BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/BD/VS/2020-21/8480-8505]

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

In respect of :

1.Puspal Chandra, **PAN: ACRPC1647G** Nabadal Road PO-Hridaypur-Choubis Parganas North-West Bengal 743204	**2. Dilip Kumar Mandal**, **PAN: BQCPM7585H** U P Para Kanpur Bardron Diamond Harbour Nt Bardron Hospital- South 24 Parganas- East Bengal 743332	**3 Sanjoy Chandra**, **PAN: AHSPC1661N** Nabadal Road PO-Hridaypur-Barasat-1, North 24 Parganas, Kolkata, West Bengal 700127
4. Mina Chandra, **PAN: AEMPC2501C** (i) Shantinagar, Po-Hridaypur, 303 Barasat, North 24 Parganas, Kolkata, West Bengal 743204 (ii) Nabadal Road PO-Hridaypur- North 24 Parganas, Kolkata - West Bengal 700127	**5. Prakash Mulji Vora**, **PAN: AACPV8263G** 1/3,Zalawad Nagar, Juhu Lane, C.D. Bafriwala Marg, Andheri (W), Mumbai 400058,	**6. Shilpa Maheshwari** **PAN: AINPM2448P** i) C/o Lead Stone Energy Ltd., 19, R.N. Mukherjee Road, Main Bldg., 1st floor, Kolkata, 700001. ii) Flat No.101, Block B, Ganges Residency, 36, Tolly gunge Circular Road, Opp. SBI, Kolkata, 700053
7. Subhash Gangaprasad Gupta, **PAN: AJQPG4738E** Ganga Prasad Chawl, R.No.137, Sanghani Estate, Mumbai 400086 ii)2/2 Savitri Devi Chawl Subhash Nagar, Kulkarni Wadi, Ashlafa Village, Ghatkopar (W), Mumbai 400084	**8. Mital Dhirajlal Shah,** **PAN: BTWPS3749C** Nr. Dr. Gogri's Clinic, Navapura-Kutch, Gujarat 370465	**9. Amit Mahendra Vyas,** **PAN: ACBPV0578K** 311 D Shiv Tej Bldg, Shiv Shrusti Complex, RNP Park, Nr. Jesal Park, Bhayander (E), Thane 401105
10. Yogesh Sharma, **PAN: CZQPS8304C** No. 4th floor, Silver Metropolis, Opp. Bimbisar Nagar Jai Coach Compound, Goregaon (E), Mumbai 400065	**11. Hemant Vasant Limbachia,** **PAN: ADBPL4062H** Harinivas, R.NO.17, Daulat Nagar, Road No.7, Borivali (E), Mumbai 400066	**12. Ramji Karsan Hirani,** **PAN: ACYPH7822F** i)Surajpar Bhuj, Kutch-Bhuj-Gujarat 370001 ii)Jakhaniya Post Talwana Farm House, Mandvi, Gujarat 370465

13. Bharat Vasantlal Thakker, **PAN: ACBPT1812C** 505-A, Gokul Apts., Kewanipada, S.V. Road, Jogeshwari (W), Mumbai 400102	**14. Shreechand Gulabchand Sarda,** **PAN: AAZPS3070K** 10/12, Chandralok, Manav Mandir Road, Mumbai 400006	**15.Sanjaykumar Sukhdevaram Maharshi,** **PAN: AQGPM2184D** 603, Maheshwari Pragati Mandal, JSS Road,Chira Bazar, Mumbai 400002
16. Rajesh Kumar Maheshwari HUF, **PAN: AALHR6747N** Block B, 1st floor, Ganges Residency,36, Tolly gunge Circular Road, Kolkata, West Bengal 700053	**17. Amol Shreechand Sarda.** **PAN: ANVPS5646N** 10/12/ Chandralok, Manav Mandir Road, Mumbai 400006	**18. Parul Somani,** **PAN: BBYPS1156D** i) 85b New Station Road, Hind Motor Hooghly-Kolkata, West Bengal 712233 ii) Shanti Mansion, 3rd floor, 24, I Sukanta Sa-Hooghly-West Bengal 712232
19. Dilip Khatri, **PAN: AVEPK4959M** House No.57, Ramdeo Road, P&T Colony, Pali, Rajasthan 306401	**20. Vandana Shankar Magar,** **PAN: BLWPM8541C** Vicky Nivas Chawl No.1, Room No.1, Atali, Ambiwali,Mumbai 412101	**21. Kavshalyadevi Gulabchand Sarda,** **PAN: ANVPS9042G** 10/12, Chandralok Manav Mandir Road, Mumbai 400006
22. Nilesh Tukaram Ghadshi, **PAN: AJLPG0362K** Jayanti Stoappa, Near Dhobighat Manjrekar Road, Rawali Camp, Sion Koliwada, Mumbai 400037	**23. Raj Kumar Sharma,** **PAN: BMIPS9482B** 32, Sir Hari Ramgoen Ka Street, Kolkata, West Bengal 700007	**24. Rajendra Kumar Kothari,** **PAN: AFUPK9415J** 51/8, G.T. Road (North), Pilkhana Bazar, 1st floor, Howrah, West Bengal 711101
25. Saroj Devi Kothari, **PAN: ARCPK1018M** 51/8, G.T. Road (North), Pilkhana Bazar, 1st floor, Howrah, West Bengal 711101	**26. Nishant Kothari,** **PAN: BJTPK3949M** 51/8, G.T. Road (North), Pilkhana Bazar, 1st floor, Howrah, West Bengal 711101	

IN THE MATTER OF M/S PS IT INFRASTRUCTURE AND SERVICES LTD.

1. Securities and Exchange Board of India ("SEBI") conducted an investigation into the trading and dealings in the scrip of PSIT Infrastructure and Services Ltd. (hereinafter referred to as 'PSIT/the company') as it observed abnormal movement in the price of the scrip on Bombay Stock Exchange Ltd. ("BSE") during May 01, 2012 to July 31, 2015 (hereinafter referred to as the "investigation period / IP").

2. It was observed that the company had made a preferential allotment of 1,10,00,000 shares of Rs. 10/- each at par on July 23, 2012 to 49 non-promoter entities. Further, two companies namely, Crescent Digital Technologies Limited and Swift IT Infrastructure and Services Ltd. merged with PSIT on June 05, 2013. Pursuant to the merger, 4,25,20,000 equity shares of Rs.10/- each were issued by PSIT. The new securities of PSIT were listed on BSE and permitted for trading on exchange w.e.f. August 13, 2013. Moreover, there was a sub-division of Rs. 10/- per share of the Company into the shares of Rs. 1/- each w.e.f. September 03, 2014.

3. Investigation revealed that the maximum price rise in the scrip of PSIT occurred during the period May 01, 2012 to February 11, 2014 (hereinafter referred to as *'the price rise period'*). During *this price rise period* the price rose from Rs. 50 to Rs. 466.95.

4. The Price Volume details of the scrip during *this price rise period* are as follows:

Dates		**Opening Price (volume) on first day of the period(Rs.)**	**Closing price (volume) on last day of the period (Rs.)**	**Low price(volume) during the period (Rs.)**	**High Price(volume) during the period (Rs.)**	**Avg. no. of (shares) traded daily during the period.**
May 01-2012 to February 11, 2014	**Price**	50	466.9	4.95 (21/05/12)	466.9 (11/02/14)	107.59
	Vol	900	103	1 (17/10/13)	6050 (19/11/13)	

5. PSIT scrip was under suspension for trading from May 19, 2004 to February 9, 2012 and even after revocation of suspension, there was no trading till May 21, 2012. Investigation revealed that on May 21, 2012, only one trade took place. Subsequently, after a gap of almost 8 months, the trading started from January 2013 onwards when 59 trades took place till May 2013 and 123 trades took place from September 10, 2013 to February 11, 2014.

6. There were a total of 185 trades for 17,431 shares on 162 trading days in PSIT scrip during *this price rise period*. On 155 days, there was only one trade in the scrip. Further, 45 entities bought and 35 entities sold during the period.

7. Investigation observed that the trades by the sellers contributed to increase in the Last Traded Price (LTP) by a total of Rs. 462.65 during *this price rise period* (positive LTP). Further, 22 out of 35 sellers were connected to each other on the basis of off-market transfers and common addresses.

8. It was observed that the 22 seller entities received shares in the off-market from 4 entities namely, Rajendra Kothari, Saroj Devi Kothari, Nishant Kothari and Raj Kumar Sharma.

9. The name and details of connections of the Noticees are as follows-

Table 1

Sn.	**Name**	**Connection**
1.	Puspal Chandra	**Entities at Sl. No. 1-8** Received shares in off market from Rajendra Kothari (at Sl. No. 23) **Entities at Sl. No. 9-14** Received shares in off market from Saroj Devi Kothari (at Sl. No. 24) **Entities at Sl. No. 15-22** Received shares in off market from Nishant Kothari (at Sl. No. 25) **Entities at Sl. No 23- 25** Same address (51/8 G. T. Road (N) Pilkhana Bazaar, Howrah, West Bengal, India, 711101). They also transferred shares through off-market transactions to Noticees No. 1 to 22 as noted above at around the same period of time. **Entities at Sl. No. 26** Transferred shares in the off market to Puspal Chandra (Entity at Sl. No. 1) **Entities at Sl. No. 1,9,16** Same address (Nabadal Road, PO- Hridaypur, North 24 Parganas, Kolkata, 700127) as per UCC data received from BSE. They also purchased shares in off-market from 3 entities i.e. Noticees No. 23 to 25 who belong to one family. **Entities at Sl. No. 5,6,8**
2.	Mital Dhirajlal Shah	
3.	Amit Mahendra Vyas	
4.	Yogesh Sharma	
5.	Shreechand Gulabchand Sarda	
6.	Amol Shreechand Sarda	
7.	Dilip Khatri	
8.	Kavshalyadevi Gulabchand Sarda	
9.	Sanjoy Chandra	
10.	Shilpa Maheshwari	
11.	Subhash Gangaprasad Gupta	
12.	Sanjaykumar Sukhdevaram Maharshi	
13.	Rajesh Kumar Maheshwari HUF	
14.	Parul Somani	
15.	Dilip Kumar Mandal	
16.	Mina Chandra	
17.	Prakash Mulji Vora	
18.	Hemant Vasant Limbachia	
19.	Ramji Karsan Hirani	
20.	Bharat Vasantlal Thakker	
21.	Vandana Shankar Magar	
22.	Nilesh Tukaram Ghadshi	
23.	Rajendra Kothari	

24.	Saroj Devi Kothari	Same address (10-12 Chadralok B, ManavMandir Road, Mumbai, Maharashtra, India, 400006) as per UCC data received from BSE. They purchased shares in off-market from Rajendra Kothari.
25.	Nishant Kothari	
26.	Raj Kumar Sharma	**<u>Entities at Sl. No. 10,13</u>** Same address (B- 101, Ganges Residency, 36 Tollygunge Circular Road, Kolkata, 32, 700053) as per UCC data received from BSE. They also purchased shares in off market from Saroj Devi Kothari

(The entities named in this Table are hereinafter collectively referred to as "the Noticees" and individually by their respective names or the no. at which they appear in this Table).

10. Investigation revealed that 22 seller entities (Sl no 1-22 of table 1 above) who received shares in the off-market from 4 entities (Sl no 23-26 at table 1 above) sold majority of the shares in the market over a period of four months on September, 2013 onwards. The dates on which shares were transferred (off- market) to the 22 seller entities and the subsequent period during which these entities sold the shares in the market are given below:

Table 2

S. No.	**Name of seller**	**Period of trading by the LTP contributors**		**Shares received from (Quantity of shares received)**	**Date of receipt**
		Beginning date	**End date**		
	A	**B**	**C**	**D**	**E**
1.	Puspal Chandra	06/11/13	17/01/14	Raj Kumar Sharma (100) Rajendra Kothari (50)	10/10/13
2.	Dilip Kumar Mandal	31/01/13	17/10/13	Nishant Kothari (100)	28/01/13
3.	Sanjoy Chandra	05/11/13	15/01/14	Saroj Devi Kothari (50)	10/10/13
4.	Mina Chandra	08/11/13	10/02/14	Nishant Kothari (100)	15/10/13
5.	Prakash Mulji Vora	08/10/13	07/02/14	Nishant Kothari (50)	25/09/13
6.	Shilpa Maheshwari	24/10/13	04/02/14	Saroj Devi Kothari (50)	25/09/13
7.	Subhash Gangaprasad Gupta	29/10/13	31/01/14	Saroj Devi Kothari (50)	25/09/13
8.	Mital Dhirajlal Shah	07/10/13	28/01/14	Rajendra Kothari (50)	03/10/13
9.	Amit Mahendra Vyas	25/10/13	29/01/14	Rajendra Kothari (50)	03/10/13
10.	Yogesh Sharma	21/10/13	30/01/14	Rajendra Kothari (50)	03/10/13
11.	Hemant Vasant Limbachia	18/10/13	23/01/14	Nishant Kothari (50)	08/10/13
12.	Ramji Karsan Hirani	18/11/13	06/02/14	Nishant Kothari (50)	08/10/13
13.	Bharat Vasantlal Thakker	01/10/13	21/01/14	Nishant Kothari (50)	25/09/13
14.	Shreechand Gulabchand Sarda	04/10/13	22/01/14	Rajendra Kothari (50)	19/09/13
15.	Sanjaykumar Sukhdevaram Maharshi	14/11/13	27/01/14	Saroj Devi Kothari (50)	30/09/13

16.	Rajesh Kumar Maheshwari HUF	26/12/13	03/02/14	Saroj Devi Kothari (50)	25/09/13
17.	Amol Shreechand Sarda	03/10/13	05/02/14	Rajendra Kothari (50)	19/09/13
18.	Parul Somani	28/10/13	02/01/14	Saroj Devi Kothari (50)	25/09/13
19.	Dilip Khatri	23/10/13	31/12/13	Rajendra Kothari (50)	03/10/13
20.	Vandana Shankar Magar	24/09/13	30/12/13	Nishant Kothari (50)	19/09/13
21.	Kavshalyadevi Gulabchand Sarda	27/09/13	28/11/13	Rajendra Kothari (50)	19/09/13
22.	Nilesh Tukaram Ghadshi	25/09/13	13/11/13	Nishant Kothari (50)	19/09/13

11. In view of the above, it is observed that majority of the 22 seller entities who received shares in the off-market, began to sell their shares in the market within a month of off-market share transfer, except entities at serial no. 7, 12, 15 and 18 of Table no. 2 who began to sell shares within 1-2 months from the date of receipt of shares in off- market and entity at serial no. 16 of Table 2, who began to sell shares after three months from the date of receipt of shares in off- market.

