Modified Price	Sell Order Last Modified Price	Trade Quantity	Buy Order Volume	Sell Order Volume	Sum of buy qty Pending at the time of Sell order
14.11.2013	22000023007052	12:15:30	38.60	4.89	38.60	38.60	10	5000	10	7100
21.11.2013	13000098011430	14:15:23	44.60	4.94	44.60	44.60	10	5000	10	6500
27.11.2013	14000022013526	14:15:27	49.10	4.91	49.10	49.10	10	1000	10	7200
03.12.2013	12000020018004	14:15:27	56.80	4.99	56.80	56.80	10	1000	10	7200

Date	Sell Order Number	Trade Time	Trade Price	LTP Percentage	Buy Order Last Modified Price	Sell Order Last Modified Price	Trade Quantity	Buy Order Volume	Sell Order Volume	Sum of buy qty Pending at the time of Sell order
03.01.2014	19000031004714	13:15:26	92.10	4.96	92.10	92.10	10	5000	10	5700
19.02.2014	19000139009532	15:15:20	220.95	4.99	220.95	220.95	10	1000	10	6147

4) Manish Arora

Date	Sell Order Number	Trade Time	Trade Price	LTP Percentage	Buy Order Last Modified Price	Sell Order Last Modified Price	Trade Quantity	Buy Order Vol	Sell Order Vol	Sum of buy qty Pending at the time of Sell order
12.11.2013	19000032011896	13:15:25	36.80	4.99	36.80	36.80	10	5000	10	6600
20.11.2013	15000024014776	15:15:32	42.50	4.94	42.50	42.50	10	5000	10	6600
28.11.2013	19000032007959	15:15:26	51.55	4.99	51.55	51.55	10	5000	10	8800
05.12.2013	17000145008327	14:15:24	59.60	4.93	59.60	59.60	10	5000	10	8100
08.01.2014	13000019009794	15:15:28	96.70	4.99	96.70	96.70	10	5000	10	5700
20.01.2014	16000106326994	14:53:03	123.25	4.98	123.25	123.25	10	300	10	5900

5) Shaji Rajappan

Date	Sell Order Number	Trade Time	Trade Price	LTP Percentage	Buy Order Last Modified Price	Sell Order Last Modified Price	Trade Quantity	Buy Order Vol	Sell Order Vol	Sum of qty Pending at the time of Sell order
13.12.2013	19000146015809	14:15:28	68.90	4.95	68.90	68.90	5	1000	5	6000
16.12.2013	12000220010987	15:15:27	72.30	4.93	72.30	72.30	5	1000	5	6450
20.12.2013	12000109014443	15:15:32	75.90	4.98	75.90	75.90	10	5000	10	21150
26.12.2013	19000031010535	14:15:22	79.65	4.94	79.65	79.65	5	5000	5	10950
30.12.2013	20000115006107	13:15:19	83.60	4.96	83.60	83.60	7	5000	7	10400
14.01.2014	17000119043410	14:31:01	106.55	4.98	106.55	106.55	5	200	5	5950
17.01.2014	17000118532728	14:39:16	117.40	4.96	117.40	117.40	5	500	5	6200
28.01.2014	17000118210797	14:32:12	135.85	4.98	135.85	135.85	5	200	5	6150
31.01.2014	12000108162004	14:30:57	142.60	4.97	142.60	142.60	5	50	5	5250
03.02.2014	13000100224954	14:36:22	149.70	4.98	149.70	149.70	5	200	5	5605

4.13. The last two columns in all these tables depict the sell order quantity and sum of best available demand (buy quantity) at the time of placing sell order. As noted, these 5 entities repeatedly, have sold minuscule quantities

of shares (5-15 shares) as against available demand of 5000-35000 shares. The selling price on every occasion was highest possible mark-up price than the previous close.

4.14. Thus, it is alleged on the basis of the trading pattern that these entities were not acting as genuine sellers and had no bona fide intention to sell because in spite of sufficient buy orders being available in the market, they released very small quantity of shares in each transaction and performed not more than one transaction a day. By these trades, they were instrumental in establishing a price higher than the last traded price and thus contributed to increased scrip price with each of their trades. In view of the repeated nature of such trades by these 5 entities, it is alleged that they were responsible for increasing the price of the scrip of Vishvjyoti, which was a loss making company with zero revenue in FY 2012-13 and had negligible profits of 7 lakhs in FY 2013-14. It is also alleged that these 5 entities were acting in concert and contributed to manipulation in the scrip price and created a misleading appearance of trading in the scrip by such trades as explained above.

4.15. The fact that Shailesh Ghansham Parab dealt for two of the highest contributors to sell side LTP who had indulged in price manipulation and also that, being director in the sub-broker through which the trades were placed, points towards the possibility that they all acted in collusion to indulge in price manipulation in the scrip of Vishvjyoti. On the basis of connections mentioned above, it is alleged that this price manipulation has been carried out by these 5 entities in collusion with Shailesh Ghansham Parab and Mittal Share Brokers Pvt. Ltd.

4.16. In view of the above, it is alleged that the Noticees namely, Shaji Rajappan, Anil Kumar, Rajesh Patel, Gopal Chandra Agarwal, Manish Arora, Shailesh Ghansham Parab and Mittal Share Brokers Pvt. Ltd. have violated

Regulations 3(a),(b),(c),(d), 4(1), 4(2) (a),(e) of SEBI (PFUTP) Regulations, 2003.

Delivery of SCN and opportunity of inspection:

5. The show cause notice was delivered to all the Noticees except Shaji Rajappan. Subsequently, the SCN was served on him by way of an affixture. Upon receipt of SCN, the Noticees except Shaji Rajappan filed their communication / preliminary objections. They also sought an opportunity of inspection of documents which formed the basis of the allegations levelled in the SCN. It is noted that all the documents, which formed the basis of allegations levelled against the Noticees in the SCN, were already given along with the SCN. However, acceding to the request of the Noticees, an opportunity of inspection of documents was provided to them, but the same was not availed by them.

Hearing and replies:

6. An opportunity of personal hearing was provided to the Noticees on February 12, 2019, however, none of the Noticees appeared for hearing on the said date and adjournment was sought by two Noticees. Thereafter, another opportunity of hearing was provided to all the Noticees on March 26, 2019 and hearing notices in this regard were delivered to the Noticees. However, on the said date, none of the Noticees appeared. Some of the Noticees communicated their inability to come for personal hearing citing personal difficulties. Subsequently, all the Noticees except Shaji Rajappan and Mittal Share Brokers Pvt Ltd. (who had filed a reply earlier) submitted their written submissions for consideration in respect of the present proceedings.
7. The replies / written submissions filed by the Noticees are summarized as under:

8. Mittal Share Brokers Pvt. Ltd

- 8.1.** There are no grounds in the SCN that make us liable for the alleged violation of the provisions of PFUTP Regulations.
- 8.2.** We were a SEBI registered broking firm and abided by all the laws and procedures. We have acted in accordance with law and do not become wrongdoers for transactions carried out by our clients.
- 8.3.** The ground for initiating the investigation and reasons for delay in investigation has not been mentioned in the SCN. No reason has been provided as to why the transactions mentioned in the SCN were picked up and why other transactions carried out during the investigation period were not considered.
- 8.4.** We have only acted as a broker in respect of the transactions mentioned in the SCN and no proprietary transactions were carried out by us.
- 8.5.** There is no finding of us having any financial or pecuniary interest or relationship with any of the entities mentioned in the SCN including Shailesh Parab, who was a non-shareholding director in the company. As per the requirements of MP Stock Exchange, he was appointed as a designated director to deal with statutory, corporate legal and capital market related requirements. He was not drawing any directorial remuneration from the company.
- 8.6.** No connection with the alleged transactions has been brought out in the SCN.
- 8.7.** No reason has been provided as to why all the buyers during the investigation period have been given a clean chit.
- 8.8.** Regarding Shaji Rajappan, he used to be there in Mittal Chambers at an earlier point of time and has not been there for the past three years. Further, Mittal Chambers is a multi storey building with many officers and therefore it is used as a mailing / postal address by many persons.
- 8.9.** There is no single finding against us for the alleged violations in the SCN.

8.10. The Noticee was merely acting as an intermediary (sub-broker) by entering the orders placed by the clients and was not in collusion with any of the Noticees.

9. Anil Kumar

9.1. I do not accept or admit anything stated in the SCN except where the same has been expressly admitted by me in this reply.

9.2. Vide letters dated December 06, 2017 and February 13, 2018, I had sought copies of all the documents/statement and other evidence which have been relied upon by SEBI while issuing the captioned SCN. However, till date no such documents or evidence has been provided by SEBI nor any opportunity of inspection of documents has been given by SEBI, which would have enabled me to file a detailed and a befitting reply to the allegations levied upon me by SEBI.