12. During the investigation, the order book analysis of the 22 seller entities revealed that there was a large demand (buy order quantity) for PSIT shares during the period in which 22 seller entities sold in the market. However, it was found that despite large demand, the 22 seller entities repeatedly placed sell orders for less than 10 shares (single digit quantity) at upper limit of daily price band of the PSIT scrip. For instance, analysis of the orders of one of the seller entity, Puspal Chandra is given below:

Table 3

Order date	**Order time**	**Order No.**	**Client name sell**	**Sell order rate**	**sell order qty**	**Pending buy order at this price**	**LTP variation**	**Share holding before sell order**
06/11/2013	15:07:20.245570	12000019004929	Puspal Chandra	132.8	5	6000	2.6	145
11/11/2013	14:43:15.033958	22000024013535	Puspal Chandra	138	4	2200	2.75	140
02/12/2013	14:52:50.733942	15000024011733	Puspal Chandra	185.45	2	3200	3.6	136
09/12/2013	14:50:17.021228	18000065014518	Puspal Chandra	199.95	4	6575	-0.7	129
10/12/2013	14:08:36.686782	14000022011439	Puspal Chandra	203.9	2	6725	3.95	125
06/01/2014	14:45:37.682664	12000105009616	Puspal Chandra	285.05	5	1220	5.55	123
08/01/2014	14:58:50.405821	22000019005872	Puspal Chandra	296.55	5	1651	5.8	118
10/01/2014	14:53:10.409783	15000019011446	Puspal Chandra	308.45	6	1100	6	113
13/01/2014	15:00:38.353529	12000108391226	Puspal Chandra	314.6	5	550	6.15	107

17/01/2014	15:24:31.255386	12000105394872	Puspal Chandra	333.75	6	2135	6.5	102

13. It is observed from the above analysis that Puspal Chandra was repeatedly placing sell orders for very small quantity as compared to the number of shares held by him when sufficient buy orders were pending. Investigation revealed that the sell order placement by the remaining 21 seller entities was similar.

14. Further, the Investigation revealed that the 22 seller entities were sellers in 120 out of the 160 trades which contributed to positive LTP increase during the period when the price increased from Rs 50 to Rs 466.9. Further, the trades of the 22 seller entities together contributed Rs. 400.45 to the market positive LTP increase (in 120 trades), which is 86.56% of market positive LTP increase during the period. Their contribution to the net LTP increase was Rs. 399.75 which is 95.88% of the net LTP increase during the period.

15. The details of LTP contribution by the 22 sellers are as follows:

S. No.	**Seller Name**	**Net LTP**				**Positive LTP**			
		LTP Difference (Rs.)	**% LTP difference**	**No. of trades**	**Trade Quantity**	**LTP Difference (Rs.)**	**% LTP difference**	**No. of trades**	**Trade Quantity**
1	Puspal Chandra	42.2	10.12	10	44	42.9	9.27	9	40
2	Dilip Kumar Mandal	33.95	8.14	38	98	33.95	7.34	38	98
3	Sanjoy Kumar Chandra	31.65	7.59	8	32	31.65	6.84	8	32
4	Mina Chandra	25.6	6.14	5	26	25.6	5.53	5	26
5	Prakash MuljiVora	22.65	5.43	5	26	22.65	4.90	5	26
6	ShilpaMaheshwari	22	5.28	4	24	22	4.76	4	24
7	SubhashGangaprasad Gupta	18.9	4.53	4	26	18.9	4.09	4	26
8	MitalDhirajlal Shah	18.25	4.38	5	24	18.25	3.94	5	24
9	Amit Mahendra Vyas	18.05	4.33	4	17	18.05	3.90	4	17
10	Yogesh Sharma	17.55	4.21	4	17	17.55	3.79	4	17
11	HemantVasantLimbachia	16.4	3.93	4	20	16.4	3.54	4	20

12	RamjiKarsanHirani	16.3	3.91	3	14	16.3	3.52	3	14
13	Bharat VasantlalThakker	16	3.84	4	18	16	3.46	4	18
14	ShreechandGulabchandSarda	15.3	3.67	3	19	15.3	3.31	3	19
15	SanjaykumarSukhdevaramMaharshi	15.1	3.62	3	16	15.1	3.26	3	16
16	Rajesh Kumar Maheshwari HUF	13.05	3.13	2	11	13.05	2.82	2	11
17	AmolShreechandSarda	12.35	2.96	2	12	12.35	2.67	2	12
18	ParulSomani	10.95	2.63	3	15	10.95	2.37	3	15
19	Dilip Khatri	10.5	2.52	3	13	10.5	2.27	3	13
20	Vandana Shankar Magar	10.3	2.47	3	18	10.3	2.23	3	18
21	KavshalyadeviGulabchandSarda	6.8	1.63	2	8	6.8	1.47	2	8
22	NileshTukaramGhadshi	5.9	1.42	2	9	5.9	1.28	2	9
	Total	399.75	95.88	121	507	400.45	86.56	120	503

16. From the above, it was observed that the 26 group entities i.e. Puspal Chandra, Dilip Kumar Mandal, Sanjoy Chandra, Mina Chandra, Prakash Mulji Vora, Shilpa Maheshwari, Subhash Gangaprasad Gupta, Mital Dhirajlal Shah, Amit Mahendra Vyas, Yogesh Sharma, Hemant Vasant Limbachia, Ramji Karsan Hirani, Bharat Vasantlal Thakker, Shreechand Gulabchand Sarda, Sanjaykumar Sukhdevaram Maharshi, Rajesh Kumar Maheshwari HUF, Amol Shreechand Sarda, Parul Somani, Dilip Khatri, Vandana Shankar Magar, Kavshalyadevi Gulabchand Sarda, Nilesh Tukaram Ghadshi, Raj Kumar Sharma, Rajendra Kumar Kothari, Saroj Devi Kothari and Nishant Kothari (hereinafter referred to as **Noticee-1 to 26** respectively) were part of scheme wherein 4 group entities i.e. Noticee-23 to 26 transferred shares in offmarket to the remaining 22 Noticees, who immediately sold in the market in limited quantity (single digit) despite larger pending buy demand as well as having sufficient shareholding in the scrip. Further, these Noticees-1 to 22 by way of placing multiple sell orders for limited shares each contributed 95.89% to the net LTP and 86.56% to the market positive LTP during the patch with very low volume.

In view of above, the trading/dealing in the scrip by Noticees was observed to be with a manipulative intent to increase the price of the scrip and therefore, it is alleged that the Noticees violated Regulations 3(a),(b), (c) and (d) and 4(1), (2) (a) and (e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as PFUTP Regulations 2003).

Appointment of Adjudicating Officer

17. The undersigned has been appointed as Adjudicating Officer vide order dated May 12, 2017 to inquire and adjudge the alleged violation of Regulations 3 (a),(b),(c),(d) and 4(1), 4(2)(a) and (e) of the PFUTP Regulations, 2003 by the Noticees in the trading of PSIT. The shares of PSIT were listed on Bombay Stock Exchange Ltd. (BSE).

Show Cause Notice, Reply and Personal Hearing

18. A common show cause notice (SCN) dated Novemeber 27, 2017 was issued to the Noticees in terms of Rule 4(1) of SEBI (Procedure For Holding Inquiry And Imposing Penalties) Rules, 1995 (hereinafter referred to as "**AO Rules**")**.**the said Rules to show cause as to why an inquiry should not be held and penalty be not imposed on them for the abovementioned alleged violation of the provisions of law.

19. The SCNs sent by way of speed post were duly delivered to all the Noticees except Noticees 6, 16, 18, 24 and 26. In view of the same, the SCN was delivered to the Noticees - 6, 16, 24 and 26 by way of hand delivery. Further, SCN could not be served by way of affixtue or by hand delivery to the Noticee-18 vide affixture also failed to be delivered. In view of the same, the SCN were sent to the registered email ID of the Noticee-18 as per the Unique Client Code (UCC) details submitted by BSE vide its email dated July 6, 2020. I note that the same was acknowledged as received by the Noticee-18 vide her reply dated July 27, 2020.

20. The replies filed by the Noticees in response to the SCN are summarized in the paragraphs below. The allegations levelled in the SCN have been denied by all the Noticees who have filed their response to the SCN. For the sake of brevity, repetition

of common submissions has been avoided, however, the same have been considered and will be referred at appropriate places in this order.

PUSPAL CHANDRA

21. In the said Notice adverse inferences qua me have been drawn based on the alleged connection as set out in the Notice and by clubbing me with other persons/entities. The said clubbing with others has resulted in distorted conclusions against me. The entire grouping is erroneous and misleading and I have erroneously been lumped with others.

22. The allegations in the Notice proceed on specious and extraneous grounds disregarding the material circumstances. All the allegations are unsubstantiated, unjustified, unwarranted and contrary to factual position on record. The findings smack of predetermined mind to penalize me under some pretext or other, overlooking the obvious that defines the case.

23. It is denied that I had contributed to positive LTP and increased scrip price as alleged. It is submitted that all our trades in the scrip of PSIT were bonafide and in the ordinary course of business, *de hors* sinister intent or design.

24. I am an individual trader/investor in the securities market. Since inception I have been carrying on the business of trading in the securities market with fairness and in accordance with the provision of law. My details of trading activity in the securities market during the period from 2012-13 to 2013-14 are enclosed.

25. It is submitted that there is no connection between me and other sellers who had sold the shares of PSIT during the relevant time.

26. The allegation of connection has been made on basis of the common address and off-market transfers is misleading and I have erroneously been lumped with others without any basis. Based on the alleged connections acts of other persons/entities cannot be fastened on me or any adverse inference drawn against me.

27. In so far as purported connections as set out in Table I, based on the alleged off-market transfer and common address are concerned, the following be noted:

28. In so far as off-market transaction with Rajendra Kothari is concerned, it may be noted that the same was a normal business transactions in the ordinary course and based on the same no adverse can be drawn against me. Further the Notice is silent as to how the said off market transfer has resulted in the violation of PFUTP Regulation.

29. With regard to the common address with Sanjoy Chandra and Mina Chandra it is submitted that both of them are my family members and we stay together at Nabadal Road, PO- Hridaypur, North 24 Parganas, Kolkata, 7000127. It is submitted that all of us were trading in the scrip of PSIT in the ordinary course and based on the same no adverse inference can be drawn against me. It is not the case of SEBI that we all were involved in any circular trade/synchronized trades.

30. It is submitted that the observations pertaining to the receipt of shares from off-market from Raj Kumar Sharma and Rajendra Kothari and the subsequent sale thereafter are a matter of record. However, it is denied that I had contributed to positive LTP as alleged.

31. I had sold the shares in my account on multiple dates i.e. from 06.11.2013 to 17.01.2014. Merely because I had sold the shares in my account during the relevant time when others were also selling, no adverse inferences can be drawn against me. My sales were independent and had nothing to do with the trading done by other entities/ persons. It is submitted that the shares were sold in the ordinary course. It may be appreciated that since the price of the scrip quoting in the market was decent and fetching me good return on investment, I had decided to sell the shares. At the relevant time, I was not aware of other persons/entities who were trading in the scrip and the same is of no concern to me. Further, I am not aware about the mode and manner of trading of the other persons/entities. Based on their trading no adverse inferences can be drawn against me.

32. With regard to the allegation that despite large demand, I placed sell orders for limited number of shares it is submitted that nothing turns on the same and no adverse inference can be drawn against me. Nothing prohibits me from selling the shares in limited quantity. Here it may be appreciated that a prudent Broker/Investor would never sell all of his entire holding on one shot, especially if the price of the scrip is on a bullish trend.

33. It is denied that I was repeatedly placing sell orders for small order quantity across different days and contributed to significant positive last traded price. The said allegation is totally absurd. Admittedly, I was a seller and was placing my sell order based on the best available price pending in the system.

34. As per Table 13 of the SCN it is evident that my sell orders were based on the buy orders which were already pending in the system. I had sold my shares at the said buy order rate pending in the system. As stated hereinbefore, as a seller I would sell the shares at the highest buy order rate pending in the system. Same is a common market practice and based on my legitimate transaction and no adverse can be drawn against me.

35. The quantity of my alleged trades (150 shares) vis a vis the total volume in the scrip of PSIT i.e. 5702.27 during the investigation period was exceedingly insignificant 2.6% to have any kind of impact on either the price or volume of the scrip. The allegation of creating positive LTP cannot sustain in view of the miniscule quantum of my alleged trades (150 shares) during the Investigation Period. Such miniscule quantum of trades cannot result in price rise. Thus, effectively the alleged trades of 150 shares had no impact either on the price or the volume of the scrip.