9.3. The Hon'ble Supreme Court in the matter of *Securities and Exchange Board of India v. Price Waterhouse* (Civil Appeal No. 6003-6004/12), observed that SEBI being a statutory authority is not at the liberty to withhold information, on the basis of what it has relied upon while preparing the SCN or otherwise and should allow a Noticee to inspect and take copies of all the information which it has collected during the course of investigation. Reliance was also placed on the order of Hon'ble Securities Appellate Tribunal made the observations in the matter of *Shri B. Ramalinga Raju v. SEBI* (Appeal No. 286 of 2014 dated May 12, 2017) to stress on the point of adhering to principles of natural justice.

9.4. I am, therefore, limiting my submissions strictly on the basis of the documents available on records and request the Ld. Whole Time Member not to rely upon any data / documents/ averment/ statements beyond the material which is available on record as provided to me. Since the documents

sought for by me have not been provided there cannot be a determination on the following:

- a. Any reference to investigation
- b. Any reference to trades or orders during the investigation period from March 01, 2012 to January 06, 2015 in the scrip of Vishvjyoti.
- c. Any reference to the trade or details to show that at the time of execution of trades by me, there was available demand (buy) quantity of 100, 500, 1000 and even 5000 shares as observed in para 7 of the SCN.
- d. My connection with buyers who have traded in the scrip during the investigation period.
- e. Any reference to show that I was not genuine seller and had no bona fide intention to sell as observed in para 10 of the SCN.

9.5. I have been an active investor in the market since the last 20 years and my track record has been unsullied and I am an honest hard working man who has been doing his investments in a respectable manner. I purchased shares after much detailing and I mainly followed the updates of the market in order to choose my investments. I do not have a particular sector for investment but spread my investment to other sectors other than securities market. At the time of the alleged violation I had bought 1950 shares of Vishvjyoti in physical form on September 07, 2013 as stated in the SCN for investment purpose.

9.6. The shares of Vishvjyoti were bought by me because the price of the shares of Vishvjyoti was somewhere around Rs. 18.3 on the stock exchange at that time and as per my study of the market I found it to be a lucrative investment as the scrip was doing good after its suspension was revoked. It is submitted that it is settled law that off-market transaction in any share is per-se not illegal. Also SEBI has not alleged the source of acquisition of shares of Vishvjyoti to be fraudulent in any manner.

9.7. With regard to the sale of shares of Vishvjyoti, it is submitted that the price of the scrip was continuously increasing from the date of purchase of the shares. I checked the prices of the market daily and then decided that I would only sell the shares when I think that I will be able to receive the maximum prices get maximum return on my investment. It is humbly submitted that it is a rule in stock market that a buyer will aggressively buy a stock when prices are going up, and seller will start selling when the prices starts to fall. The same rule was also followed by me. As the price was on rise, I had the perception that the price will continue to rise in future and hence I just sold small quantity of shares in order to make the small and momentary profits..

9.8. With regard to the trades which allegedly contributed to the price rise, out of the 133 trades, I have only executed 9 trades for a total of 90 shares. Here I would like to reiterates that the price rise due to my trades were not with the intention to manipulate the market and impact, if any, on the price is merely due to the trades executed in the ordinary course of business.

9.9. I have contributed to only 6.76% to the total price rise before the record date for the split being March 19, 2014. The price of the scrip has continuously increased prior to the period when I started trading and also subsequent to my trading and so I have no contribution whatsoever to the price rise.

9.10. Moreover it is imperative to note that all the 9 trades executed by me, were executed post the existence of a. buy order in the market and the same is provided below in the form of a table :

SELLER NAME	DATE	TRAD TIME	BUY ORDER	SELL ORDER	TIME DIFFERENCE
ANIL KUMAR	08.11.2013	14:15:3	13:30:00	14:08:08	00:38:08
ANIL KUMAR	18.11.2013	13:15:24	12:30:00	12:48:13	00:18:13
ANIL KUMAR	25.11.2013	15:15:18	14:30:00	14:39:43	00:09:43
ANIL KUMAR	02.12.2013	15:15:28	14:30:00	14:58:44	00:28:44
ANIL KUMAR	01.01.2014	13:15:20	12:30:00	13:11:45	00:41:45

ANIL KUMAR	09.01.2014	14:15:38	13:30:00	13:50:37	00:20:37
ANIL KUMAR	15.01.2014	14:41:20	09:00:03	14:41:20	05:41:17
ANIL KUMAR	27.01.2014	13:45:03	09:00:02	13:45:03	04:45:01
ANIL KUMAR	14.01.2014	12:23:51	09:00:00	12:23:51	03:23:51

9.11. On November 08, 2013, a sell order was placed at Rs. 35.05 by me, which has been considered fraudulent in the SCN. However, it is pertinent to note here that this sell order was placed at 14:08:08, which was much after the buy order which was placed at 13:30:00 at Rs. 35.05. Since the scrip was under the PCAS mechanism the trade was executed at 14:15 p.m. It is pertinent to note that during this period first 45 mins of that one hour session any market participants can place the order matching the pending buy/ sell order. Hence it is observed that I placed the sell order after the buy order was placed and the trade executed was devoid of any manipulation and was in a normal course where the buyer and the seller did not had any kind of fraudulent understanding and the same is also not alleged in the SCN..

9.12. From the above mentioned it can easily be deduced that I had no role in contributing to the positive LTP as I was only meeting the demands of the buyer and in the general parlance I only followed what was in that situation the most lucrative option for me.

9.13. It is also submitted that the time difference between the buy order and sell order ranged from 9 minutes to 5 hours and 41 minutes. This variation of time gap is reason enough to show that there was no collusion with the counter parties.

9.14. From the perusal of the price volume data, it can be seen that sale of miniscule amount of shares were happening since the beginning of the Investigation period. This shows that the demand of the scrip as portrayed by the buyers was way higher than the supply of the scrip. This shows that I did not create any misleading appearance of trades in the market. It is not

the case of SEBI that the scrip did not fulfil the minimum public shareholding criteria and thus there were enough shareholders in public who could have sold their shares.

9.15. It is further submitted that the order log has not been provided to me which in turn restricts my submissions and it is impossible to give an appropriate defense to the trades executed by me or show the actual circumstances in which the trades were executed. There could be a situation where the order placed by me did not get executed but this cannot be seen till complete order log has been provided to me by your goodself. This cherry picking of data has hampered by interests and has cuffed my hands to prepare a proper defense in the matter.

9.16. It is necessary to prove that two contracting parties had struck a deal beforehand, i.e. there was meeting of minds between the two contracting parties. It is submitted that it is matter of fact that I had no connection with anyone connected with the scrip. In fact no evidence or averments has been put for the in the entire SCN to suggest that I had any prior meeting of minds with the counter party or other entities. The position has been accepted and affirmed by SEBI before the Joint Parliamentary Committee (JPC) on Stock Market Scam and matters relating thereto, 2001, which tabled its report in the Parliament in December, 2002. In the report it has, inter alia, been stated:

"SEBI has also confirmed that in the screen based trading that is prevalent in the stock exchange now, the buyer or the broker will not be aware of the identity of the seller or the broker."

9.17. The SCN has failed to appreciate that the anonymous systems of the Exchange do not allow a transacting party to know the details of the counter party and therefore the allegation of contributing of the increase price without the allegation of synchronization cannot hold good

9.18. Assuming whilst denying that even if any such scheme as described in the SCN was being executed, I did not have any knowledge about the same and was merely trading on my knowledge of the securities market and

at the same time trying to understand the securities market from the trades executed by me.

9.19. The SCN has also failed to bring out any connection between me and the other persons/ entities mentioned in the SCN including the counter party broker or the counter party client other than the fact that all the other Noticees had also sold the shares of the Company in similar pattern.

9.20. Reliance was placed on the following orders passed by Hon'ble SAT in support of the submission that merely placing trades at a price higher than the last traded price cannot be manipulative to establish the charge of raising the price artificially, the collusion between the buyer and the seller is a *sine qua non*:

- Vikas Ganshmal Bengani vs. WTM, SEBI (Appeal No. 225 of 2009) order dated 25th February, 2010
- Kapil Chatrabhuj Bhuptani vs. SEBI (Appeal No. 95 of 2013) order dated 10th October, 2013
- HB Stock Holdings Ltd. vs. SEBI (Appeal No. 114 of 2012) order dated 27th August, 2013

9.21. There was no nexus or commonality of interests between me and the counter-parties to the said orders, which is a necessary pre-requisite for any allegation of artificial volume.

9.22. It is submitted that when viewed from the legal position, there is nothing on record to show that:

- Any prior understanding/agreement with the entities mentioned in the SCN, who allegedly adopted such *modus operandi*, which was prima facie illegal.
- Agreement to defy the law or to cause harm to anyone or to carry out any illegal object.
- Most importantly, the SCN fails to bring out any evidence, which could possibly prove any connection between the Noticee and other persons/entities to the alleged manipulative scheme.

- 9.23.** Therefore, from the above it can be fairly concluded that nothing has been shown in the SCN to make good the allegation of collusion against me. I submit that the SCN has failed to produce the requisite evidence in support of the charge and the same demolishes the very basic premise of the SCN and therefore the directions in it deserves to be vacated against me.
- 9.24.** It is submitted that the Presumption which can be drawn from the SCN is that all the said trades are premeditated and were carried out in connivance with each other i.e. the brokers and the clients at both the ends of a transaction were acting in concert with each other to carry out these alleged irregular trades.
- 9.25.** If so be the case, all the entities/persons which/who have executed trades in the said scrip during the examination period should have been made a party to the SCN. In this regard, it is pertinent to point out here that interestingly, SEBI has in the SCN taken action against me who had allegedly only sold 60 shares ignoring the very counter parties of the trade.
- 9.26.** No reasons for such specific inclusions and exclusions were given by SEBI in the SCN. If any allegations were to be levelled on a selective set of entities and not on all those who were involved, proper reasons for the same should be given to justify the same.
- 9.27.** Though the allegation have been alleged in the SCN, no evidence has been placed on record to show that my actions were in any way fraudulent. Here the definition of the term 'Fraud' as defined in the PFUTP Regulations needs to be referred, which states that any act, expression, omission or concealment committed should have induced another person to deal in the securities market. There is no averment material in the SCN to suggest that I had induced any other entities to trade in the scrip. It is reiterated till the time I was trading the daily volume of the scrip was not more than small digits. It is only when the stock split resulted in the increase in the no. of shares that the liquidity in the shares increased. I have in no way contributed to the said increase in the price or volume of the shares

- 9.28.** Very serious allegations price manipulations, etc. have been raised against me. These allegations require a high level of proof and establishment of *mens rea*. Other than pointing out the fact that I have carried out manipulative trades, no further proof has been provided of any wrong doing to establish that they were carried out intentionally. The SCN has not stated about any profit which has been made by me by engaging in these trades or any loss which has incurred by others because of these trades. In this regard, reliance was placed on the order of Hon'ble Supreme Court of India in the matter of *Union of India vs. Chaturbhai M. Patel* (AIR 1976 SC 712} and also on the orders of Hon'ble SAT in the matters of *Parsoli Corporation vs. SEBI* (Appeal No 146/2011 order dated 12th August 2011) and *Sterlite Industries vs. SEBI* (Appeal No. 20/2001 dated 22nd October 2001).
- 9.29.** It is seen that in the present case, the SCN is admittedly based on low preponderance of probabilities. Thus, the SCN is bad in law and so must be withdrawn and the proceedings must be dropped.
- 9.30.** It is submitted that serious allegation of violation of PFUTP Regulations cannot be alleged on the basis of mere surmises and conjectures and based on the erroneous interpretation of data, as has been done in the instant case. In this regard, reliance has been placed on the order of Hon'ble SAT in the matter of *KSL & Industries Ltd vs. SEBI* (SAT Appeal no. 9/2003 decided on 30.09.2009).
- 9.31.** It is submitted that I have executed genuine trades and there is no allegation about the genuineness of my trades anywhere in the SCN. It is not the case that the SCN has regarded my trades as illegal or non-genuine and so it is clear that the trades executed were not *per se* illegal.
- 9.32.** It is further submitted that the SCN has not shown as to how my trades have in any manner affected anybody or has benefited me in any mala fide manner. It has not been shown or proved anywhere in the SCN that I was part of some larger conspiracy and failed to even draw conclusions as to the

effect of my genuine trades to the market. Also, my trading in any manner has not caused any loss to any of the market participants.

10. The submissions made by Rajesh Patel, Gopal Chandra Agarwal, Manish Arora and Shailesh Ghansham Parab in their written submissions are on the same lines as that of Anil Kumar except in respect of the details of their transactions and other factual details. The same are therefore not being reproduced and the specific submissions will be appropriately dealt with in the ensuing paragraphs.

Additional written submissions

11. Afterwards, one last opportunity of submitting additional submissions, if any, was provided to the Noticees and letters in that regard were sent to the Noticees on January 16, 2020. In response thereto, the Noticees vide their letters sent in February 2020 filed additional written submissions, which were substantially in line with their replies / written submissions which have been summarized above. One additional submission which has been made by all the Noticees (who have filed additional submissions) is that their submissions are squarely covered in the judgment and order passed by Hon'ble SAT in the matter of *Nishith M. Shah v. SEBI* (order dated January 16, 2020) wherein the Hon'ble SAT has held that establishment of connection between the buyer and the seller is *sine qua non* for levying of charges of price manipulation. The following portion of the order has been relied upon by the Noticees:

“We are of the opinion that the impugned order cannot be sustained for the following reasons:-

(a) The investigative reports nor the WTM or the AO found any connection between the buyer and the seller. We also find that neither in the investigative report nor in the impugned order any connection has been

found between the appellant with the promoters / directors of the Company. Thus, no causal connection has been established.

(b) The investigative report finds that no adverse inference can be drawn against the buyer merely because the buyer had placed buy orders above LTP. On this basis, the buyer was exonerated from the charge of manipulation in the price of the scrip when admittedly the buyer was placing buy orders above the LTP.

(c) Buy orders were placed at 9.15 hrs and sell orders were placed during the course of the day but not immediately after the buy orders nor the sell orders of the appellants were placed before the buy orders.

(d) There is no finding that the appellant has indulged in fraudulent or unfair trade practices in securities.

(e) Selling miniscule amount of shares by itself is not illegal nor manipulative nor violative of Regulation 3 and 4 of the PFUTP Regulations unless collusion with others is found.

(f) Allegation that the appellant has contributed to the LTP cannot be upheld in the absence of any collusion with the buyer or promoter / director of the Company. One has to establish a connection between a buyer and with the seller in order to infer a manipulation in the price of the scrip.

(g) The authorities have misread and misapplied the decision of the Supreme Court in Ajmera's case (supra). In this regard Paragraph 27 of the judgment is extracted here under:-

“27. Let us apply the aforesaid test to the facts of the present cases before us wherein admittedly there is no direct evidence forthcoming.

The first relevant fact that has to be taken note of is that the scrips in which trading had been done were of illiquid scrips meaning thereby that such scrips though listed in the Bombay Stock Exchange were not a matter of everyday buy and sell transactions. While it is correct that trading in such illiquid scrips is per se not impermissible, yet, voluminous trading over a period of time in such scrips is a fact that should attract the attention of a vigilant trader engaged / engaging in such trades. The above would stand fortified by the note of caution issued by the Bombay Stock Exchange in the form of a notice/memorandum alerting its members with regard to the necessity of exercising care and caution in case of high volume of trading in illiquid scrips, as already noted.”

In order to apply the aforesaid test, the facts of the present case is, that there is no direct evidence of collusion between the appellant as a seller with that of the buyer. There is no finding that the appellant was known to the directors or promoters of the Company. Since no direct evidence is forthcoming we have to see the indirect connection which is that the appellant was selling small quantities of scrips. Trading in small quantities in scrips is per se not impermissible as held in Ajmera’s case (supra). If trading in miniscule amount leads to an increase in the price of the scrips one can presume or infer that the trading is manipulative but such trading cannot happen unilaterally. There must be evidence to show collusion between the buyer and the seller. In the instant case there is none. The principle of preponderance of probability cannot be exercised in the absence of any connection between the seller and the buyer.

(h) The charge that the appellant had contributed to the LTP as a seller which resulted in the manipulation in the price of the scrips cannot be sustained in the light of the glaring fact that the same charge against the buyer had been dropped.

(i) In Jagruti Securities Limited vs Securities and Exchange Board of India (Appeal No. 102 of 2006 decided on October 27, 2008) and in Vikas Ganeshmal Bengani vs Whole Time Member, SEBI (Appeal No. 225 of 2009 decided on February 25, 2010) the Tribunal held that the charge of raising price artificially has to be established and the element of collusion between the buyer and the seller is a sine quo non. We are in the entire agreement with the aforesaid decisions and reiterate that in the absence of any finding of collusion between the buyer and the seller the charge contributing to the LTP cannot be sustained.

5. In the light of the aforesaid, the impugned orders cannot be sustained and are quashed. The appeals are allowed with no orders as to costs.”

12. It has also been submitted by the Noticees that Hon'ble SAT has taken a similar view in other matters as well such as *Bhagwat Singh Kitawat v. SEBI* (order dated January 28, 2020) and *Sapna Dilip Bombaywala v. WTM, SEBI* (order dated January 28, 2020).