36. It is submitted that my sales, irrespective of quantity cannot result in positive LTP. It is submitted that the allegation of contribution to positive LTP can be alleged only against a buyer who has placed order at a price higher than LTP. Strangely, no allegation has been made against the buyers/counter parties to my sale in the

SCN. In fact, it appears that no proceeding has been initiated against any of the buyers /counterparties by SEBI.

37. It is submitted that the allegation against sellers for contribution to positive LTP collapses when it is evident that (i) no connection/relationship is established between the counter parties (ii) no action has been taken against the buyers who placed the buy order above LTP and contributed to positive LTP. Further, the allegation against the sellers for contribution of positive LTP further reinforces the preconceived mind set of the Investigating Officer wherein somehow the Investigating Officer wants to hold me guilty ignoring the obvious.

38. Reliance was placed on the order of Hon'ble SAT in the matters of *Smitaben N. Shah vs. Securities and Exchange Board of India* (SAT Order dated 30.07.2010 Appeal No. 37 of 2010) and *Mr. Babubhai Desai v SEBI:* - SAT Order dated 15.02.2016 to submit that there has to be unambiguous and clear evidence in respect of the connection sought to be established among the entities.

DILIP KUMAR MANDAL

39. Making submission on the similar lines as other Noticees, he further submitted that in so far as off-market transaction with Nishant Kothari is concerned, it may be noted that the same was a normal business transactions in the ordinary course and based on the same no adverse can be drawn against me. Further, the Notice is silent as to how the said off market transaction has resulted in the violation of PFUTP Regulation.

40. I had sold the shares in my account on multiple dates i.e. from 31.01.2013 to 17.10.2013. Merely because I had sold the shares in my account during the relevant time when others were also selling, no adverse inferences can be drawn against me. My sales were independent and had nothing to do with the trading done by other entities/persons. It is submitted that the shares were sold in the ordinary course.

41. It is submitted that the quantity of my alleged trades (100 shares) vis a vis the total volume in the scrip of PSIT i.e 20011.74 during the investigation period was exceedingly insignificant i.e. 0.49 % to have any kind of impact on either the price or volume of the scrip. The allegation of creating positive LTP cannot sustain in view of the miniscule quantum of my alleged trades (100 shares) during the Investigation Period. Such miniscule quantum of trades cannot result in price rise. Thus, effectively the alleged trades of 100 shares had no impact either on the price or the volume of the scrip.

SANJOY CHANDRA

42. In so far as purported connections as set out in Table 1, based on the alleged off-market transfer and common address are concerned, the following be noted:

43. In so far as off-market transaction with Saroj Devi Kothari is concerned, it may be noted that the same was a normal business transaction in the ordinary course and based on the same no adverse can be drawn against me. Further, the Notice is silent as to how the said off market transfer has resulted in the violation of PFUTP Regulation.

44. With regard to the common address with Puspal Chandra and Mina Chandra it is submitted that both of them are my family members and we stay together at Nabadal Road, P0- Hridaypur, North 24 Parganas, Kolkata, 700127. It is submitted that all of us were trading in the scrip of PSIT in the ordinary course and based on the same, no adverse inference can be drawn against me. It is not the case of SEBI that we all were involved in any circular trade/synchronized trades.

45. The quantity of my alleged trades (50 shares) vis a vis the total volume in the scrip of PSIT i.e.5594.68 during the investigation period was exceedingly insignificant i.e. 0.89 % to have any kind of impact on either the price or volume of the scrip. The allegation of creating positive LTP cannot sustain in view of the miniscule quantum of my alleged trades (50 shares) during the Investigation Period. Such miniscule

quantum of trades cannot result in price raise. Thus, effectively the alleged trades of 50 shares had no impact either on the price or the volume of the scrip.

MINA CHANDRA

46. In so far as purported connections as set out in Table I, based on the alleged off-market transfer and common address are concerned, the following be noted:

47. In so far as off market transaction with Nishant Kothari is concerned, it may be noted that the same was a normal business transactions in the ordinary course and based on the same no adverse can be drawn against me. Further, the Notice is silent as to how the said off market transfer has resulted in the violation of PFUTP Regulation.

48. With regard to the common address with Puspal Chandra and Sanjoy Chandra it is submitted that both of them are my family members and we stay together at Nabada] Road, P0- Hridaypur, North 24 Parganas, Kolkata, 7000127. It is submitted that all of us were trading in the scrip of PSIT in the ordinary course and based on the same no adverse inference can be drawn against me. It is not the case of SEBI that we all were involved in any circular trade/synchronized trades.

49. I had sold the shares in my account on multiple dates i.e. from 13.11.2013 to 10.02.2014. Merely because I had sold the shares in my account during the relevant time when others were also selling, no adverse inferences can be drawn against me. My sales were independent and had nothing to do with the trading done by other entities/persons. It is submitted that the shares were sold in the ordinary course. It may be appreciated that since the price of the scrip quoting in the market was decent and fetching me good return on investment, I had decided to sell the shares. At the relevant time, I was not aware of other persons/entities who were trading in the scrip and the same is of no concern to me. Further, I am not aware about the mode and manner of trading of the other persons/entities. Based on their trading no adverse inferences can be drawn against me.

50. It is submitted that the quantity of my alleged trades (100 shares) vis a vis the total volume in the scrip of PSIT i.e.7208.53 during the investigation period was exceedingly insignificant i.e. 1.38 % to have any kind of impact on either the price or volume of the scrip. The allegation of creating positive LTP cannot sustain in view of the miniscule quantum of my alleged trades (100 shares) during the Investigation Period. Such miniscule quantum of trades cannot result in price raise. Thus, effectively the alleged trades of 100 shares had no impact either on the price or the volume of the scrip.

SUBHASH GUPTA

51. I bought 50 qty of shares of the above mentioned company on 22/09/2013 from Mrs. Saroj Devi Kothari and paid a sum of Rs. 2,950/-. Copy of Bank statement is enclosed

52. I bought the above share through off-market because there is no volume in the market. Copy of bill is enclosed for your reference. Further, I sold all my shares and copy of Bill is also enclosed for your reference.

53. Further, I sold the shares in piece-meal on various dates because on every sale, I was getting more and more profit. In order to optimize the profit, I sold small quantity on various dates.

AMIT M. VYAS

54. I have Purchased 50 No. of Shares of Parag Shilpa Investment Ltd. Now known as PSIT Infrastructure and Services Ltd. from Mr. Rajendra Kumar Kothari and Paid Rs. 3050/- vide chq. No.256681 of State Bank of India.

55. I have sold the said 50 shares details of below copy of Sales Contract enclosed.

56. This is to inform you that there was no fraudulent interest on my part and there was interest to earn a few revenue.

57. Since the matter was only of 50 shares and a small amount, I had not envisaged any fraudulent act. Again, I had not known that the share price would go up by such an amount.

58. If you check my previous records, earlier too I was trading/investing in a small way but always adhered to the market rules & regulations.

59. The problematic trade was a one off case and I assure you that it will not be repeated. In fact, I also didn't know at that time that shares could not be transferred off market in my account.

HEMANT LIMBACHIA

60. Firstly, I don't know any of 25 other Noticees to whom this SCN is served as mentioned in the show cause notice nor I'm connected with them in any way.

61. I had bought a very small amount of 50 shares of Company as a part of my investment and trading activity. After my purchased, as I stock price went up, I sold part of shares to earn a trading profit.

62. As mentioned in your para 8 of the SCN, that I have sold majority of shares during the period 18/10/2013 till 23/1/2014 and thus contributing to LTP. I would like to highlight that I have sold only 20 shares during the said period from the total 50 shares and while remaining 30 shares were sold during on 15/5/2014 in a single transaction. (Enclosing the statement of sale of transaction).

63. The transaction of 20 shares was being carried out as a trader and investor in the capital market. The trade done by me was based purely on commercial terms as a trader and investor of capital market with no intention to do any type of manipulation in the price of the Company. Further, I would also like to inform you that, neither have I had a business relationship with the Company nor am I related or connected with the any of the Directors, KMP or Promoters of the Company.

SANJAY KUMAR MAHARSHI

64. I purchased 50 shares of the PSIT Ltd on 22/09/2013 from Saroj Devi Kothari and paid Rs.2950/- Copy of Bank statement highlighting Bank Transactions is enclosed.

65. We sold 50 qty of shares and copy of Bill is also enclosed for your reference.

66. 0ff-market purchase because there is no volume in the market. So this was the reason, I brought the above mentioned shares through off-market. copy of bill is enclosed for your reference.

67. Further, I sold the shares in small quantities on various dates because on a daily basis price was increasing. Therefore, I sold some on various intervals to maximize the income.

NISHANT KOTHARI

68. I deny all the allegations levelled against me in the Notice.

69. In the said Notice adverse inferences qua me have been drawn based on the alleged connection as set out in the Notice and by clubbing me with other persons/entities. The said clubbing with others has resulted in distorted conclusions against me. The entire grouping is erroneous and misleading and I have erroneously been lumped with others.

70. The said off-market transfer made to the abovementioned entities were made in an independent manner and in the ordinary course of business and that I was not aware of any transaction which took place after the scrips were transferred to the entities. Further, I had no connection with any of the mentioned entities who traded in the said scrip of PSIT during the relevant time.

71. With respect to the said sale of share in the market by the abovementioned entities, I would like to state that I was not related to any of the entities as mentioned in the notice and was not aware of the subsequent sale of shares and as to whether the sales have resulted in increase of LTP. It is reiterated that I was not a part of a manipulative scheme as alleged. It is submitted that transfer of the scrip of PSIT were bonafide and in the ordinary course of business, dehors sinister intent or design.

72. I am an individual trader/investor in the securities market. Since inception I have been carrying on the business of trading in the securities market with fairness and in accordance with the provision of law.

73. I have never defaulted in meeting my payment or delivery obligations to the brokers or the Exchange.

74. It may be noted that the preferential allotment made by PSIT had the approval of the shareholders and stock exchanges and details about the same were in public domain and nobody had raised any grievance about the same during the relevant period. Further, as stated herein before I had no role whatsoever to play in the trading done by various entities/persons (as set out in the Notice) in the scrip. Even there is no allegation to this effect in the Notice.

75. It is submitted that there is no connection between me and other sellers who had sold the shares of PSIT during the relevant time save and except as a seller.

76. In so far as off-market transaction with seller entities is concerned, it may be noted that the same was a normal business transactions in the ordinary course and based on the same no adverse can be drawn against me.

77. With regard to the common address with Rajendra Kumar Kothari and Saroj Devi Kothari it is submitted that both of them are my family members and we stay together at 51/8 G. T. Road (North), Pilkhana Bazar, 1st Floor-Howrah- West Bengal- 711101. It is submitted that all of us had transferred the shares of PSIT in

the ordinary course and based on the same no adverse inference can be drawn against me. It is not the case of SEBI that we all were involved in any circular trade/synchronized trades.

78. I am not aware of the subsequent transfer/ sale by the said entities and the same is of no concern to me. Further, I am not aware that the sales made by the entities were at above LTP. There is nothing in the SCN to demonstrate that I was aware of the sales done by the said entities at above LTP and in the absence of the same no adverse inference can be drawn against me.

79. I would like to bring to your notice that my transaction with the 8 entities was independent and made in the ordinary course of the business. I invite your attention to the Order passed by the Hon'ble Securities Appellate Tribunal in the matter of *Smitaben N. Shah vs. Securities and Exchange Board of India* (SAT Order dated 30..07.2010 Appeal No. 37 of 2010) wherein it was inter alia observed as follows:-

"We cannot lose sight of the fact that a serious charge like fraudulent trading cannot be established on the basis of these tenuous and far fetched connection. In this view of the matter, we have no hesitation to hold that the appellants did not act in tandem with any of the entities referred to in Annexure 2 as alleged in the show cause notice and found by the whole time member."

80. In another SAT order dated Mr. *Babubhai Desai v SEBI* it was inter alia observed as follows:-

"There has to be unambiguous and clear evidence in respect of the connection sought to be established among the ten appellants by the learned adjudicating officer in the impugned order. The guilt or culpability of each of the appellants has to be analyzed and established separately before holding them guilty of forming an alleged group to manipulate the price or volume in a given case. Mere common landline number or that of the accountant of the appellants would not by itself convert certain entities into a group or concert who could have jointly traded in a design. It is a serious charge and

hence cogent and convincing evidence is required to be brought on record before the said charge could be proved against the appellants"

81. In view of the foregoing submissions, it is humbly prayed that the Noticee be discharged and no penalty be imposed.

82. Even if the argument that they were selling in small quantities on several dates to book profit, they really wanted to make the maximum profit out of the shares of PSIT. They should have made attempts to sell shares on all days since it was hitting upper circuit on all these days. But in the present case there were single trades on 155 days out of 162 days and the trades were of all the entities were scattered over a period of time.

RAJENDRA KUMAR KOTHARI

83. He made submission on the same lines as made by Nishant Kothari noted above except for references to names of the entities to whom he had transferred shares in the off-market. He admitted that Nishant Kothari and Saroj Devi Kothari are his family members.

SAROJ DEVI KOTHARI

84. She made submissions on the same lines as made by Nishant Kothari noted above except for references to names of the entities to whom she had transferred shares in the off-market. She admitted that Nishant Kothari and Rajendra Kumar Kothari are her family members.

RAJ KUMAR SHARMA

85. Charges in the Notice are based on the off-market transfer done by me to Puspal Chandra. It has been alleged that I was a part of the manipulative scheme based on transfer of shares in off market.