CONSIDERATION OF ISSUES:

13. I have considered the allegations levelled in the SCN and the replies, oral / written submissions made by the Noticees in response to the SCN. Taking the same into account, the following issues arise for my consideration: -

- A. Whether Noticees (other than Shailesh Ghansham Parab and Mittal Share Brokers Pvt. Ltd.) sold shares in the market in very small quantities with a manipulative intent to increase the price of the scrip of Vishvjyoti and thereby violated the provisions of SEBI Act and PFUTP Regulations as alleged in the SCN?
- B. Whether Shailesh Ghansham Parab and Mittal Share Brokers Pvt. Ltd. acted in collusion with the other Noticees to indulge in price manipulation of

the scrip of Vishvjyoti?

- C. If the answers to issues A and B are in the affirmative, what directions are required to be issued against the Noticees?

Preliminary submissions by the Noticees:

14. A common preliminary submission made by the Noticees is that they had sought for all the documents/statements and other evidence which have been relied upon by SEBI while issuing the SCN, and the same has not been provided by SEBI. In this regard, it is noted from the record that all the material / evidences based on which the charges in the SCN have been levelled on the Noticees were enclosed along with the SCN as annexures. Thus, no prejudice has been caused to the Noticees on account of the same. Nonetheless, an opportunity to inspect the documents was also provided to the Noticees in January 2018. Subsequently, opportunities of personal hearing were also provided to the Noticees, hearing notices in respect whereof, were delivered to the Noticees through letters / affixture / newspaper publications. It is relevant to highlight that the opportunities of inspection and hearing so granted were not availed by the Noticees. I am therefore of the view that the Noticees were not constrained in any manner from making submissions in their defense with regard to the allegations in the present SCN and their replies / written submissions in respect of the SCN are on record for consideration before issuance of any directions in the matter.

15. In the above context, reliance has also been placed on the decision of the Apex Court in case of *SEBI v. Price Waterhouse* (Civil Appeal No. 6003-6004 of 2012 decided on 10.01.2017). However, as regards the applicability of the said decision of Hon'ble Supreme Court to other cases in general, the following observations of Hon'ble SAT in the case of *Shri B. Ramalinga Raju v. SEBI* (SAT order dated May 12, 2017) are noteworthy:

“... Apex Court in case of Price Waterhouse has specifically recorded that the directions given in that case are general directions given as and by way of clarifications without going into the merits of the case. Therefore, directions given in the facts of Price Waterhouse cannot be said to be the ratio laid down by the Apex Court applicable to all other cases. In these circumstances, appellants are not justified in contending that the directions given by the Apex Court in case of Price Waterhouse must be applied to the case of the appellants.”

Thus, the observations of Hon'ble Supreme Court in the matter of *SEBI v. Price Waterhouse* being case specific in nature, cannot be applied to the facts of the present case. In view of the above facts, circumstances and observations of Hon'ble SAT, I am not inclined to accept the submission of the Noticees regarding inspection of all the documents collected by the investigating officer during investigation. At this point, I also find it important to reiterate that all the documents, which formed the basis of the allegations levelled in the SCN, were provided to the Noticees along with the SCN.

- 16.** Without prejudice to the above, I also find it pertinent to note the common submission of the Noticees (who sold the shares of Vishvjyoti) that the order log was not given to them along with the SCN or thereafter, which could have enabled them to analyze the pendency of buy order in the system while they had placed orders for sale of shares of Vishvjyoti. It is noted that the SCN categorically tabulates the sum of buy quantity pending at the time of sell order against every sell order of the Noticees. For the purpose of the allegations levelled in the SCN, no further information has been derived against the Noticees from the order log. In this regard, it is relevant to refer to the following observations of the Hon'ble Supreme Court of India in the matter of *SEBI v. Kishore R. Ajmera* (Order dated February 23, 2016) :

“27. Insofar as the plea of violation of principles of natural justice, as raised on behalf of the respondent in C.A.No.282/2014 (Monarch Network Capital Ltd.) is concerned, we do not think the same to be justified in any manner. The relevant extracts of the trade log which have been perused by us, in view of the clear picture disclosed with regard to the particulars of the offending transactions, must be held to be sufficient compliance of the requirement of furnishing adverse materials to the affected party.”

17. Further, it is a matter of record that on majority of the occasions, the only sell trade of the day was because of the sell order placed by the Noticees. Further, as per Noticees' own submissions, they had placed the sell trades after seeing the buy orders in the system. Thus, the fact of pendency of buy orders at the time of placement of sell orders by the Noticees was known to them and did not require any cross – verification from the order logs as has been sought to be contended by the Noticees. I, therefore find that the non-provision of order logs did not inhibit the Noticees in any manner for the purpose of filing their response to the SCN.

18. It has also been argued by the Noticees that the SCN does not mention any reasons for delay in investigation nor does it provide any reasons as to why the transactions mentioned in the SCN were picked up and why other transactions carried out during the investigation period were not considered. In this context, it is noteworthy that as a generally accepted principle regarding enforcement action by any enforcement authority, investigation/inquiry against any subject entity and the consequent action in pursuance of the same should be completed in a reasonable time frame which would serve the objective of balancing the rights of the persons subjected to enforcement action and the investors whose rights are being protected through enforcement proceedings. However, it is equally true that the time consumption in investigation or consequent enforcement actions can be caused due to multiplicity of factors such as the violation coming to the notice of the enforcement authority on a later date, the

requisite data / material not being readily available, non-cooperation by the subject entities, pendency of connected matters before other courts / authorities, etc. in the present case, it is not out of relevance to mention that that delay was caused on account of reasons including the violation coming to SEBI's notice on a later date, non-cooperation by certain Noticees, etc. In any event, in my view, the factum of delay in completion of investigation and / or initiation of enforcement proceedings, in itself, cannot be a ground for withdrawal of proceedings. At this point, it is important to mention that no case been made out by the Noticees that any prejudice was caused to them on account of the time consumption in initiation of investigation in the present matter. In this context, I find it relevant to refer to the order passed by Hon'ble SAT in the case of *Metex Marketing Pvt. Ltd. vs. SEBI* (order dated June 4, 2019) wherein Hon'ble SAT held that: *"This Tribunal has consistently held that in the absence of any specific provision in the SEBI Act or in the Takeover Regulations, the fact that there was a delay on the part of SEBI in initiating proceedings for violation of any provision of the Act cannot be a ground to quash the penalty imposed for such violation."* In view of the above, I find that no prejudice has been caused to the Noticees on account of non-mentioning of reasons for time consumption in initiation of investigation in the matter.

19. Further, as regards investigating only the transactions refereed in the SCN, it is noted that the transactions during the entire investigation period were examined and adverse findings were noticed in respect of the transactions referred in the SCN. Thus, the SCN is confined to the violations committed by entities in relation to such transactions.

20. Another common argument advanced by all the Noticees is that they are not connected to each other and the SCN also does not bring out a clear connection amongst the Noticees. Without necessarily going into the basis of connection amongst the Noticees as has been alleged in the SCN, I find it pertinent to first analyze whether the transactions carried out by the seller Noticees were

genuine or were executed with the sole purpose of raising the price of the scrip of Vishvjyoti, and whether Shailesh Ghansham Parab and Mittal Share Brokers Pvt. Ltd acted in collusion with them. Thus, if it is found that the acts/omissions/conduct of the Noticees are violative of the provisions of securities laws as alleged in the SCN regardless of any connection amongst them, then the requirement of basis / proof of connection may not arise.

A. Whether Noticees (other than Shailesh Ghansham Parab and Mittal Share Brokers Pvt. Ltd.) sold shares in the market in very small quantities with a manipulative intent to increase the price of the scrip of Vishvjyoti and thereby violated the provisions of SEBI Act and PFUTP Regulations as alleged in the SCN?

21. I now proceed to first examine the allegations levelled against the 5 seller Noticees in light of the submissions made by them.

22. It is noted that in the price rise patch (i.e. when the Noticees traded), trades happened on 134 trading days. On 130 out of 134 such trading days, only 1 trade per day was carried out. On all such days having 1 trade per day, the trades happened at highest possible price i.e. circuit price.

23. As per the SCN, the price rise in Patch 1 was caused majorly by 5 sellers viz, Shaji Rajappan, Anil Kumar, Rajesh Patel, Gopal Chandra Agarwal and Manish Arora. Allegedly, these sellers placed sell orders for small quantities when large quantities of buy orders were pending and they were holding sizeable number of tradable shares of Vishvjyoti.

24. As mentioned above, the 5 Noticees who had sold the shares of Vishvjyoti during the price rise period of the investigation (noted above) (i.e. Shaji Rajappan, Anil Kumar, Rajesh Patel, Gopal Chandra Agarwal and Manish Arora) had bought shares of the company through off-market transactions and

then got the shares dematerialized. The number of shares bought by these Noticees through off-market transfers are tabulated as under:

DETAILS OF PURCHASE OF SHARES BY THE NOTICEES			
Name of the Noticee	Number of shares purchased	Date on purchase	Date of dematerialization
Shaji Rajappan	10,000	April 27, 2013	May 18, 2013
Rajesh Patel,	10,000	April 27, 2013	May 13, 2013
Gopal Chandra Agarwal	5000	September 2013	October 2013
Manish Arora	1400		
Anil Kumar	1950		

25. It is worth mentioning here that the at the time when the price of the share of Vishvjyoti was going up, there were no corporate announcements or news in relation to the company which would justify such a steep rise in the prices of the shares. As noted earlier, the singular trade carried out by the 5 seller Noticees (during the period of investigation) was the only trade on that respective day and was the sole reason for fixing the next higher price for the scrip. Further, it is also important to highlight that all the trades of these Noticees contributed to positive LTP on the days when they sold the shares. The trades carried out these 5 Noticees are tabulated below:

1) Rajesh Patel

Date	Sell Order Number	Trade Time	Trade Price	LTP Percentage	Buy Order Last Modified Price	Sell Order Last Modified Price	Trade Quantity	Buy Order Volume	Sell Order Vol	Sum of buy qty Pending at the time of Sell order
31.05.2013	11000021009711	15:15:24	3.67	4.86	3.67	3.67	25	5000	25	5000
03.06.2013	23000023004427	14:15:22	3.85	4.90	3.85	3.85	20	5000	20	5000
04.06.2013	19000031008150	14:15:28	4.04	4.94	4.04	4.04	15	5000	15	5000
05.06.2013	16000029007384	15:15:32	4.24	4.95	4.24	4.24	10	5000	10	9500
06.06.2013	13000111005951	14:15:25	4.45	4.95	4.45	4.45	10	1000	10	15480

Date	Sell Order Number	Trade Time	Trade Price	LTP Percentage	Buy Order Last Modified Price	Sell Order Last Modified Price	Trade Quantity	Buy Order Volume	Sell Order Vol	Sum of buy qty Pending at the time of Sell order
07.06.2013	14000138006701	15:15:19	4.67	4.94	4.67	4.67	15	5000	15	15480
12.06.2013	17000133002780	14:15:31	4.90	4.93	4.90	4.90	10	700	10	13680
13.06.2013	11000111005681	15:15:34	5.14	4.90	5.14	5.14	15	354	15	14034
17.06.2013	15000029003996	15:15:23	5.39	4.86	5.39	5.39	10	500	10	11480
20.06.2013	20000028003256	14:15:25	5.65	4.82	5.65	5.65	15	5000	15	16970
21.06.2013	19000031011032	15:15:27	5.93	4.96	5.93	5.93	10	120	10	11390
25.06.2013	21000028002751	14:15:28	6.22	4.89	6.22	6.22	15	120	15	15970
26.06.2013	22000024002449	14:15:32	6.53	4.98	6.53	6.53	10	150	10	11945
28.06.2013	17000032003393	15:15:35	6.85	4.90	6.85	6.85	10	200	10	16800
01.07.2013	19000172004018	15:15:26	7.19	4.96	7.19	7.19	15	200	15	24600
03.07.2013	12000034004141	14:15:26	7.54	4.87	7.54	7.54	10	150	10	15500
04.07.2013	18000057004473	15:15:26	7.91	4.91	7.91	7.91	15	500	15	16700
05.07.2013	23000034003600	15:15:21	8.30	4.93	8.30	8.30	10	200	10	18720
08.07.2013	21000028002096	13:15:19	8.71	4.94	8.71	8.71	15	200	15	21750
10.07.2013	17000025003535	15:15:26	9.14	4.94	9.14	9.14	10	100	10	21110
15.07.2013	12000020003273	15:15:26	9.32	1.97	9.32	9.32	15	100	15	23500
16.07.2013	18000033007302	15:15:31	9.50	1.93	9.50	9.50	10	100	10	19520
17.07.2013	23000025004345	15:15:33	9.69	2.00	9.69	9.69	15	100	15	11420
18.07.2013	13000107005724	15:15:26	9.88	1.96	9.88	9.88	10	900	10	14950
19.07.2013	12000020002516	12:15:30	10.07	1.92	10.07	10.07	15	900	15	19550
22.07.2013	19000032000664	10:15:29	10.27	1.99	10.27	10.27	10	900	10	20830
23.07.2013	21000028002458	12:15:29	10.47	1.95	10.47	10.47	15	200	15	20510
24.07.2013	22000024000449	10:15:32	10.67	1.91	10.67	10.67	10	100	10	27400
25.07.2013	15000024000392	10:15:35	10.88	1.97	10.88	10.88	15	50	15	19730
26.07.2013	22000024000392	10:15:27	11.09	1.93	11.09	11.09	10	50	10	24550
29.07.2013	20000123000473	10:15:31	11.31	1.98	11.31	11.31	15	900	15	34250
30.07.2013	20000028000226	10:15:26	11.53	1.95	11.53	11.53	10	50	10	18700
31.07.2013	13000021000513	11:15:31	11.76	1.99	11.76	11.76	15	900	15	32200
01.08.2013	20000028000274	10:15:29	11.99	1.96	11.99	11.99	10	100	10	29250
05.08.2013	13000102003085	12:15:32	12.22	1.92	12.22	12.22	15	50	15	22100
06.08.2013	13000021000195	10:15:37	12.46	1.96	12.46	12.46	10	50	10	29450
07.08.2013	16000137002116	12:15:25	12.70	1.93	12.70	12.70	15	200	10	25550
08.08.2013	14000130000285	10:15:36	12.95	1.97	12.95	12.95	10	200	10	26800
12.08.2013	21000104000723	11:15:30	13.20	1.93	13.20	13.20	15	100	15	29751
13.08.2013	12000020000723	10:15:25	13.46	1.97	13.46	13.46	10	500	10	32850
14.08.2013	22000025001173	10:15:28	13.72	1.93	13.72	13.72	15	490	15	27793
16.08.2013	18000032005261	15:15:24	13.99	1.97	13.99	13.99	10	50	10	23450

Date	Sell Order Number	Trade Time	Trade Price	LTP Percentage	Buy Order Last Modified Price	Sell Order Last Modified Price	Trade Quantity	Buy Order Volume	Sell Order Vol	Sum of buy qty Pending at the time of Sell order
19.08.2013	12000019000293	10:15:30	14.26	1.93	14.26	14.26	15	900	15	29150
20.08.2013	23000021000378	10:15:30	14.54	1.96	14.54	14.54	10	100	10	23950
21.08.2013	13000021001263	11:15:22	14.83	1.99	14.83	14.83	15	500	15	18500
22.08.2013	12000019001129	12:15:33	15.12	1.96	15.12	15.12	10	500	10	19450
26.08.2013	17000129002312	11:15:29	15.42	1.98	15.42	15.42	15	700	15	37050
27.08.2013	12000020001616	11:15:38	15.72	1.95	15.72	15.72	10	900	10	18500
28.08.2013	12000019000498	10:15:43	16.03	1.97	16.03	16.03	15	50	15	18150
29.08.2013	12000019000929	10:15:34	16.35	2.00	16.35	16.35	10	100	10	34500
30.08.2013	22000024000824	10:15:25	16.67	1.96	16.67	16.67	15	100	15	27200
02.09.2013	13000021002419	12:15:24	17.00	1.98	17.00	17.00	10	2500	10	26050
03.09.2013	18000120001595	10:15:32	17.30	1.76	17.30	17.30	15	1000	15	20748
04.09.2013	21000028000561	10:15:37	17.60	1.73	17.60	17.60	10	900	10	31148
05.09.2013	11000021000828	10:15:33	17.95	1.99	17.95	17.95	15	900	15	33499
06.09.2013	12000020000302	10:15:30	18.30	1.95	18.30	18.30	10	50	10	21650
10.09.2013	23000020000515	10:15:38	18.65	1.91	18.65	18.65	15	1000	15	26500
11.09.2013	14000041000436	10:15:35	19.00	1.88	19.00	19.00	10	950	10	25549
12.09.2013	18000034007712	11:15:51	19.35	1.84	19.35	19.35	15	100	15	32200
13.09.2013	17000024002973	11:15:32	19.70	1.81	19.70	19.70	10	50	10	23654
16.09.2013	23000029000540	10:15:36	20.05	1.78	20.05	20.05	10	50	10	16450
17.09.2013	20000027006021	13:15:30	20.45	2.00	20.45	20.45	10	500	10	22400
18.09.2013	16000119000785	11:15:30	20.85	1.96	20.85	20.85	10	500	10	25328
19.09.2013	19000034000547	10:15:30	21.25	1.92	21.25	21.25	11	50	11	21830
20.09.2013	12000020004392	11:15:28	21.65	1.88	21.65	21.65	12	1000	12	33930
23.09.2013	12000019000295	10:15:25	22.05	1.85	22.05	22.05	14	1000	14	23260
24.09.2013	14000022001119	10:15:32	22.45	1.81	22.45	22.45	5	500	5	33359
25.09.2013	13000099000343	10:15:29	22.85	1.78	22.85	22.85	6	100	6	19130
26.09.2013	12000020002225	10:15:31	23.30	1.97	23.30	23.30	8	200	8	22080
27.09.2013	15000024000501	10:15:22	23.75	1.93	23.75	23.75	7	100	7	18430
30.09.2013	13000021000529	10:15:25	24.20	1.89	24.20	24.20	4	100	4	18929
01.10.2013	23000023004186	12:15:23	24.65	1.86	24.65	24.65	6	100	6	13450
03.10.2013	18000032002061	10:15:24	25.10	1.83	25.10	25.10	7	100	7	13489
04.10.2013	19000032000556	10:15:26	25.60	1.99	25.60	25.60	4	800	4	13249
07.10.2013	20000028000947	10:15:28	26.10	1.95	26.10	26.10	8	100	8	13450
08.10.2013	16000033000132	10:15:26	26.60	1.92	26.60	26.60	5	700	5	12550
09.10.2013	21000028002773	10:15:21	27.10	1.88	27.10	27.10	6	500	6	13250
10.10.2013	13000021001434	11:15:27	27.60	1.85	27.60	27.60	5	50	5	18050
11.10.2013	14000022001369	10:15:34	28.15	1.99	28.15	28.15	3	5000	3	12650