86. In the said Notice adverse inferences qua me have been drawn based on the alleged connection as set out in the Notice and by clubbing me with other persons/entities. The said clubbing with others has resulted in distorted conclusions against me. The entire grouping is erroneous and misleading and I have erroneously been lumped with others.

87. The off market transfer was independent and made in the ordinary course of business and that I was not aware of any transaction which took place after the scrips were transferred to Puspal Chandra. Further, I had no connection with any of the mentioned entities who traded in the said scrip of PSIT during the relevant time.

88. It is submitted that save and except as a seller there is no connection between me and Puspal Chandra who had sold the shares of PSIT during the relevant time. There is nothing in the SCN to demonstrate that I was aware of the sales done by her at above LTP and in the absence of the same no adverse inference can be drawn against me.

89. It is submitted that transfer of the scrip of PSIT were bonafide and in the ordinary course of business, dehors sinister intent or design.

90. I am an individual trader/investor in the securities market. Since inception I have been carrying on the business of trading in the securities market with fairness and in accordance with the provision of law.

91. I have carried out trading activities in the market with due diligence, fairness and in compliance with the provisions of law. I have never defaulted in meeting my payment or delivery obligations to the brokers or the Exchange

92. The preferential allotment made by PSIT had the approval of the shareholders and stock exchanges and details about the same were in public domain and nobody had raised any grievance about the same during the relevant period.

93. Further, it is not the case of SEBI that I was involved in any circular trade/synchronized trades.

KAVSHALYADEVI GULABCHAND SARDA, SHREECHAND GULABCHAND SARDA AND AMOL SHREECHAND SARDA

94. The aforementioned 3 Noticees vide their common reply dated February 19, 2020 submitted that one Mr. Ashish Khator, Broker of Nirmal Bang Securities took them under confidence and traded on behalf of their accounts in off market and that they were unaware of the same as it was without knowledge or consent. That they had never known or met Mr. Rajendra Kothari from whom the shares were purchased in offmarket. The Bank account statement of Mr. Amol Shreechand Sarda was also produced which mentioned the entry that an amount of Rs. 2850 was paid to the seller Mr. Rajendra Kothari on October 8, 2013.

YOGESH SHARMA

95. Vide his letter dated December 19, 2017, the Noticee submitted as under:
My trading in scrip of Parag Shilpa Investment Ltd. was miniscule amounting to 0.007% of the Sell transaction at BSE. I was no way associated with Ms. Saroj Devi Kothari or Rajendra Kumar Kothari or others and hence, trading done by him should be seen in isolation and not in combination with trading entities. My trading in the scrip was miniscule and not capable of affecting the price of the said scrip.

96. I have placed my reliance on the order passed by Hon'ble Securities Appellate Tribunal in the *Vikram Investment Pvt. Ltd. Vs. Securities and Exchange Board of India,* Appeal no. 160 of 2004 decided on February 11, 2005 wherein while dealing with a contention as to whether trades were genuine or not, made the following observations which are relevant:-

"Even if we consider transactions undertaken for tax planning as being non genuine trades, such trades in order to be held objectionable, must result in influencing the market one way or the other. We do not find any evidence of that either in the

investigation conducted by the Bombay Stock Exchange Limited, copy of which annexed to the memorandum of appeal or in the impugned order that there was any manipulation ..... Trading in securities can take place for any number of reasons and the authorities enquire into such transactions which artificially influence the market and induce the investors to buy or sell on the basis of such artificial transactions. "

97. Thus, in view of the above referred observation of Hon'ble Securities Appellate Tribunal in the above referred matter, impugned transactions do not become illegal or in violation of any relevant law as they did not influence the market or price of the scrip.

98. No fund movement has been identified between my bank account and other entities nor the same is discussed and alleged in the Notice. Therefore, no role has been identified in the transfer of funds or suspicious activities, which further corroborates my contention that there is no relation and association with any of the alleged Ms. Saroj Devi Kothari or Rajendra Kwnar Kothari or other entities who has traded in the said scrip during the investigation period.

99. There have been no synchronized trades executed by my side in the scrip of Parag Shilpa Investment Ltd. as it is evident by the Notice itself.

100. Trading and demat account was opened only for the purpose of investing my savings in shares. The aforesaid fact is also borne out from the trades/ transactions carried out by me since inception. Also, being a novice in the field of the Securities market, I never indulged in frequent/ routine buying and selling of shares. Further, being a novice and having limited knowledge of Securities Market, I relied on the informal discussion about Securities Market and / or media reports.

101. In and around March 2013, relying on informal discussion with certain friends, I purchased the subject shares, i.e. 17 shares of PSIT on 29/03/2013 @ Rs. 61/- per share. However, I deny that the said shares were purchased by me from Mr. Rajendra Kumar Kothari.

102. In and around October, 2013, having need of funds, I decided to sell off the subject shares in the market at the best available price. Accordingly, I placed an order for selling of the subject shares during the period 21.10.2013 to 20.01.2014 slightly above the prevailing market price and sold the subject shares for Rs.3180/-. It is noteworthy to mention here that as a result of dealings in subject shares, I made meagre gain of Rs. 2143/-

103. My aforesaid transaction in the subject shares constitutes on 0.033% of Non-Promoter Holdings and 0.007% total share capital of the Company. I further submit that my dealings in the subject share was a bonafide trades in the normal course of dealing and my intention was not to inflate, depress or cause any kind of fluctuations in the price of the scrip for getting any wrongful gain or avoidance of loss. Further, I am a bonafide investor and I have not indulged in any activity which creates false or misleading appearance of trading in securities market.

104. I am not amongst the Company/Promoter Connected Group. Also, I have no relationship / connection with the Ms. Saroj Devi Kothari, Mr. Rajendra Kumar Kothari and/or any other related/connected entity and/or any promoter/ director/ key managerial person of PSIT Infra Ltd.

RAJESH KUMAR MAHESHWARI (HUF) & SHILPA MAHESHWARI

105. Both the Noticees vide separate letters dated January 22, 2020 submitted that they purchased 50 equity shares each on September 23, 2020 from Saroj Devi Kothari and the consideration was paid vide cheques dated September 23, 2013 drawn on ICICI Bank. They submitted that they had purchased the said shares from off market stating that the shares were no available in off market.

Hearing and Submissions:

106. An opportunity of personal hearing was granted to the Noticees in the matter vide hearing Notices issued to them. The Noticees 15, 17 and 21 appeared for the hearing on February 28, 2020 and reiterated their earlier submissions. Further, an

opportunity of hearing was granted to all the Noticees except Noticee-18 on July 22, 2020 vide email dated July 8, 2020 sent to the email ids as stated by them in their UCC provided by BSE vide its email dated July 6, 2020. Mr. Yogesh Sharma and Mr. Amit Vyas (on July 24, 2020) appeared for the hearing through the whatsapp video call and reiterated their earlier submissions. Further, Mr. Prakash Vora appeared for the hearing and sought 3 days time to submit his submissions. The same was submitted by him vide his email dated July 21, 2020 stating as "*I hereby don't know anyone from the mentioned company. I used to be an optician and had a shop in andheri west, one of my friend came to me to buy the shares of the above company via cheque wherein i will get the shares in my demat account. At that time my demat and trading account was with India Info line whernin i received the shares of the above mentioned company in my demat account. I used to do small trading in the sharemarket and am not much aware about how it works".* Further he also attached the copy of my P&L summary wherein he received the shares in his account and sold via the same demat account.

107. Further Noticee-19 submitted their reply vide email dated July 17, 2020 inter alia stating as under:

"I am a very small person and I have been informed by one of my colleague that PSIT shares will be going to shoot up. So, buy the same. I purchased and I sold the same in a very small quantitative because I am getting everyday higher prices of that shares. This is the reason that I am selling in small quantity everyday to earn big profit.

Further, I understand that selling small number of shares is neither banned by exchanged not by SEBI and neither it is illegal.

For earning Rs 1000 to Rs 2000 in the scrip of PSIT , I have already spend more than Rs 10000 to Rs 15000/- This is the time I don't have money to fight the corona diseases also but still I arranged a representative so that I can file reply to you. My intention is very clear to gain good profit on every sale and never meant to hurt the trading platform. I never did any kind of manipulation. Further, from the notices and orders, I can see that no action has been taken against the buyer. Why action against a small person like me though I am making timely compliances to all your notices and ever appearing before your honor."

108. Noticee-19 appeared for the hearing vide whatsapp video call on July 24, 2020 and reiterate the aforesaid submissions.

109. Further, Noticee 18 was granted with an opportunity of hearing on July 29, 2020 and her husband Mr. Pavan Somani appeared on her behalf over the whatsapp video call and availed the hearing. The Noticee vide her replies submitted as under:

Reply dated July 23, 2020:

"*1. I have sold the shares in small quantity because with every sale of share I get maximum profit. So, Why should I sale all of my shares. Being practical, no one will sale all his shares at one go when they get increased price everyday.*
2. Further, there is no collusion between buyer and seller.
3. There is neither any connection between me and promoter, director or any employer of the company.
4. I am a very small trader and I don't have that much knowledge that I can manipulate stock exchange platform and never had any intention for the same.
5. As per the notice, I have seen you people haven't taken action against buyers. Notices seems to be dropped in that case."

Reply July 29, 2020:
"I would like to inform you that 50 equity shares of Parag Shilpa Investments Ltd was purchased by me on 22/09/2013 from Saroj Devi Kothari and purchase consideration was paid vide cheque no 840209 , amount Rs. 2950/-dated 22/09/2013 drawn on on State bank of India. Copy of the bank statement is enclosed herewith. Subsequently these 50 shares were sold on different dates. These shares were purchased from outside markets as there was no volume in the market. Bill copy has been enclosed. I sold these shares in small quantities as the prices were increasing and realised more profit."

110. However, the rest of the Noticees other than the above mentioned failed to submit their reply and avail the opportunity of hearing. In this regard I note that the said Noticees have been granted sufficient time to file their replies in the matter. In this regard, I would like to refer to the observations of the Hon'ble Securities Appellate Tribunal (SAT) in the matter of Dave Harihar Kirtibhai Vs SEBI (Appeal No. 181 of 214 dated December 19, 2014), wherein the Hon'ble SAT observed as under:

"...further, it is being increasingly observed by the Tribunal that many persons/entities do not appear before SEBI (Respondent) to submit reply to SCN or, even worse, do not accept notices/letters of Respondent and when orders are passed ex-parte by Respondent, appear before Tribunal in appeal and claim non-receipt of notice and do not appear and/or submit reply to SCN but claim violation of principles of natural justice due to not being provided opportunity to reply to SCN or not provided personal hearing. This leads to unnecessary and avoidable loss of time and resources on part of all concerned and should be eschewed, to say the least. Hence, this case is being decided on basis of material before this Tribunal..."

111. In view of the observations made by the Hon'ble SAT, I find no reason to take a different view. In view of the aforesaid steps taken and as per Rule 4(7) of AO Rules, if any person fails, neglects or refuses to appear as required by sub-rule (3) before the Adjudicating Officer, he may proceed with the inquiry in the absence of such person after recording the reasons for doing so. Thus, I am proceeding with the matter on the basis of material available on record.

CONSIDERATION OF ISSUES, EVIDENCE AND FINDINGS

112. 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: -

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

II. Do the violations, if any, on the part of the Noticees attract monetary penalty under Section 15HA of the SEBI Act, 1992?

III. If so, what quantum of monetary penalty should be imposed on the Noticee taking into consideration the factors mentioned in Section 15J of SEBI Act, 1992?

FINDINGS

113. On perusal of the material available on record and giving regard to the facts and circumstances of the case, I record my findings hereunder.

ISSUE I: Whether the Noticee has violated the provisions of Regulations 3 (a),(b),(c),(d) and 4(1), 4(2)(a) and (e) of the PFUTP Regulations, 2003?