Date	Sell Order Number	Trade Time	Trade Price	LTP Percentage	Buy Order Last Modified Price	Sell Order Last Modified Price	Trade Quantity	Buy Order Volume	Sell Order Volume	Sum of buy qty Pending at the time of Sell order
14.10.2013	17000025000504	10:15:22	28.70	1.95	28.70	28.70	5	100	5	11150
15.10.2013	23000025000195	10:15:26	29.25	1.92	29.25	29.25	7	100	7	13350
17.10.2013	12000021004532	10:15:18	29.80	1.88	29.80	29.80	4	43	4	7743
18.10.2013	17000025001683	10:15:33	30.35	1.85	30.35	30.35	6	1000	6	7039
21.10.2013	18000033002171	11:15:25	30.95	1.98	30.95	30.95	5	5000	5	6600
22.10.2013	20000111000578	10:15:30	31.55	1.94	31.55	31.55	6	5000	6	7300
23.10.2013	23000024001781	10:15:26	32.15	1.90	32.15	32.15	5	5000	5	7100
24.10.2013	23000022000586	10:15:29	32.75	1.87	32.75	32.75	10	5000	10	7100
25.10.2013	23000026001815	12:15:30	33.40	1.98	33.40	33.40	5	5000	5	7110
09.12.2013	18000065014563	15:15:27	62.55	4.95	62.55	62.55	5	1000	5	7000
11.12.2013	17000027017287	15:15:26	65.65	4.96	65.65	65.65	7	1000	7	6500

2) Anil Kumar

Date	Sell Order Number	Trade Time	Trade Price	LTP Percentage	Buy Order Last Modified Price	Sell Order Last Modified Price	Trade Quantity	Buy Order Volume	Sell Order Volume	Sum of buy qty Pending at the time of Sell order
08.11.2013	14000022004042	14:15:31	35.05	4.94	35.05	35.05	10	1000	10	7100
18.11.2013	12000020007081	13:15:24	40.50	4.92	40.50	40.50	10	1000	10	6700
25.11.2013	12000021022253	15:15:19	46.80	4.93	46.80	46.80	10	1000	10	7200
02.12.2013	12000020005776	15:15:28	54.10	4.95	54.10	54.10	10	5000	10	7600
01.01.2014	17000133006901	13:15:21	87.75	4.96	87.75	87.75	10	5000	10	5050
09.01.2014	14000137010249	14:15:38	101.50	4.96	101.50	101.50	10	5000	10	5700
15.01.2014	19000150057437	14:41:21	111.85	4.97	111.85	111.85	10	5000	10	5000
27.01.2014	19000083326206	13:45:04	129.40	4.99	129.40	129.40	10	50	10	5850
14.02.2014	15000111164649	12:23:52	210.45	4.99	210.45	210.45	10	2000	10	6795

3) Gopal Chandra Agarwal

Date	Sell Order Number	Trade Time	Trade Price	LTP Percentage	Buy Order Last Modified Price	Sell Order Last Modified Price	Trade Quantity	Buy Order Volume	Sell Order Volume	Sum of buy qty Pending at the time of Sell order
14.11.2013	22000023007052	12:15:30	38.60	4.89	38.60	38.60	10	5000	10	7100
21.11.2013	13000098011430	14:15:23	44.60	4.94	44.60	44.60	10	5000	10	6500
27.11.2013	14000022013526	14:15:27	49.10	4.91	49.10	49.10	10	1000	10	7200

Date	Sell Order Number	Trade Time	Trade Price	LTP Percentage	Buy Order Last Modified Price	Sell Order Last Modified Price	Trade Quantity	Buy Order Volume	Sell Order Volume	Sum of buy qty Pending at the time of Sell order
03.12.2013	12000020018004	14:15:27	56.80	4.99	56.80	56.80	10	1000	10	7200
03.01.2014	19000031004714	13:15:26	92.10	4.96	92.10	92.10	10	5000	10	5700
19.02.2014	19000139009532	15:15:20	220.95	4.99	220.95	220.95	10	1000	10	6147

4) Manish Arora

Date	Sell Order Number	Trade Time	Trade Price	LTP Percentage	Buy Order Last Modified Price	Sell Order Last Modified Price	Trade Quantity	Buy Order Vol	Sell Order Vol	Sum of buy qty Pending at the time of Sell order
12.11.2013	19000032011896	13:15:25	36.80	4.99	36.80	36.80	10	5000	10	6600
20.11.2013	15000024014776	15:15:32	42.50	4.94	42.50	42.50	10	5000	10	6600
28.11.2013	19000032007959	15:15:26	51.55	4.99	51.55	51.55	10	5000	10	8800
05.12.2013	17000145008327	14:15:24	59.60	4.93	59.60	59.60	10	5000	10	8100
08.01.2014	13000019009794	15:15:28	96.70	4.99	96.70	96.70	10	5000	10	5700
20.01.2014	16000106326994	14:53:03	123.25	4.98	123.25	123.25	10	300	10	5900

5) Shaji Rajappan

Date	Sell Order Number	Trade Time	Trade Price	LTP Percentage	Buy Order Last Modified Price	Sell Order Last Modified Price	Trade Quantity	Buy Order Vol	Sell Order Vol	Sum of qty Pending at the time of Sell order
13.12.2013	19000146015809	14:15:28	68.90	4.95	68.90	68.90	5	1000	5	6000
16.12.2013	12000220010987	15:15:27	72.30	4.93	72.30	72.30	5	1000	5	6450
20.12.2013	12000109014443	15:15:32	75.90	4.98	75.90	75.90	10	5000	10	21150
26.12.2013	19000031010535	14:15:22	79.65	4.94	79.65	79.65	5	5000	5	10950
30.12.2013	20000115006107	13:15:19	83.60	4.96	83.60	83.60	7	5000	7	10400
14.01.2014	17000119043410	14:31:01	106.55	4.98	106.55	106.55	5	200	5	5950
17.01.2014	17000118532728	14:39:16	117.40	4.96	117.40	117.40	5	500	5	6200
28.01.2014	17000118210797	14:32:12	135.85	4.98	135.85	135.85	5	200	5	6150
31.01.2014	12000108162004	14:30:57	142.60	4.97	142.60	142.60	5	50	5	5250
03.02.2014	13000100224954	14:36:22	149.70	4.98	149.70	149.70	5	200	5	5605

26. As can be seen from the above tables, all the trades of these 5 Noticees were for smaller quantities and on all the instances noted above, the sum of buy

quantity pending at the time of order placement by them, was substantially more than what they sold.

27. It is pertinent to note that at the time of order placement, these Noticees were holding significantly more number of shares than what they sold. In this context, an argument has been advanced by the Noticees that sale of shares in small quantities was not intended at manipulating the price of the scrip but was done only for maximising the returns on their investments. In this regard, it needs to be pointed out that under normal circumstances trading of the nature carried out by the Noticees may not be considered as manipulative. But in the present case, the circumstances were peculiar. To illustrate,

27.1. Vishvjyoti was a scrip which was suspended for trading for around 9 years and its suspension was revoked only in March 01, 2012;

27.2. It had no track record of performance which would justify a steep price rise from Rs. 3.5 to Rs. 295.85;

27.3. The average daily volume in the scrip, during the period when the Noticees traded, was meagre and was only there because of the sale of shares by the Noticees;

27.4. It is also noteworthy that before the trade on May 31, 2013 in which, for first time, Rajesh Patel appeared as a seller, the entire shareholding of the company was in physical form except for the shares issued during preferential allotment which were in lock in period. Thus, there was no free float in the market at that point of time and hence the supply of shares to be traded on stock exchange in the demat mode was controlled by entities including the Noticees who got the shares dematerialized and started selling in miniscule quantities.

27.5. It was observed that during the patch in which the Noticees had trades, trades happened on 134 trading days. On 130 out of 134 such trading days, only 1 trade per day was carried out. On all such days having

1 trade per day, the trades happened at highest possible price i.e. circuit price.

27.6. It is noted from the trade details of the Noticees noted above that all these trades were executed well after the market opening hours. Since the Noticees' trades were the only sell trades on majority of the trading days, it becomes clear that they placed the sell orders after carefully noticing the pending buy orders were therefore were able to match the buy order at highest possible price i.e. circuit price.

28. It is noted from the trade details of the Noticees noted above that every time they had placed sell orders, there were relatively huge number of buy orders seeking huge quantities. A reasonable man, being in the position of the Noticees holding shares of an illiquid scrip like Vishvjyoti, would sell his entire or substantial shareholding when he is getting a price in multiples of his purchase price and there are buyers willing to buy the same. Contrary to that, the Noticees in the present case, as noted in the above tables, had entered into only single trades for miniscule quantities like 5, 10, 20 shares on several days with each trade establishing a new high price.

29. A contention made by the 5 seller Noticees is that since the price was on the rise, the Noticees had the perception that the price will continue to rise in future and hence they just sold small quantity of shares in order to make small and momentary profits. It is also submitted that the Noticees checked the market price daily and then decided that they would only sell the shares when they would think that they would be able to receive the maximum prices and get maximum return on the investment. In this regard, I have examined the particulars especially relating to the purchase of shares by the said Noticees, the price and time of the said purchase and the selling pattern of the Noticees. Considering the same, I do not find merit in the above submissions of the Noticees on the following grounds:

29.1. If the Noticees were positive about the upward trend in the scrip of Vishvjyoti, they should have waited for the price of the scrip to attain a level at which selling the shares would fetch them the maximum return. Instead, they chose to sell in miniscule quantities on several dates when the price of the scrip was witnessing an upward trend.

29.2. It is worth mentioning that the upward movement in the price of the scrip of Vishvjyoti so anticipated by the 5 seller Noticees could not have been possible without the LTP contribution of the Noticees contributed through their sell trades on different dates because they were the only sellers in the market on those dates.

29.3. Looking at the quantity of shares bought by the Noticees in off-market transactions (noted in the table above containing “*Details of purchase of shares by the Noticees*”) and average quantity of shares sold by them on one day (conservatively taken as 10 in view of their trade details noted above), it would have taken 1000, 1000, 500, 140 and 195 trading days respectively for Shaji Rajappan, Rajesh Patel, Gopal Chandra Agarwal, Manish Arora and Anil Kumar to maximise their returns as has been sought to be contended by them. Evidently, the Noticees did not sell on these many instances. Further, it looks like an impossible proposition for the price of a scrip to remain in an upward trend for as many as 1000 trading days.

30. Considering the above, I find that the trading behaviour of the seller Noticees was not genuine even as individuals and regardless of any connection amongst them. However, without prejudice to the above findings, even in absence of any direct connection amongst the seller Noticees, I find it pertinent to highlight the following facts which indicate that the 5 seller Noticees were in fact connected to each other:

30.1. All of them bought shares through off-market transactions;

30.2. All of them bought shares at around the same point of time i.e. when the entire shareholding of Vishvjyoti was in physical form;

- 30.3.** Pursuant to their purchases, only these 5 entities held the shares which were tradable on the stock exchange;
- 30.4.** All of them sold shares in miniscule quantities;
- 30.5.** The 5 sellers sold shares turn by turn in the market i.e. From May 31, 2013 to February 19, 2014 – when these 5 sellers sold their shares, their sell trades never overlapped.
- 30.6.** All of them sold the shares at the circuit price in every trade.
- 30.7.** Collectively, they were able to pump up the price of the scrip.
- 31.** It will be too much of a coincidence when 5 entities behave in the same manner and exhibit similar trading pattern and the said behaviour / trading pattern benefits all of them. Considering the above, the preponderance of probability leads us to the conclusion that all these 5 sellers were connected to each other and acted under a premeditated scheme whereunder they placed orders in such a manner so as to raise the LTP to the maximum limit possible.
- 32.** Apart from the above, the Noticees in their recent submissions have all relied upon the order of Hon'ble SAT in the matter of *Nishith M. Shah HUF v. SEBI* to support their contention that establishing a connection between the buyer and seller is a *sine qua non* for establishing price manipulation. In this regard, it is relevant to mention that while in a conventional case of synchronized or circular trading, in order to establish price manipulation, establishing the connection between the buyer and seller may be essential, but there can be instances wherein a buyer or a seller alone can manipulate the price or volume of a scrip. In my view, the overall scheme of PFUTP Regulations envisages unilateral commission of fraud by a person. The definition of fraud under regulation 2(1)(c) lists out various acts / omissions by a person such as known misrepresentation, active concealment, reckless and careless representation, deceptive behavior, false statement, etc. which do not presuppose the connection of the person committing the same with another. Further, regulations 3 and 4 of the PFUTP Regulations also use phrases such as no person shall use or employ, no person

shall indulge, etc. and do not at all places stipulate the requirement of a connection between two parties to a transaction in order to establish a violation. Further the prohibition of fraudulent dealing in securities includes an act of fraudulent buying or selling. It may be noted that the unilateral act of fraudulent buying or selling is also included in the definition of fraud under FUTP Regulations. There can be instances where artificial demand and price rise can be created choosing to buy unilaterally without any collusion with the counterparties. Therefore, the Regulations make it clear that unilaterally by virtue of fraudulent selling a person can manipulate the price of a security. In this context, I find it important to mention that the order passed by Hon'ble SAT in the matter of *Nishith Shah* has to be viewed in light of other orders passed by Hon'ble SAT in relation to cases involving violations by sellers on account of miniscule trading in shares. The relevant portions of these orders are quoted below:

32.1. Jayprakash Bohra v. SEBI (order dated November 05, 2019):

“... The modus operandi, according to the learned counsel, is to revive, on paper, a dormant listed company with very little share capital; go for a preferential allotment and by trading in very small number of shares at inflated prices or far away prices from LTP between the group entities to show considerable activity of trading in the scrip and thereby induce the retail/other investors and thereby provide an exit route to the group entities, including the preferential allottees. All these symptoms are present in this matter.

...

The submission that all the holdings of the appellant are in normal course of business has no merit as the entire issue in the matter is not normal course of business....Moreover, out of 1,050 shares of Gromo obtained off-market in an inexplicable way by the appellant more than half of it was sold in small tranches; most of the time placing sell order at far away prices than LTP. The said trading pattern and the other connections as explained above is sufficient enough to

prove that the appellant was part of the group that created the artifice/scheme and therefore finding in the impugned order that the appellant has violated the stated provisions of the PFUTP Regulations cannot be faulted.”

32.2. *Giriraj Kumar Gupta HUF v. SEBI* (Order dated February 25, 2020):

“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. The appellants have not given the details of their off-market transactions with an entity which is also found to be part of the group which manipulated the scrip of RMCL. The unwillingness of the appellants in giving the details of those off-market transactions and in turn placing buy orders above LTP in the market subsequently cannot be viewed in isolation. The argument submitted by the learned counsel for the appellants that no further connection has been established therefore has no merit in the totality of the facts and circumstances of the case. In such matters, the preponderance of probability based on the totality of circumstances, as held by the Apex Court in the matter of Kishore R. Ajmera (2016) 6 SCC 368 squarely applies. The orders in Jayprakash Bohra (Supra) and Shri Lakhi Prasad Kheradi (Supra) also apply the same ratio.”

32.3. *Mrs. Kalpana Dharmesh Chheda v. SEBI* (Order dated February 25, 2020):

“5. The crux of the charge against the appellants is, that the appellants have placed sell orders in single shares or in very small quantities at higher and higher price on 55 days during the relevant period thereby contributed to a total of Rs. 320.45 to market positive LTP through 52 trades. Therefore, it has been held that appellants’ trade had been of a market manipulative nature and therefore appellants have violated the stated provisions of the PFUTP Regulations, 2003.

...

9. We do not find much merit in the submissions made by the learned counsel for the appellants though generally it can be stated that selling at a price higher than the LTP particularly when buy orders are available in the system cannot be considered as manipulative in itself. However, looking at the pattern of trading done by the appellants and the fact that the appellants have derived considerable financial benefit through that particular scheme or nature of trading we are of the view that the trading pattern adopted by the appellants is of a manipulative and unfair nature and would squarely fall within the ambit of the PFUTP Regulations. The pattern of trade clearly establishes this as it is on 49 occasions that the appellants sold 1 to 5 shares, mostly one share, when in fact the buy orders available in the system was much higher. This behaviour cannot be justified in terms of normal rational expectations of a seller. It is on record that the appellants were among the top two net sellers during the relevant period. Therefore, when the appellants were holding a large number of shares (Appellant No. 1 – 15045 shares and Appellant No. 2 – 1009 shares), their selling miniscule quantity of one share each on more than four dozen occasions is nothing but a strategy of manipulation and unfairly benefiting by off-loading the entire shareholding after raising the price to considerable levels. The Appellant No. 1 was able to sell off 7000 shares on 17th, 18th, and 19th February, 2014 at prices ranging from 182.45 to 189.75. Similarly, on 21st, 24th and 25th March, 2014 the appellants together sold 10174 shares at prices in the range of 226.05 to 249.20.”