114. As per the SCN, the price rise in *the price rise period* (May 1, 2012 to February 11, 2014) was caused majorly by 22 sellers and 4 others from whom the sellers purchased shares in off-market transactions. Allegedly, these sellers placed sell orders for small quantities when large quantities of buy orders were pending and they

were holding relatively sizeable number of tradable shares of PSIT. These sellers (Noticees no. 1 to 22) had bought shares of PSIT through off-market transactions from 4 entities (Noticees no 23 to 26). The number of shares bought by these Noticees no 1 to 22 through off-market transfers, the dates of purchase, the names of the transferors (Noticees no 23 to 26) and the period during which they sold afterwards are tabulated as under:

S. No.	**Name of seller**	**Period of trading by the LTP contributors**		**Shares received from (Quantity of shares received)**	**Date of receipt**
		Beginning date	**End date**		
	A	**B**	**C**	**D**	**E**
1.	Puspal Chandra	06/11/13	17/01/14	**Raj Kumar Sharma (100)** **Rajendra Kothari (50)**	**10/10/13**
2.	Dilip Kumar Mandal	31/01/13	17/10/13	**Nishant Kothari (100)**	**28/01/13**
3.	Sanjoy Chandra	05/11/13	15/01/14	**Saroj Devi Kothari (50)**	**10/10/13**
4.	Mina Chandra	08/11/13	10/02/14	**Nishant Kothari (100)**	**15/10/13**
5.	Prakash Mulji Vora	08/10/13	07/02/14	**Nishant Kothari (50)**	**25/09/13**
6.	Shilpa Maheshwari	24/10/13	04/02/14	**Saroj Devi Kothari (50)**	**25/09/13**
7.	Subhash Gangaprasad Gupta	29/10/13	31/01/14	**Saroj Devi Kothari (50)**	**25/09/13**
8.	Mital Dhirajlal Shah	07/10/13	28/01/14	**Rajendra Kothari (50)**	**03/10/13**
9.	Amit Mahendra Vyas	25/10/13	29/01/14	**Rajendra Kothari (50)**	**03/10/13**
10.	Yogesh Sharma	21/10/13	30/01/14	**Rajendra Kothari (50)**	**03/10/13**
11.	Hemant Vasant Limbachia	18/10/13	23/01/14	**Nishant Kothari (50)**	**08/10/13**
12.	Ramji Karsan Hirani	18/11/13	06/02/14	**Nishant Kothari (50)**	**08/10/13**
13.	Bharat Vasantlal Thakker	01/10/13	21/01/14	**Nishant Kothari (50)**	**25/09/13**
14.	Shreechand Gulabchand Sarda	04/10/13	22/01/14	**Rajendra Kothari (50)**	**19/09/13**
15.	Sanjaykumar Sukhdevaram Maharshi	14/11/13	27/01/14	**Saroj Devi Kothari (50)**	**30/09/13**
16.	Rajesh Kumar Maheshwari HUF	26/12/13	03/02/14	**Saroj Devi Kothari (50)**	**25/09/13**
17.	Amol Shreechand Sarda	03/10/13	05/02/14	**Rajendra Kothari (50)**	**19/09/13**

18.	Parul Somani	28/10/13	02/01/14	**Saroj Devi Kothari (50)**	**25/09/13**
19.	Dilip Khatri	23/10/13	31/12/13	**Rajendra Kothari (50)**	**03/10/13**
20.	Vandana Shankar Magar	24/09/13	30/12/13	**Nishant Kothari (50)**	**19/09/13**
21.	Kavshalyadevi Gulabchand Sarda	27/09/13	28/11/13	**Rajendra Kothari (50)**	**19/09/13**
22.	Nilesh Tukaram Ghadshi	25/09/13	13/11/13	**Nishant Kothari (50)**	**19/09/13**

115. It is worth mentioning here that the at the time when the price of the share of PSIT was going up, there were no corporate announcements or news in relation to the company which would justify such a steep rise (from Rs. 50 to 466.9) in the price of its share. The singular trade carried out by the 22 seller Noticees was the only trade on that respective day and was the sole reason for fixing the next higher price for the scrip at the upper end of the price band. 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 by these 22 Noticees are tabulated below:

1) PUSPAL CHANDRA

Order date	Order time	Order No.	Client name sell	Sell order rate(Rs.)	sell order qty	pending buy order at this price	LTP variation	Shareholding before the sell order
06/11/2013	15:07:20.245570	12000019004929	PUSPAL CHANDRA	132.8	5	6000	2.6	145
11/11/2013	14:43:15.033958	22000024013535	PUSPAL CHANDRA	138	4	2200	2.75	140
02/12/2013	14:52:50.733942	15000024011733	PUSPAL CHANDRA	185.45	2	3200	3.6	136
09/12/2013	14:50:17.021228	18000065014518	PUSPAL CHANDRA	199.95	4	6575	-0.7	129
10/12/2013	14:08:36.686782	14000022011439	PUSPAL CHANDRA	203.9	2	6725	3.95	125
06/01/2014	14:45:37.682664	12000105009616	PUSPAL CHANDRA	285.05	5	1220	5.55	123
08/01/2014	14:58:50.405821	22000019005872	PUSPAL CHANDRA	296.55	5	1651	5.8	118

10/01/2014	14:53:10.409783	15000019011446	PUSPAL CHANDRA	308.45	6	1100	6	113
13/01/2014	15:00:38.353529	12000108391226	PUSPAL CHANDRA	314.6	5	550	6.15	107
17/01/2014	15:24:31.255386	12000105394872	PUSPAL CHANDRA	333.75	6	2135	6.5	102

2) SANJOY KUMAR CHANDRA

Order date	**Order time**	**Order No.**	**Client name sell**	**Sell order rate(Rs.)**	**sell order qty**	**pending buy order at this price**	**LTP variation**	**Shareholding before the sell order**
05/11/2013	14:48:06.689936	12000019012079	SANJOY KUMAR CHANDRA	130.2	4	3250	2.55	50
07/11/2013	15:11:23.336971	16000030003893	SANJOY KUMAR CHANDRA	135.45	2	700	2.65	46
12/11/2013	14:55:01.189337	18000033007924	SANJOY KUMAR CHANDRA	143.7	4	5050	2.8	44
04/12/2013	14:40:26.789642	21000028016318	SANJOY KUMAR CHANDRA	192.9	2	6625	3.75	40
06/12/2013	14:59:09.021651	20000028013102	SANJOY KUMAR CHANDRA	200.65	2	5225	3.9	38
11/12/2013	14:54:22.916836	19000031010073	SANJOY KUMAR CHANDRA	207.95	4	2500	4.05	36
07/01/2014	14:48:15.898471	17000022008527	SANJOY KUMAR CHANDRA	290.75	6	250	5.7	32
15/01/2014	15:04:11.268714	12000140213763	SANJOY KUMAR CHANDRA	320.85	8	1345	6.25	26

3) PRAKASH MULJI VORA

Order date	Order time	Order No.	Client name sell	Sell order rate(Rs.)	sell order qty	pending buy order at this price	LTP variation	Shareholding before the sell order
08/10/2013	11:56:09.646516	22000024007988	PRAKASH MULJI VORA	89.7	7	4820	1.75	50
03/11/2013	18:42:16.440763	13000021000581	PRAKASH MULJI VORA	127.65	2	1500	2.5	43
12/12/2013	13:53:54.465101	18000033010362	PRAKASH MULJI VORA	212.1	6	2200	4.15	41
03/01/2014	13:42:30.340372	14000022007536	PRAKASH MULJI VORA	279.5	2	1550	5.45	35
07/02/2014	14:24:03.683710	11000087700861	PRAKASH MULJI VORA	448.8	9	105	8.8	33

4) **SUBHASH GANGAPRASAD GUPTA**

Order date	Order time	Order No.	Client name sell	Sell order rate(Rs.)	sell order qty	pending buy order at this price	LTP variation	Shareholding before the sell order
29/10/2013	10:52:41.421604	12000019004100	SUBHASH GANGAPRASAD GUPTA	117.95	4	7350	2.3	50
27/11/2013	13:35:16.662945	21000028012909	SUBHASH GANGAPRASAD GUPTA	174.85	6	5100	3.4	46
01/01/2014	10:43:09.109227	13000106004791	SUBHASH GANGAPRASAD GUPTA	268.7	9	1400	5.25	40
31/01/2014	12:51:23.122235	11000087210789	SUBHASH GANGAPRASAD GUPTA	406.6	7	357	7.95	31

5) **MITAL DHIRAJLAL SHAH**

Order date	Order time	Order No.	Client name sell	Sell order rate(Rs.)	sell order qty	pending buy order at this price	LTP variation	Shareholding before the sell order

07/10/2013	10:01:04.892725	19000031001654	MITAL DHIRAJLAL SHAH	87.95	5	5600	1.7	50
22/10/2013	09:44:07.740893	13000099000990	MITAL DHIRAJLAL SHAH	106.95	5	8600	2.05	45
01/11/2013	13:00:11.468566	16000031003395	MITAL DHIRAJLAL SHAH	125.15	7	5600	2.45	40
19/12/2013	14:38:11.212549	19000032022712	MITAL DHIRAJLAL SHAH	234.05	3	1050	4.55	33
28/01/2014	12:33:57.754576	14000121206638	MITAL DHIRAJLAL SHAH	383.2	4	750	7.5	30

6) AMIT MAHENDRA VYAS

Order date	**Order time**	**Order No.**	**Client name sell**	**Sell order rate(Rs.)**	**sell order qty**	**pending buy order at this price**	**LTP variation**	**Shareholding before the sell order**
25/10/2013	13:00:19.492176	19000031003595	AMIT MAHENDRA VYAS	113.4	4	2900	2.2	50
29/11/2013	12:44:01.265952	18000033006920	AMIT MAHENDRA VYAS	181.85	6	7125	3.55	46
20/12/2013	11:51:07.453144	19000129007309	AMIT MAHENDRA VYAS	238.7	4	1550	4.65	42
29/01/2014	14:57:31.140653	17000122514212	AMIT MAHENDRA VYAS	390.85	3	1048	7.65	38

7) MINA CHANDRA

Order date	**Order time**	**Order No.**	**Client name sell**	**Sell order rate(Rs.)**	**sell order qty**	**pending buy order at this price**	**LTP variation**	**Shareholding before the sell order**

08/11/2013	15:01:37.860581	11000021011694	MINA CHANDRA	138.15	4	2300	2.7	100
03/12/2013	14:39:07.144003	11000021007628	MINA CHANDRA	189.15	4	7125	3.7	91
05/12/2013	14:44:25.093356	19000153007486	MINA CHANDRA	196.75	4	6150	3.85	91
16/01/2014	15:17:05.398579	19000128304610	MINA CHANDRA	327.25	6	1575	6.4	73
10/02/2014	14:46:41.382643	16000115125533	MINA CHANDRA	457.75	8	145	8.95	17

8) **RAMJIKARSAN HIRANI**

Order date	**Order time**	**Order No.**	**Client name sell**	**Sell order rate(Rs.)**	**sell order qty**	**pending buy order at this price**	**LTP variation**	**Shareholding before the sell order**
18/11/2013	10:51:14.232411	12000020004064	RAMJIKARSANHIRANI	152.4	5	5000	2.95	50
23/12/2013	11:09:46.194936	20000111001734	RAMJIKARSANHIRANI	243.45	5	1250	4.75	45
06/02/2014	11:42:34.219791	23000061198155	RAMJIKARSANHIRANI	440	4	300	8.6	40

9) **SANJAYKUMAR SUKHDEVARAM MAHARSHI**

Order date	**Order time**	**Order No.**	**Client name sell**	**Sell order rate(Rs.)**	**sell order qty**	**pending buy order at this price**	**LTP variation**	**Shareholding before the sell order**

14/11/2013	10:54:08.469262	14000022006429	SANJAYKUMAR SUKHDEVARAM MAHARSHI	149.45	3	6000	2.9	50
24/12/2013	12:32:44.211752	17000025004573	SANJAYKUMAR SUKHDEVARAM MAHARSHI	248.3	7	1300	4.85	47
27/01/2014	14:25:49.378233	11000057562068	SANJAYKUMAR SUKHDEVARAM MAHARSHI	375.7	6	1350	7.35	40

10) SHILPA MAHESHWARI

Order date	**Order time**	**Order No.**	**Client name sell**	**Sell order rate(Rs.)**	**sell order qty**	**pending buy order at this price**	**LTP variation**	**Shareholding before the sell order**
24/10/2013	12:51:36.224601	17000026005724	SHILPA MAHESHWARI	111.2	6	6300	2.15	50
17/12/2013	11:58:45.996419	11000021003665	SHILPA MAHESHWARI	225	7	2100	4.4	44
24/01/2014	14:17:36.271113	16000108064484	SHILPA MAHESHWARI	368.35	5	1100	7.2	37
04/02/2014	13:36:25.457993	14000127709480	SHILPA MAHESHWARI	422.95	6	800	8.25	32

11) YOGESH SHARMA

Order date	**Order time**	**Order No.**	**Client name sell**	**Sell order rate(Rs.)**	**sell order qty**	**pending buy order at this price**	**LTP variation**	**Shareholding before the sell order**
21/10/2013	14:57:46.413229	23000020016475	YOGESH SHARMA	104.9	7	7500	2.05	50
22/11/2013	12:30:30.324791	16000029005537	YOGESH SHARMA	164.85	3	5300	3.2	43
18/12/2013	10:32:29.535092	14000022003167	YOGESH SHARMA	229.5	5	2100	4.5	40
30/01/2014	12:24:08.671517	12000111259435	YOGESH SHARMA	398.65	2	200	7.8	35

12) HEMANT VASANT LIMBACHIA

Order date	Order time	Order No.	Client name sell	Sell order rate(Rs.)	sell order qty	pending buy order at this price	LTP variation	Shareholding before the sell order
18/10/2013	14:33:46.298185	17000025015208	HEMANT VASANT LIMBACHIA	102.85	6	6300	2	50
21/11/2013	10:50:54.566520	13000098003287	HEMANT VASANT LIMBACHIA	161.65	5	825	3.15	44
13/12/2013	12:09:44.919949	13000109012687	HEMANT VASANT LIMBACHIA	216.3	4	2100	4.2	39
23/01/2014	14:09:55.243813	14000080291713	HEMANT VASANT LIMBACHIA	361.15	5	700	7.05	35

13) BHARAT VASANTLAL THAKKER

Order date	Order time	Order No.	Client name sell	Sell order rate (Rs.)	sell order qty	pending buy order at this price	LTP variation	Shareholding before the sell order
01/10/2013	09:42:27.180916	14000022001193	BHARAT VASANTLAL THAKKER	78.25	5	5500	3.7	50
31/10/2013	14:33:15.075755	21000028007042	BHARAT VASANTLAL THAKKER	122.7	6	3000	2.4	45
20/11/2013	14:02:09.907295	15000024010715	BHARAT VASANTLAL THAKKER	158.5	4	3050	3.1	39
21/01/2014	12:58:36.015867	14000132196577	BHARAT VASANTLAL THAKKER	347.2	3	925	6.8	35

14) SHREECHAND GULABCHAND SARDA

Order date	Order time	Order No.	Client name sell	Sell order rate (Rs.)	sell order qty	pending buy order at this price	LTP variation	Shareholding before the sell order

04/10/2013	10:35:26.671069	17000025001807	SHREECHAND GULABCHAND SARDA	86.25	6	4100	4.1	50
16/12/2013	11:41:45.412169	13000209005163	SHREECHAND GULABCHAND SARDA	220.6	6	1200	4.3	44
22/01/2014	12:23:12.230677	11000088476184	SHREECHAND GULABCHAND SARDA	354.1	7	505	6.9	38

15) RAJESH KUMAR MAHESHWARI HUF

Order date	Order time	Order No.	Client name sell	Sell order rate(Rs.)	sell order qty	pending buy order at this price	LTP variation	Shareholding before the sell order
26/12/2013	13:51:44.120725	21000027012236	RAJESH KUMAR MAHESHWARI HUF	253.25	6	1400	4.95	50
03/02/2014	12:57:25.943093	13000099153267	RAJESH KUMAR MAHESHWARI HUF	414.7	5	295	8.1	44

16) AMOL SHREECHAND SARDA

Order date	Order time	Order No.	Client name sell	Sell order rate (Rs.)	sell order qty	pending buy order at this price	LTP variation	Shareholding before the sell order
03/10/2013	10:53:42.660954	15000024001644	AMOL SHREECHAND SARDA	82.15	4	3000	3.9	50
05/02/2014	14:40:17.312386	14000120267803	AMOL SHREECHAND SARDA	431.4	8	800	8.45	46

17) PARUL SOMANI

Order date	Order time	Order No.	Client name sell	Sell order	sell order qty	pending buy	LTP variation	Shareholding before the sell order

				rate(Rs.)		order at this price		
28/10/2013	12:07:51.149178	18000033005319	PARUL SOMANI	115.65	5	7850	2.25	50
26/11/2013	12:56:49.401056	16000031003167	PARUL SOMANI	171.45	5	5125	3.35	45
02/01/2014	11:08:29.359924	16000120001958	PARUL SOMANI	274.05	5	1650	5.35	40

18) DILIP KHATRI

Order date	Order time	Order No.	Client name sell	Sell order rate(Rs.)	sell order qty	pending buy order at this price	LTP variation	Shareholding before the sell order
23/10/2013	12:59:34.439365	13000021010215	DILIP KHATRI	109.05	6	7900	2.1	50
25/11/2013	12:06:44.620088	15000024005367	DILIP KHATRI	168.1	4	6025	3.25	44
31/12/2013	11:44:03.459987	23000022003508	DILIP KHATRI	263.45	3	1908	5.15	40

19) VANDANA SHANKAR MAGAR

Order date	Order time	Order No.	Client name sell	Sell order rate (Rs.)	sell order qty	pending buy order at this price	LTP variation	Shareholding before the sell order
24/09/2013	12:07:18.149776	15000024003811	VANDANA SHANKAR MAGAR	61.4	5	5888	2.9	50
30/10/2013	10:09:07.050544	17000121000957	VANDANA SHANKAR MAGAR	120.3	5	6800	2.35	45
30/12/2013	15:03:03.728359	16000119006919	VANDANA SHANKAR MAGAR	258.3	8	1450	5.05	40

20) KAVSHALYADEVI GULABCHAND SARDA

Order date	Order time	Order No.	Client name sell	Sell order	sell order qty	pending buy order	LTP variation	Shareholding before

				rate(Rs.)		at this price		the sell order
27/09/2013	11:04:54.707043	19000033004967	KAVSHALYADEVI GULABCHAND SARDA	71	4	4600	3.35	50
28/11/2013	13:38:51.446059	16000029008199	KAVSHALYADEVI GULABCHAND SARDA	178.3	4	2150	3.45	46

21) NILESH TUKARAM GHADSHI

Order date	**Order time**	**Order No.**	**Client name sell**	**Sell order rate(Rs.)**	**sell order qty**	**pending buy order at this price**	**LTP variation**	**Shareholding before the sell order**
25/09/2013	12:36:37.355593	19000129003615	NILESH TUKARAM GHADSHI	64.45	4	3700	3.05	50
13/11/2013	10:42:39.455803	17000026003560	NILESH TUKARAM GHADSHI	146.55	5	5150	2.85	46

22) DILIP KUMAR MANDAL

Order date	**Order time**	**Order No.**	**Client name sell**	**Sell order rate(Rs.)**	**sell order qty**	pending buy order at this price	LTP variation	**Shareholding before the sell order**
31/01/2013	14:02:37.508861	18000151182725	DILIP KUMAR MANDAL	5.71	2	15950	0.27	100
05/02/2013	15:19:29.957000	12000074145913	DILIP KUMAR MANDAL	6.28	2	22600	0.29	98
07/02/2013	15:25:10.000058	11000061212830	DILIP KUMAR MANDAL	6.91	2	29500	0.32	96
13/02/2013	15:13:05.310826	14000150334109	DILIP KUMAR MANDAL	7.99	2	16400	0.38	94
15/02/2013	15:16:12.287574	11000060165848	DILIP KUMAR MANDAL	8.38	2	15700	0.39	92

19/02/2013	15:28:46.167843	17000091275548	DILIP KUMAR MANDAL	9.22	2	15500	0.43	90
22/02/2013	15:28:44.190233	17000092306569	DILIP KUMAR MANDAL	10.16	2	14800	0.48	88
26/02/2013	15:20:45.242538	13000069363991	DILIP KUMAR MANDAL	11.19	2	18800	0.53	86
01/03/2013	15:24:51.913499	11000061185574	DILIP KUMAR MANDAL	11.74	2	20200	0.55	84
05/03/2013	15:29:28.492451	16000092285745	DILIP KUMAR MANDAL	12.32	2	16598	0.58	82
07/03/2013	15:20:20.069933	12000073179716	DILIP KUMAR MANDAL	13.57	2	12198	0.64	80
13/03/2013	14:44:44.804299	17000092172520	DILIP KUMAR MANDAL	14.52	4	16548	0.28	78
14/03/2013	15:27:43.639982	14000129135830	DILIP KUMAR MANDAL	14.81	2	18150	0.29	74
21/03/2013	15:18:11.668764	19000137019378	DILIP KUMAR MANDAL	15.4	2	20650	0.3	72
25/03/2013	14:41:07.081129	12000113452638	DILIP KUMAR MANDAL	15.7	2	16400	0.3	70
28/03/2013	15:29:57.386996	12000070502456	DILIP KUMAR MANDAL	16.33	2	14400	0.32	68
02/04/2013	15:16:11.092804	20000027077052	DILIP KUMAR MANDAL	16.95	4	13400	0.3	66
04/04/2013	15:06:01.749000	15000100037007	DILIP KUMAR MANDAL	17.25	4	8400	0.3	62
08/04/2013	14:55:52.041077	13000021013450	DILIP KUMAR MANDAL	17.9	2	3700	0.35	58

11/04/2013	14:09:12.207369	21000040005433	DILIP KUMAR MANDAL	18.6	4	6700	0.35	56
16/04/2013	14:47:38.270978	20000028005647	DILIP KUMAR MANDAL	19.3	2	11500	0.35	52
18/04/2013	15:06:20.842629	13000101004261	DILIP KUMAR MANDAL	20	5	11200	0.35	50
23/04/2013	14:44:59.867144	20000027005570	DILIP KUMAR MANDAL	20.8	4	11200	0.4	45
26/04/2013	15:05:46.367105	21000027005409	DILIP KUMAR MANDAL	21.6	4	11700	0.4	41
30/04/2013	14:45:51.604321	13000099003589	DILIP KUMAR MANDAL	22.4	4	6000	0.4	37
11/05/2013	12:12:28.282980	12000019000904	DILIP KUMAR MANDAL	24.65	4	11600	1.15	33
14/05/2013	15:08:13.924132	15000101005097	DILIP KUMAR MANDAL	27.1	4	16900	1.25	29
17/05/2013	12:56:18.967875	13000023002298	DILIP KUMAR MANDAL	31.3	4	13600	1.45	25
21/05/2013	15:02:59.916040	18000033003580	DILIP KUMAR MANDAL	34.45	2	16000	1.6	21
23/05/2013	14:46:56.466811	19000160007046	DILIP KUMAR MANDAL	37.95	2	15000	1.8	19
27/05/2013	14:45:33.743774	15000028004126	DILIP KUMAR MANDAL	41.75	2	10500	1.95	17
11/09/2013	14:39:57.256767	23000046005657	DILIP KUMAR MANDAL	45.95	2	3690	2.15	15
13/09/2013	11:39:15.398704	16000028002924	DILIP KUMAR MANDAL	48.2	2	5710	2.25	13

18/09/2013	11:37:29.282204	21000108003276	DILIP KUMAR MANDAL	53.1	2	26550	2.5	11
20/09/2013	13:41:20.787350	19000032003620	DILIP KUMAR MANDAL	55.75	2	3700	2.65	9
10/10/2013	14:10:25.772888	14000021006344	DILIP KUMAR MANDAL	93.25	2	3800	1.8	7
14/10/2013	13:38:57.596482	13000021003872	DILIP KUMAR MANDAL	97	2	6600	1.9	5
17/10/2013	13:51:16.184786	22000026003644	DILIP KUMAR MANDAL	100.85	1	5400	1.95	3

116. As can be seen from the above tables, all the trades of these 22 seller Noticees were for smaller quantities (less than 10) 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 and also what they were holding at that point of time. Another point which emerges from a perusal of the above transactions of the Noticees is that the orders were placed by the 22 Noticees on separate days and they never overlapped. Further, majority of the orders were placed by these Noticees at the circuit price in the second half of the trading day (i.e. after 12 noon).

117. In the above factual backdrop, before proceeding further with the consideration of the submissions made by the Noticees, I find it important to refer to the provisions of law which, as alleged in the SCN, have been violated by the Noticees. The text of the said provisions of the PFUTP Regulations is quoted as under:

3. Prohibition of certain dealings in securities:

No person shall directly or indirectly—

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

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

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

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

4. Prohibition of manipulative, fraudulent and unfair trade practices:

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

(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;

118. One of the Noticees namely, Yogesh Sharma has submitted that he did not purchase shares in the off-market form Mr. Rajendra Kothari as has been noted in the SCN. Further, 3 Noticees from the same family i.e. Noticee- 14 , 17 and 21 submitted that they were unaware of the off market transfer and it was without their knowledge or consent carried out by their broker. In this regard, I note that aforesaid Noticees

have not submitted any material forming the basis of their denial nor have they submitted any details regarding the person who sold the shares to them. Nonetheless, the material available on SEBI's records shows that Mr. Sharma had in fact purchased shares from Mr. Rajendra Kothari through an off-market transaction on October 3, 2013 and the Noticee- 14, 17 and 21 had also received the shares from Mr. Rajnedra Kothari on September 19, 2013. I, therefore, find that the above submissions of the Noticees is without any basis and cannot be accepted.

119. A common submission that has been made by the Noticees (who have filed their response) in the present matter is that their transactions mentioned in the SCN are independent and that they are not connected to other Noticees in any manner (except for the admitted family relationships). In this regard, it is important to mention that connection / relationship amongst entities may not always be direct, and the circumstances and conduct of the Noticees may determine the connection amongst them. In the present case, I find it pertinent to highlight the following facts which indicate that the 26 Noticees were in fact connected to each other:

119.1. All the Noticees who sold the shares of PSIT during the *price rise period* (i.e. Noticees no. 1 to 22) bought shares through *off-market transactions* from the same transferors (Noticees no. 23 to 26) over a short period of time;

119.2. The 4 transferors distributed the shares of PSIT to 22 entities in minute numbers of 50 or 100 even when the consideration price was meagre (ranging around Rs. 2,900 to Rs. 7,000);

119.3. 3 out of the 4 transferors i.e. Rajendra, Saroj Devi and Nishant Kothari belonged to one family. Likewise, Puspal, Mina and Sanjoy Chandra belonged to one family, Shilpa and Rajesh Maheshwari belonged to one family and Shreechand, Amol and Kavshalya devi Sarda belonged to one family;

119.4. 2 transferors (i.e. Raj Kumar Sharma and Rajendra Kothari) transferred the shares of PSIT in off-market to one Noticee (Puspal Chandra) on one day i.e. 10/10/2013.

119.5. The shares were sold by the transferors off-market even though the shares of PSIT were listed, there was substantial demand for them on the stock exchange and the market price thereof was around the same price at which the off-market transactions took place;

119.6. None of these 4 transferors have submitted any explanation as to how they met the transferees before they sold shares to them through off-market transactions;

119.7. The off market transfer of shares to all the seller Noticees (Noticees no. 1 to 22) from the transferor Noticees (Noticees no 23 to 26) took place at around the same point of time i.e. September - October 2013 except in case of Dilip Kumar Mandal, who bought shares in January 2013;

119.8. Pursuant to their purchases, majority of Noticees 1 to 22 began to sell their shares in the market within a month of off-market share transfer, except Noticees no. 7, 12, 15 and 18 who began to sell shares within 1-2 months from the date of receipt of shares and Noticee no. 16 who began to sell shares after three months from the date of receipt thereof;

119.9. All of the seller Noticees sold shares in miniscule quantities (quantity always being under 10 shares);

119.10. Whenever, these sellers sold their shares in miniscule quantities, there were a huge demand on the buy side for the shares of PSIT;

119.11. The 22 sellers sold shares turn by turn in the market i.e. From January 31, 2013 to February 10, 2014 i.e. when these 22 sellers sold their shares, their sell trades never overlapped.

119.12. All of them sold the shares at the circuit price in every trade.

119.13. Collectively, they were able to pump up the price of the scrip of PSIT, which lacked any fundamentals to support the steep price rise that it witnessed.

120. It will be too much of a coincidence when so many entities behave in a coordinated manner and exhibit similar trading pattern and the same causes exponential rise in the price of a scrip which had no fundamentals. At this point, I find it important to address a contention of the Noticees that the transactions mentioned in the SCN were done by them in ordinary course of business and were not intended at any kind of manipulation as alleged. A careful perusal of the replies and written submissions of the Noticees revealed that none of the Noticees has provided any material or plausible justification to show his ordinary course of business. For instance, the transferors

(Noticees no. 23 to 26) have not submitted anything to show that they were regularly transferring shares of companies in off-market to entities with whom they claim to be unconnected. Also, the seller Noticees (No. 1 to 22) have not submitted any material explaining their historical trading pattern to suggest that they used to routinely buy shares in off-market and sell them on the stock exchange in small quantities at circuit price. As has been discussed in earlier paragraphs, the behavior / conduct of the Noticees in the present case was peculiar and was in no manner analogous to the trading behavior of a regular investor in the securities market. Considering the above, the preponderance of probability leads us to the conclusion that all these 26 Noticees were connected to each other and acted under a premeditated scheme where under the transferors transferred the shares through off-market transactions in a distributed manner and within a few weeks of the receipt of shares, the transferees started selling shares in miniscule quantities turn by turn in such a manner so as to raise the LTP of the scrip to the maximum limit possible with every trade thereby causing steep rise in the price of the scrip over a short duration.

121. At this juncture , I also find it pertinent to note that during the period when the shares were purchased in off market by the Noticees-1 to 22 from Noticees-23 to 26, the scrip of PSIT was highly illiquid and the details of the trades for instance in period from Septmeber 1, 2013 till October 30, 2013 is reproduced below:

Date	Open Price	Close Price	No.of Shares	No. of Trades	Total Turnover (Rs.)	Deliverable Quantity	% Deli. Qty to Traded Qty
10-Sep-13	43.8	43.8	10	1	438	10	100
11-Sep-13	45.95	45.95	2	1	91	2	100
13-Sep-13	48.2	48.2	2	1	96	2	100
16-Sep-13	50.6	50.6	10	1	506	10	100
18-Sep-13	53.1	53.1	2	1	106	2	100
20-Sep-13	55.75	55.75	2	1	111	2	100
23-Sep-13	58.5	58.5	10	1	585	10	100
24-Sep-13	61.4	61.4	5	1	307	5	100
25-Sep-13	64.45	64.45	4	1	257	4	100

26-Sep-13	67.65	67.65	500	1	33825	500	100
27-Sep-13	71	71	4	1	284	4	100
30-Sep-13	74.55	74.55	10	1	745	10	100
01-Oct-13	78.25	78.25	5	1	391	5	100
03-Oct-13	82.15	82.15	4	1	328	4	100
04-Oct-13	86.25	86.25	6	1	517	6	100
04-Oct-13	86.25	86.25	6	1	517	6	100
07-Oct-13	87.95	87.95	5	1	439	5	100
08-Oct-13	89.7	89.7	7	1	627	7	100
09-Oct-13	91.45	91.45	10	1	914	10	100
10-Oct-13	93.25	93.25	2	1	186	2	100
11-Oct-13	95.1	95.1	8	1	760	8	100
14-Oct-13	97	97	2	1	194	2	100
15-Oct-13	98.9	98.9	8	1	791	8	100
17-Oct-13	100.85	100.85	1	1	100	1	100
18-Oct-13	102.85	102.85	6	1	617	6	100
21-Oct-13	104.9	104.9	7	1	734	7	100
22-Oct-13	106.95	106.95	5	1	534	5	100
23-Oct-13	109.05	109.05	6	1	654	6	100
24-Oct-13	111.2	111.2	6	1	667	6	100
25-Oct-13	113.4	113.4	4	1	453	4	100
28-Oct-13	115.65	115.65	5	1	578	5	100
29-Oct-13	117.95	117.95	4	1	471	4	100
30-Oct-13	120.3	120.3	1005	3	120901	1005	100

122. From the above, I note that in all the trading days, only single trade had taken place in the scrip and that there was 100% delivery of such trades signifying that it was of trade to trade nature. In such instances, I am of the opinion that source of the shares becomes crucial for a sale transaction as those who hold shares only can carry out the trades. In this case, while the Noticees have also submitted that the shares were not

available in the market, the Noticees-1 to 22 have yet managed to purchase the shares in off market from the Noticees-23 to 26. Further, from the submissions of some of the Noticees i.e. Noticee-1, 3, 4, 6, 7, 16 and 17, it is noted that while the shares were purchased in off market was purchased at a price away from the prevailing market price, it is also pertinently noted that in most cases, the shares were purchased even considerably below the prevailing market price as in the cases of Noticee 1, 3, 4, 6 and 16. I also note that the consideration of such purchase was paid by the seller much after the permissible 48 hours. In such circumstances, where the shares were not generally available for purchase and there was a high demand among the buyers, the Noticees without explaining the fundamentals or rationale for acquiring the shares have purchased it in off market at a price away from the market price and even lesser in most cases arises a significant scope of collusion among the buyers and the sellers in off market. The Noticees- 23 to 26 selling the shares in off market at such price in off market when the same could have been very much be sold in the on market further corroborates the intent of carrying out manipulative trades to establish artificial price raise. This seen in the context of the Noticees- 1 to 22 selling the a small fraction of their share holding through single trade on various days on the price rise period arranged in such a way that no two Noticees sold on the same day brings out a structure scheme of collusion between all the Noticees in the instant case. In this regard, while some of the Noticees have produced before me, the proof of payment of consideration on the date of purchase of shares in the off market, I am of the opinion that it is in all probability must have been to give the colour of genuineness to the trades given the fact that such payment was realized by the the seller in off market much after the permissible 48 hours.

123. It is pertinent to note that at the time of order placement, the seller Noticees were holding significantly more number of shares than what they sold. In this context, a common argument has been advanced by the 22 seller Noticees that sale of shares in small quantities is not illegal and in the present case, the same was not intended at manipulating the price of the scrip but was done only for optimizing / 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 said Noticees may not

be considered as manipulative. But in the present case, the circumstances were peculiar. To illustrate,

123.1. PSIT was a scrip which was suspended for trading for around 8 years May 19, 2004 to February 9, 2012

123.2. It had no track record of performance which would justify a steep price rise from Rs. 50 to Rs. 466.9;

123.3. The 22 sellers received shares of PSIT in off-market from the same 4 transferors over a short period of time;

123.4. The average daily volume in the scrip, during the period when the 22 Noticees traded, was meagre and was only there because of the sale of shares by the Noticees;

123.5. During the *price rise period* (i.e. when the 22 Noticees traded), trades happened on 162 trading days. On 155 out of 162 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;

123.6. All the trades of the Noticees were executed well after the market opening hours, majority of them in the second half of the trading day (i.e. after 12 noon).

124. It is noted from the trade details of the Noticees no. 1 to 22 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 a scrip like PSIT, 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, Noticees no. 1 to 22 in the present case, as noted in the above tables, had entered into only single trades for miniscule quantities (less than 10 shares) on several days with each trade establishing a new high price.

125. A related contention made by the seller Noticees is that since the price was witnessing a bullish trend, 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 profits. In this regard, I have examined the particulars especially relating to the purchase of shares by Noticees no. 1 to 22, the price and time of the said purchase and the selling pattern of these Noticees. Considering the same, I do not find merit in the above submissions of the Noticees on the following grounds:

125.1. If the Noticees were positive about the bullish trend in the scrip of PSIT, 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.

125.2. In fact, almost all of these 22 Noticees started selling shares in the market within 1 month of their purchase from Noticees no. 23 to 26 (through off-market transactions from the same 4 transferors);

125.3. It is worth mentioning that the upward movement in the price of the scrip of PSIT so anticipated by Noticees no. 1 to 22 could not have been possible without the LTP contribution of Noticees no. 1 to 22, contributed through their sell trades on different dates because they were the only sellers in the market on those dates.

126. It has also been contended by the seller Noticees that their sell orders were based on the buy orders pending in the system and that they sold only at the buy order rate pending in the system. In this regard, it is relevant to reiterate that at the time of placement of sell orders by all these 22 seller Noticees, there was a relatively substantial demand on the buy side signifying that the buyers were willing to buy the shares of PSIT at highest possible prices. This buying interest of the buyers was essentially a response to the artificial pumping of price by the 22 seller Noticees who controlled the supply of shares and sold the shares turn by turn always in miniscule quantities (being less than 10) at circuit price thereby fixing a new high price every day. It is noted from the transaction details of the 22 Noticees that all of their trades were executed well after the market opening hours, majority of them in the second half of the trading day (i.e. after 12 noon). The fact that the Noticees' trades were the only sell trades on almost all the trading days when they sold, indicates that the sellers

waited for the buying interest in the shares of PSIT to reach the highest point (i.e. circuit price) and then placed the matching sell orders. It is pertinent to highlight here that the sell trades of the 22 Noticees never overlapped during the *price rise* period, and but for the solitary sell orders of the Noticees, the price rise would not have been there and consequently, the buyers would not have responded to the artificial price rise. Considering the above, I do not find any merit in the submission of the Noticees in this regard.

127. In consideration of the foregoing, I find that the trading behaviour of the Noticees no. 1 to 22 was not genuine even if viewed at an individual level. Even more so, because in the present case, these 22 Noticees have acted under a larger scheme in tandem with each other and the 4 off-market transferors (Noticees No. 23 to 26) as has been discussed in above paragraphs.

128. Additionally, it has been contended by the seller Noticees that the allegation against sellers for contribution to LTP collapses since no connection of the sellers has been established with the buyers and since no action has been taken against the buyers as they placed the buy orders first at a price higher than the LTP. Apart from the above, two of the Noticees in their recent submissions have 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 PFUTP Regulations. There can be instances where artificial demand and price rise can be created choosing to buy/sell 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:

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

"… The modus operendi, 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."*

128.2. ***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."

128.3. ***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."

129. 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 Noticees and the *inter se* connection amongst them as discussed in paragraphs 42 and 43 above.

130. Further, as regards the contention of the Noticees that no action has been taken against the buyers who placed the buy orders above LTP and contributed to positive LTP, I find it important to emphasize on the point that in every proceeding, the Noticees are required to present their respective case by rebutting the allegations made *qua* them in the SCN with supporting evidences. The question whether a particular act or omission is fraudulent or not, needs to be seen in light of the surrounding circumstances. In my view, the preponderance of probability of the surrounding circumstances may lead to the finding that any particular act, such as placing a sell order or buy order, is a fraudulent behavior for manipulating the price or volume. In the present case, as far as the act of placing of sell order is concerned, it needs to be seen in light of the circumstances enumerated in paragraphs 42 and 43 of this order. Even if there is a case for similarly placed entities being treated differently, I find it relevant to quote the following observations of Hon'ble Supreme Court of India in the context of argument of discrimination to claim negative equality in the matter of *Union of India and Anr. vs. International Trading Co. and Anr.* (AIR 2003 SC 3983) which would be applicable to the facts of the present case:

> *"… two wrongs do not make one right. A party cannot claim that since something wrong has been done in another case directions should be given for doing another wrong. It would not be setting a wrong right, but would be perpetuating another wrong. In such matters there is no discrimination involved. The concept of equal treatment on the logic of Article 14 of the Constitution of India, 1950 (in short 'the Constitution') cannot be pressed into service in such cases. What the concept of equal treatment presupposes is existence of similar legal foothold. It does not countenance,*

repetition of a wrong action to bring both wrongs on a par. Even if hypothetically it is accepted that a wrong has been committed in some other case by introducing a concept of negative equality the respondents cannot strengthen their case. They have to establish the strength of their case on some other basis and not by claiming negative equality…"

131. In light of the above, I find that the objective of the present proceedings is to examine whether in light of the facts and circumstances mentioned in the SCN and the evidence available on record, the allegations against the Noticees would sustain or not. Hence, the proceedings would not be vitiated merely by the Noticees' claim that the buyers have not been named in the present proceedings. Further, as noted earlier in the order, the artificial price rise in the scrip of PSIT was caused by the sell orders of the sellers which were placed for minuscule number of shares despite there being substantial buying interest/high demand in the market. The said high demand for the shares of PSIT was a result of the controlled supply of shares by the seller Noticees who executed only one trade per day for less than 10 shares turn by turn at circuit price over a period of several months despite holding more number of shares. In other words, the buyers were responding to the artificially pumped up price of the scrip of PSIT caused by the seller Noticees. Considering the above, I find that the contention of the Noticees in this regard is misplaced and is devoid of any merit.

132. The 4 transferor Noticees namely, Rajendra Kumar Kothari, Nishant Kothari, Saroj Devi Kothari and Raj Kumar Sharma have made a common submission that the off-market transfer of shares by them was done in the ordinary course of business and they were not connected to any other Noticee named in the SCN. They also submitted that after the sale of shares in the off-market, they were not aware about the subsequent sale / transfer by the purchasing entities. It has also been contended that the SCN does not contain anything to show how off-market transfers would lead to violations of PFUTP Regulations. In this regard, it is noted from the transaction receipts submitted by the Noticees that the shares by these 4 Noticees were sold off market to the respective purchasers at a price which was around the then prevailing market price for the shares of PSIT. For example, Saroj Devi Kothari sold shares to Subhash Gupta at Rs. 59. Incidentally, on September 25, 2013 when these shares were

transferred in the off market, the market price of the shares of PSIT on the stock exchange was also approximately around the same range of Rs. 59 – 60. Thus, these 4 transferors could have sold the shares on the stock exchange when sufficient buying interest was already present on the stock exchange, which is evident form the details below which have been extracted from the above noted transaction data of Dilip Kumar Mandal: -

Order date	Order time	Sell order rate	Sell order qty	pending buy order qty. at this price
25-09-2013	12:36:37.355593	64.45	4	**3700**
03-10-2013	10:53:42.660954	82.15	4	**3000**
08-10-2013	11:56:09.646516	89.7	7	**4820**
10-10-2013	14:10:25.772888	93.25	2	**3800**

133. Viewing the above details along with the particulars of off-market transfers by Noticees No. 23 to 26 (noted earlier in the order at Table 2), it is noted that all these transferors have transferred shares in off-market on at least one of the above mentioned 4 dates. As the last column of the above table reflects, on all the 4 dates there was a relatively significant demand for the shares of PSIT on the stock exchange, however, these 4 transferors chose to transfer the shares of PSIT off-market to entities with whom they claim to be unconnected. Further, the number of shares transferred to the transferees were also miniscule i.e. 50 each to 19 transferees and 100 each to 3 transferees. The consideration amount for the said transfers was also not significant i.e. in the average range of approx. Rs. 2900 to 7000. It is important to mention that none of these 4 transferees have submitted any explanation as to how they met the transferees who bought shares in off-market. It is a matter of common knowledge that an off-market transfer of shares does not happen between two strangers and it presupposes a level of acquaintance between the buyer and seller. Thus, the submission that the transferees were not known to the transferors holds no merit. Also, no explanation has been offered as to why the shares were distributed / scattered amongst so many transferees particularly when the consideration amount was meagre. In view of the above, the transfer of minuscule number of shares by the Noticees no. 23 to 26 to the transferees - Noticees no 1 to 22 through off-market

transactions clearly indicates that the said transfer was done under a pre-designed plan which involved the transferors as well as the transferees as has been discussed in earlier paragraphs. Since all the Noticees were part of a pre-designed plan/scheme, it becomes irrelevant that the transferors knew about the subsequent sale of shares by the transferees or not, as all of them played their pre-determined roles in the plan / scheme and collectively caused the steep rise in the price of the scrip of PSIT.

134. A submission which has been made by the seller Noticees referring to their trades noted in the SCN is that as an individual their alleged trades vis-a-vis the total volume in the scrip of PSIT during the investigation period was exceedingly insignificant to have any kind of impact on either the price or volume of the scrip. With regard to the said contention, I find that if the transactions of the Noticees are viewed independent of each other and without considering the factors discussed in above paragraphs, then the same may appear to be insignificant to have caused any impact on the price or volume of the scrip. However, in the present case, one cannot lose sight of the fact that the trading by the Noticees was done under a premeditated scheme (discussed above) and collectively, their trading was the sole cause of the exponential rise in the price of the scrip of PSIT as has been noted earlier in the order. As noted earlier, the trades of the 22 seller Noticees together contributed Rs. 400.45 to the market positive LTP increase (in 120 trades), which is 86.56% of market positive LTP increase during *the price rise period*. Further, their contribution to the net LTP increase was Rs. 399.75 which is 95.88% of the net LTP increase during the said period. As regards the submission of minor contribution to the volume, I find it pertinent to refer to the observations of Hon'ble SAT in the matter of *Sanjay Kumar Tayal & Others vs SEBI* (Appeal No. 68 of 2013 - order dated February 11, 2014), wherein an entity was found to have raised the New High Price (NHP) by placing just 1 share in buy order, in each of nine transactions, when sell orders were available for higher quantity (contributing to 9.17% of NHP). The Hon'ble SAT while upholding the findings and penalty imposed by the Adjudicating Officer, SEBI, *inter alia* observed as under:

" 9… Very fact that the appellant had indulged in self trades/ LTP/ NHP without giving justifiable reason, clearly justifies the inference drawn by the AO that the trades executed by the appellant were manipulative trades.

10 …In the facts of the present case, in our opinion, no fault can be found with the decision of the AO that the trades executed by the appellant were manipulative trades and hence, the appellant was guilty of violating the SEBI Act and the PFUTP Regulations."

135. Coming back to facts of the present case, the details of LTP contribution by the 22 sellers are as follows:

S. No.	**Seller Name**	**Net LTP**				**Positive LTP**			
		LTP Difference (Rs.)	**% LTP difference**	**No. of trades**	**Trade Quantity**	**LTP Difference (Rs.)**	**% LTP difference**	**No. of trades**	**Trade Quantity**
1	Puspal Chandra	42.2	**10.12**	10	44	42.9	**9.27**	9	40
2	Dilip Kumar Mandal	33.95	**8.14**	38	98	33.95	**7.34**	38	98
3	Sanjoy Kumar Chandra	31.65	**7.59**	8	32	31.65	**6.84**	8	32
4	Mina Chandra	25.6	**6.14**	5	26	25.6	**5.53**	5	26
5	Prakash MuljiVora	22.65	**5.43**	5	26	22.65	**4.90**	5	26
6	ShilpaMaheshwari	22	**5.28**	4	24	22	**4.76**	4	24
7	SubhashGangaprasad Gupta	18.9	**4.53**	4	26	18.9	**4.09**	4	26
8	MitalDhirajlal Shah	18.25	**4.38**	5	24	18.25	**3.94**	5	24
9	Amit Mahendra Vyas	18.05	**4.33**	4	17	18.05	**3.90**	4	17
10	Yogesh Sharma	17.55	**4.21**	4	17	17.55	**3.79**	4	17
11	HemantVasantLimbachia	16.4	**3.93**	4	20	16.4	**3.54**	4	20
12	RamjiKarsanHirani	16.3	**3.91**	3	14	16.3	**3.52**	3	14
13	Bharat VasantlalThakker	16	**3.84**	4	18	16	**3.46**	4	18
14	ShreechandGulabchandSarda	15.3	**3.67**	3	19	15.3	**3.31**	3	19
15	SanjaykumarSukhdevaramMaharshi	15.1	**3.62**	3	16	15.1	**3.26**	3	16
16	Rajesh Kumar Maheshwari HUF	13.05	**3.13**	2	11	13.05	**2.82**	2	11
17	AmolShreechandSarda	12.35	**2.96**	2	12	12.35	**2.67**	2	12
18	ParulSomani	10.95	**2.63**	3	15	10.95	**2.37**	3	15
19	Dilip Khatri	10.5	**2.52**	3	13	10.5	**2.27**	3	13
20	Vandana Shankar Magar	10.3	**2.47**	3	18	10.3	**2.23**	3	18
21	KavshalyadeviGulabchandSarda	6.8	**1.63**	2	8	6.8	**1.47**	2	8
22	NileshTukaramGhadshi	5.9	**1.42**	2	9	5.9	**1.28**	2	9

	Total	399.75	**95.88**	121	507	400.45	**86.56**	120	503

136. As can be seen from the table above, the collective trading of the Noticees led to almost entire LTP contribution to the scrip of PSIT because of which the price of the scrip rose from Rs. 50 to Rs. 466.9 during the period in which these 22 Noticees traded. As discussed earlier in the order, the Noticees acted collectively under a premediated scheme and therefore, their trading cannot be viewed independent of each other. In view of the above, I do not find any merit in the submission of the seller Noticees in this regard.

137. Another related contention made by the Noticees is 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 and the demand for shares of PSIT was high, which shows that there was actual inducement. Therefore, the submission, in my view, is incorrect as the LTP contribution by the sellers (who received shares in off-market from the transferors under a pre-meditated scheme) 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 seller Noticees.

138. In light of the foregoing, the above discussed trading behaviour and the conduct of the Noticees, the preponderance of probability leads to the conclusion that the tradings/transactions of the Noticees are not genuine and are contrary to their claim that is the same are in the ordinary course of their business. To reiterate, in this present case, the transferors (Noticees No. 23 to 26) transferred the shares through off-market transactions in a distributed manner, and within a few weeks of the receipt of shares, the transferees (Noticees No. 1 to 22) started selling shares in miniscule quantities turn by turn in such a manner so as to raise the LTP of the scrip to the maximum limit possible with every trade over a period of several months. Hence, the

preponderance of probability leads us to the conclusion that the Noticees have acted in a manipulative manner for increasing the price of the scrip of PSIT. In view of the above, I find that the Noticees have violated Regulations 3(a),(b),(c),(d), 4(1) and 4(2)(a),(e) of SEBI (PFUTP) Regulations, 2003.

Issue II. Do the violations, if any, on the part of the Noticees attract monetary penalty under Section 15HA of the SEBI Act, 1992?

139. From the conclusion arrived at para 138 above, I further conclude that the Noticees are liable for penalty under Section 15HA of SEBI Act which reads as follows:

"Section 15HA. Penalty for fraudulent and unfair trade practices.

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

ISSUE III: If so, what quantum of monetary penalty should be imposed on the Noticee taking into consideration the factors mentioned in Section 15J of SEBI Act, 1992?

140. While determining the quantum of penalty under Section 15HA of SEBI Act, 1992, it is important to consider the factors stipulated in section 15J of SEBI Act, which reads as under:-

"15J - Factors to be taken into account by the adjudicating officer

While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely:-

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default."

141. I note that on the basis of data available on record, it is difficult, in cases of such nature, to quantify exactly the disproportionate gain or unfair advantage enjoyed by the Noticee and the consequent losses suffered by the investors. Further the amount of loss to an investor or group of investors also cannot be quantified on the basis of available facts and data. Even though the monetary loss to the investors cannot be computed, any manipulation in the volume or price of the stocks caused by vested interest always erodes investor confidence in the market so that investors find themselves at the receiving end of market manipulators. Hence, anyone could have been carried away by the unusual fluctuations in the price and been induced into investing in the said scrip. Besides, this kind of activity seriously affects the normal price discovery mechanism of the securities market. Therefore, it is imperative that there was a considerable impact from the fraudulent trades that led to a significant raise of share price as noted in the instant case.

ORDER

142. In view of the above, after considering all the facts and circumstances of the case and exercising the powers conferred upon me under section 15-I (2) of the SEBI Act, 1992 read with Rule 5 of the AO Rules, I hereby impose the following monetary penalties on the Noticees:

Noticee No.	Names of the Noticees	Penalty Amount In (₹)
1.	Puspal Chandra	1,00,000 (Rs. One Lakh)
2.	Dilip Kumar Mandal	1,00,000 (Rs. One Lakh)
3.	Sanjoy Chandra	1,00,000 (Rs. One Lakh)
4.	Mina Chandra	1,00,000 (Rs. One Lakh)
5.	Prakash Mulji Vora	1,00,000 (Rs. One Lakh)
6.	Shilpa Maheshwari	1,00,000 (Rs. One Lakh)
7.	Subhash Gangaprasad Gupta	1,00,000 (Rs. One Lakh)
8.	Mital Dhirajlal Shah	1,00,000 (Rs. One Lakh)
9.	Amit Mahendra Vyas	1,00,000 (Rs. One Lakh)
10.	Yogesh Sharma	1,00,000 (Rs. One Lakh)

11.	Hemant Vasant Limbachia	1,00,000 (Rs. One Lakh)
12.	Ramji Karsan Hirani	1,00,000 (Rs. One Lakh)
13.	Bharat Vasantlal Thakker	1,00,000 (Rs. One Lakh)
14.	Shreechand Gulabchand Sarda	1,00,000 (Rs. One Lakh)
15.	Sanjaykumar Sukhdevaram Maharshi	1,00,000 (Rs. One Lakh)
16.	Rajesh Kumar Maheshwari HUF	1,00,000 (Rs. One Lakh)
17.	Amol Shreechand Sarda	1,00,000 (Rs. One Lakh)
18.	Parul Somani	1,00,000 (Rs. One Lakh)
19.	Dilip Khatri	1,00,000 (Rs. One Lakh)
20.	Vandana Shankar Magar	1,00,000 (Rs. One Lakh)
21.	Kavshalyadevi Gulabchand Sarda	1,00,000 (Rs. One Lakh)
22.	Nilesh Tukaram Ghadshi	1,00,000 (Rs. One Lakh)
23.	Raj Kumar Sharma	5,00,000 (Rs. Five Lakhs)
24.	Rajendra Kumar Kothari	5,00,000 (Rs. Five Lakhs)
25.	Saroj Devi Kothari	5,00,000 (Rs. Five Lakhs)
26.	Nishant Kothari	5,00,000 (Rs. Five Lakhs)

143. In my view the penalties imposed on the Noticees are commensurate with the defaults committed by them.

144. The aforementioned entities shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of "SEBI - Penalties remittable to Government of India", payable at Mumbai, OR through online payment facility available on the SEBI website www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT → Orders → Orders of AO →PAY NOW

145. The aforementioned entities shall forward said Demand Draft or the details / confirmation of penalty so paid to the "The Division Chief, Division of Regulatory Action-4, Enforcement Department (EFD1 – DRA IV), Securities and Exchange Board of India, SEBI Bhavan, Plot No. C –4 A, "G" Block, Bandra Kurla Complex, Bandra (E),

Mumbai –400 051". The aforementioned entities shall provide the following details while forwarding DD/ payment information:

a) Name and PAN of the entity
b) Name of the case / matter
c) Purpose of Payment – Payment of penalty under AO proceedings
d) Bank Name and Account Number
e) Transaction Number

146. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under Section 28A of the Securities and Exchange Board of India Act, 1956 for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

147. In terms of the provisions of Rule 6 of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, a copy of this order is being sent to all the Noticees and also to the Securities and Exchange Board of India, Mumbai.

Mumbai **B J Dilip**
July 31, 2020 **Adjudicating Officer**