33. Having perused the above judgments of Hon'ble SAT, I am of the view that all the orders passed by Hon'ble SAT quoted in this order in relation to alleged manipulative trading by sellers, have been decided by Hon'ble SAT on the basis of specific facts of each case. A combined reading of the above mentioned orders of Hon'ble SAT indicates that in the opinion of Hon'ble SAT, there is no “single” or “only” test to determine the charge of price manipulation in cases wherein the primary charge is emanating from miniscule trading by the sellers over a period of time at the highest possible price on each day. Thus, while

establishing the connection between the buyer and the seller may be one approach for determining price manipulation as has been held in *Nishith Shah* case, there can also be other approaches as adopted by Hon'ble SAT in the cases of *Mrs. Kalpana Dharmesh Chheda*, *Giriraj Kumar Gupta HUF* and *Jayprakash Bohra* through which price manipulation can be established. I, therefore find that the reliance on the order of *Nishith Shah* alone in such a manner is misplaced. It is relevant to mention here that in the present case, reliance is being placed on the behaviour of the sellers and the *inter se* connection amongst them as discussed in paragraphs 30 and 31 above.

34. The seller Noticees have also raised a contention that they did not induce any one to deal in securities. In this regard, I note that under regulation 2(1)(c) of the PFUTP Regulations, "fraud" has been defined to include any act, expression, omission or concealment committed *in order to* induce another person to deal in securities. Thus, any act/ expression / omission / concealment committed towards inducing another person to deal in securities would be covered within the definition of fraud, and actual inducement would not be required. Nonetheless, in the instant case the facts demonstrate that actual price rise had occurred which shows that there was actual inducement. Therefore, the submission, in my view, is incorrect since the LTP contribution by the sellers led to price rise which resulted in huge demand for the shares. Thus, the buyers were induced to purchase the shares because of the price rise caused by the sell trades of the Noticees.

35. It has been contended by certain Noticees that they had also traded in other scrips in similar pattern of buying and selling in small quantities. To refer to the said transactions, I note that the Noticees have cited solitary instances of buy / sell without addressing the aspect of LTP contribution by the said shares. Thus, the said transactions do not exhibit the pattern similar to what has been noticed in the present case. I am therefore unable to accept the submissions of the Noticees in this regard.

36. The above discussed trading behaviour of the Noticees does not in any manner appear to be genuine and for the claimed purpose of investment/profit. In this present case, this trading pattern in light of the circumstances discussed above, exhibits an intent of marking a new high price every day with significantly low volumes and also appears to be devoid of any economic rationale. Thus, the preponderance of probability leads us to the conclusion that the trades were executed by the Noticees in a manipulative manner for increasing the price of the scrip of Vishvjyoti. In view of the above, I find that the Noticees namely, Shaji Rajappan, Anil Kumar, Rajesh Patel, Gopal Chandra Agarwal and Manish Arora, have violated Regulations 3(a),(b),(c),(d), 4(1), 4(2) (a),(e) of SEBI (PFUTP) Regulations, 2003.

B. Whether Shailesh Ghansham Parab and Mittal Share Brokers Pvt. Ltd. acted in collusion with the other Noticees to indulge in price manipulation of the scrip of Vishvjyoti?

37. As regards Shailesh Ghansham Parab and Mittal Share Brokers Pvt. Ltd., I note that the allegation of collusion with the other 5 Noticees for indulging in price manipulation in the scrip of Vishvjyoti is based on the following facts noted in the SCN:

37.1. Shailesh Ghansham Parab was director in two companies in which a person named Yuvraj Shetty (a director of Vishvjyoti) was also a director. Likewise, he was also a director in two companies in which a person named Kishor Gopal Patil (another director of Vishvjyoti) was also a director. Thus, allegedly he was connected with the company – Vishvjyoti.

37.2. Shailesh Ghansham Parab was a director in Mittal Share Brokers Pvt. Ltd.

37.3. Shailesh Ghansham Parab was the dealer for trades of Rajesh Patel and Shaji Rajappan (who had the same address as Mittal Share Brokers Pvt. Ltd.)

37.4. Mittal Share Brokers Pvt. Ltd. was the sub-broker for the trades of Rajesh Patel and Shaji Rajappan.

37.5. Shailesh Ghansham Parab had bought shares of Vishvjyoti in physical form on April 27, 2013 and got them dematerialized on May 13, 2013.

38. Thus, the gravamen of the charge against Shailesh Ghansham Parab is that he was connected to the company whose scrip price was manipulated and had acted as a dealer for two clients whose contribution to the LTP was significant. The SCN does not bring out any other finding against him to show that he was colluding with the LTP contributing sellers. No fault can be found with, Shailesh Ghansham Parab placing orders of his employer's (sub-broker's) clients as per their instructions because that would be his assigned job. As regards his connection with the company – Vishvjyoti, there is no allegation in the SCN that the company had any role in the manipulation of the prices of its scrip, and therefore, even if he had a connection with the company, it does not lead us anywhere towards the collusion with the 5 seller Noticees in manipulating the price of the scrip. Further, there is no allegation in the SCN that Shailesh Ghansham Parab had sold the shares of Vishvjyoti after dematerializing the same. Thus, I am of the considered view that the SCN does not bring out the facts or circumstances so as to establish the allegation of collusion of Shailesh Ghansham Parab with other Noticees for manipulating the price of the scrip of Vishvjyoti.

39. As regards the sub-broker - Mittal Share Brokers Pvt. Ltd., the charge of collusion in the SCN is based on the fact that it has acted as a sub-broker for Rajesh Patel and Shaji Rajappan and that Shailesh Ghansham Parab was its director. Apart from these facts, there is no material to impute the knowledge of the non-genuine trades of its clients or to show mala fide on its part or to establish lack of vigilance on part of the sub-broker. Mere placement of trades for clients cannot be considered as an evidence of collusion with the clients.

40. In view of the above, I find that the SCN lacks on the material based on which the collusion of Shailesh Ghansham Parab and Mittal Share Brokers Pvt. Ltd. with the other Noticees can be established.

C. If the answers to issues A and B are in the affirmative, what directions are required to be issued against the Noticees?

41. As noted above, as against Shailesh Ghansham Parab and Mittal Share Brokers Pvt. Ltd. the material on record is insufficient to establish the violations of Regulations 3(a),(b),(c),(d), 4(1), 4(2) (a),(e) of SEBI (PFUTP) Regulations, 2003. Thus, no directions are required to be issued against these 2 Noticees.

42. As regards the other Noticees namely, Shaji Rajappan, Anil Kumar, Rajesh Patel, Gopal Chandra Agarwal and Manish Arora, the violations of Regulations 3(a),(b),(c),(d), 4(1), 4(2) (a),(e) of SEBI (PFUTP) Regulations, 2003 have been established. In view of this, appropriate directions debarring these entities from the securities market need to be issued against them.

Order:

43. Considering the findings recorded in this order pertaining to the violations committed by them, I, in exercise of the powers conferred upon me under sections 11(4) and 11B of the Securities and Exchange Board of India Act, 1992 read with section 19 thereof, hereby restrain Shaji Rajappan, Anil Kumar, Rajesh Patel, Gopal Chandra Agarwal and Manish Arora from accessing the securities market and buying, selling or dealing in securities, either directly or indirectly, in any manner for a period of six (6) months from the date of this order. Needless to say that in view of the prohibition on sale of securities, during the period of restraint, the existing holding, including units of mutual funds, of Shaji Rajappan, Anil Kumar, Rajesh Patel, Gopal Chandra Agarwal and Manish Arora

shall remain frozen.

- 44.** It is made clear that if Shaji Rajappan, Anil Kumar, Rajesh Patel, Gopal Chandra Agarwal and Manish Arora have any open positions in any exchange traded derivative contracts, they can close out/ square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. It is also clarified that these Noticees can settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of March 26, 2020.
- 45.** Since the violations alleged in the SCN against Shailesh Ghansham Parab and Mittal Share Brokers Pvt. Ltd. have not been established, no directions are required to be issued against them. Thus, the SCN as against them is accordingly disposed off.
- 46.** The order shall come into force with immediate effect.
- 47.** A copy of this order shall be served upon all recognized Stock Exchanges, Depositories and the Registrar and Share Transfer Agents to ensure compliance with the above directions.

Sd/-

DATE: March 26, 2020

PLACE: Mumbai

**MADHABI PURI BUCH
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA**