BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. EAD-6/AO/PM/NK/009/2019-20]

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 BY ADJUDICATING OFFICER) RULES, 1995.

In respect of:

Sl. No.	Name of the entity	PAN
1	Insight Multitrading Private Limited	AACCI9518C
2	Esaar (India) Limited	AABCE0478J
3	Rupak Developers Private Limited	AADCR6341P
4	Olympia Multitrading Private Limited	AABCO7262J
5	Surface Finance Private Limited	AABCS1202L
6	Garth Mercantile Private Limited	AAECG9026D
7	Moryo Industries Limited	AACCM5166G
8	Isairis Trading Private Limited	AADCI0407P

In the matter of Trading Activities of Certain Entities in the Scrip of Tilak Finance Limited (now known as Tilak Ventures Limited)

FACTS OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') in the wake of sharp price rise in the scrip of Tilak Finance Limited (now known as Tilak Ventures Limited) (herein after referred to as 'TFL' or 'the Company'), conducted an investigation

in the matter relating to the trading activities of certain entities in the scrip of TFL during the period April 25, 2013 to March 06, 2014 (hereinafter referred to as 'investigation period'/'period of investigation).

2. SEBI investigation into the trading in the scrip observed that price of the scrip (TFL) had increased by Rs. 247.50 i.e. from Rs. 63.45 to Rs. 310.95 during the investigation period. SEBI Investigation, based on the KYC/UCC data, bank transactions, off market transactions and MCA data, had identified 2 groups of 25 and 19 entities (hereinafter also referred to as 'Group1' and 'Group 2' respectively and collectively referred to as "suspected entities"). Investigation concluded that some of the entities belonging to Group 1 and Group 2 were instrumental and had positively contributed to the price rise of the scrip during the investigation period with their buy orders by deliberately matching their orders at higher than LTP (Last Traded Price) even though the fundamentals of the company or any corporate actions were not supporting the price rise in the scrip.

3. SEBI, therefore, initiated Adjudication proceedings against the Noticees for allegedly violating the provisions of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as the SEBI (PFUTP) Regulations, 2003).

Appointment of Adjudicating Officer

4. The undersigned was appointed as the Adjudicating Officer under Section 15 I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the 'SEBI Act') read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as the 'said Rules') to inquire into and adjudge under the provisions of Section 15HA of the SEBI Act- 1992 for the alleged violation of the provisions of law by the Noticee.

Show Cause Notice, Reply and Personal Hearing

5. Show Cause Notices dated October 17, 2017 (hereinafter referred to as 'SCN') were issued to the following Noticees under Rule 4(1) of the said Rules as to why an inquiry should not be held and penalty not be imposed under Section 15HA of the SEBI Act-

1992, for the alleged violation of the provisions of law. The details of the Show Cause Notices issued are as under:

Sl. No.	Name of Noticee	S C N No. and Date
1	Insight Multitrading Private Limited (hereinafter referred to as Insight)	EAD/AO-PM/NK/25585/1/2017 Dated October 17, 2017
2	Esaar (India) Limited (hereinafter referred to as Esaar)	EAD/AO-PM/NK/25574/1/2017 Dated October 17, 2017
3	Rupak Developers Private Limited (hereinafter referred to as Rupak)	EAD/AO-PM/NK/25572/1/2017 Dated October 17, 2017
4	Olympia Multitrading Private Limited (hereinafter referred to as Olympia)	EAD/AO-PM/NK/25576/1/2017 Dated October 17, 2017
5	Surface Finance Private Limited (hereinafter referred to as Surface)	EAD/AO-PM/NK/25578/1/2017 Dated October 17, 2017
6	Garth Mercantile Private Limited (hereinafter referred to as Garth)	EAD/AO-PM/NK/25580/1/2017 Dated October 17, 2017
7	Moryo Industries Limited (hereinafter referred to as Moryo)	EAD/AO-PM/NK/25583/1/2017 Dated October 17, 2017
8	Isairis Trading Private Limited (hereinafter referred to as Isairis)	EAD/AO-PM/NK/25597/1/2017 Dated October 17, 2017

6. The SCN, EAD/AO-PM/NK/25585/1/2017 dated October 17, 2017 was delivered to the Noticee, Insight Multitrading Private Limited. However, the Noticee did not submit any reply to the SCN. Thereafter, opportunities of personal hearing were granted to the Noticee on March 1, 2018 vide letter dated February 8, 2018, again on September 5, 2018 vide letter dated August 16, 2018 and further also on January 29, 2019 vide letter dated January 4, 2019. I note that the SCN dated October 17, 2017 and hearing notice dated February 8, 2018 were delivered to the Noticee. The other two hearing Notices returned undelivered with caption “not known” on the envelope. The SCN and hearing notice were also sent through email to the email id of the Noticee available in the records on the MCA website. The Noticee neither replied to the SCN nor availed the opportunities of personal hearing granted to it. In view of the above, I find that the Noticee was given sufficient opportunities to explain his case before me.

7. The SCN, EAD/AO-PM/NK/25574/1/2017 dated October 17, 2017 issued to the Noticee, Esaar (India) Limited returned undelivered with caption “insufficient address”. Thereafter

intimation with respect to the SCN along with the date of personal hearing on December 21, 2017 was published in newspaper on November 30, 2017. The Noticee replied to the SCN vide letter dated April 27, 2018 stating that it has seen the SCN on the SEBI website and was in the process of preparing the reply and sought 1 month time to submit the reply. The Noticee however, did not submit its reply to the SCN. Thereafter an opportunity of personal hearing was granted to the Noticee on September 5, 2018 vide letter dated August 16, 2018 sent to the new address mentioned in the reply of the Noticee in its letter dated April 27, 2018. The said hearing notice returned undelivered. Thereafter, another opportunity of personal hearing was granted to the Noticee on January 29, 2019 vide letter dated January 4, 2019. The said hearing notice also returned undelivered. The SCN and hearing notice were also sent through email to the email id of the Noticee sourced from the MCA (Ministry of Corporate Affairs) website. Thereafter intimation with respect to the SCN along with the date of personal hearing was published in newspaper on March 20, 2019. The Noticee replied to the SCN vide letter dated March 27, 2019. The Noticee in its reply informed about a new address which was taken on record. Further, the Noticee submitted that it denies the charges levelled against the Noticee. The Noticee requested for certain documents which even though not relevant were enclosed along with the hearing notice dated April 2, 2019 sent subsequently in respect of the personal hearing granted to the Noticee on April 16, 2019. The said hearing notice along with documents relied upon also returned undelivered from the new address communicated by the Noticee in its reply dated March 27, 2019. In view of the above, I find that the Noticee was given sufficient opportunities to explain his case before me but has shown complete disregard of the provisions of the law and proceedings initiated against it.

8. The SCN, EAD/AO-PM/NK/25572/1/2017 dated October 17, 2017 issued to the Noticee, Rupak Developers Private Limited returned undelivered with caption “No such consignee”. Thereafter intimation with respect to the SCN along with the date of personal hearing on December 21, 2017 was published in newspaper on November 30, 2017. However, the Noticee did not respond. Thereafter an opportunity of personal hearing was granted to the Noticee on September 7, 2018 vide letter dated August 16, 2018 sent to the address of the Noticee. The said hearing notice returned undelivered. Thereafter, another opportunity of personal hearing was granted to the Noticee on January 28, 2019

vide letter dated January 4, 2019. The said hearing notice also returned undelivered. The SCN and hearing notice were also sent through email to the email id of the Noticee sourced from the MCA (Ministry of Corporate Affairs) website. Affixture of the SCN and the hearing notice was also attempted at the last known address available with SEBI. However the same was not allowed by the present occupants of the said address. Thereafter intimation with respect to the SCN along with the date of personal hearing was published in newspaper on March 20, 2019. However, no response was received from the Noticee. In view of the above, I find that the Noticee was given sufficient opportunities to explain his case before me but the Noticee did not respond.

9. The SCN, EAD/AO-PM/NK/25576/1/2017 dated October 17, 2017 issued to the Noticee, Olypmpia Multitrading Private Limited returned undelivered with caption “Addressee left”. Thereafter intimation with respect to the SCN along with the date of personal hearing on December 21, 2017 was published in newspaper on November 30, 2017. However, the Noticee did not respond. Thereafter an opportunity of personal hearing was granted to the Noticee on September 5, 2018 vide letter dated August 16, 2018 sent to the address of the Noticee. It may be noted that the same address was mentioned in the records of MCA. The said hearing notice returned undelivered. Thereafter, another opportunity of personal hearing was granted to the Noticee on January 29, 2019 vide letter dated January 4, 2019. The said hearing notice also returned undelivered. The SCN and hearing notice were also sent through email to the email id of the Noticee sourced from the MCA (Ministry of Corporate Affairs) website. Affixture of the SCN and the hearing notice was also attempted at the last known address available with SEBI. However the same was not allowed by the present occupants of the said address. Thereafter, intimation with respect to the SCN along with the date of personal hearing was published in newspaper on March 20, 2019. However, no response was received from the Noticee. In view of the above, I find that the Noticee was given sufficient opportunities to explain his case before me but the Noticee did not respond.

10. The SCN, EAD/AO-PM/NK/25578/1/2017 dated October 17, 2017 issued to the Noticee, Surface Finance Private Limited returned undelivered with caption “No such party”. Thereafter intimation with respect to the SCN along with the date of personal hearing on December 21, 2017 was published in newspaper on November 30, 2017. However, the

Noticee did not respond. Thereafter an opportunity of personal hearing was granted to the Noticee on September 7, 2018 vide letter dated August 16, 2018 sent to the address of the Noticee. It may be noted that the same address was mentioned in the records of MCA. The said hearing notice returned undelivered. Thereafter, another opportunity of personal hearing was granted to the Noticee on January 29, 2019 vide letter dated January 4, 2019. The said hearing notice also returned undelivered. The SCN and hearing notice were also sent through email to the email id of the Noticee sourced from the MCA (Ministry of Corporate Affairs) website. Affixture of the hearing notice along with the SCN was also attempted at the last known address available with SEBI. However the same was not allowed by the present occupants of the said address. Thereafter, intimation with respect to the SCN along with the date of personal hearing was published in newspaper on March 20, 2019. However, no response was received from the Noticee. In view of the above, I find that the Noticee was given sufficient opportunities to explain his case before me but the Noticee did not respond.

11. The SCN, EAD/AO-PM/NK/25580/1/2017 dated October 17, 2017 issued to the Noticee, Garth Mercantile Private Limited returned undelivered with caption “No such consignee”. Thereafter intimation with respect to the SCN along with the date of personal hearing on December 21, 2017 was published in newspaper on November 30, 2017. However, the Noticee did not respond. Thereafter an opportunity of personal hearing was granted to the Noticee on September 6, 2018 vide letter dated August 16, 2018 sent to the last known address of the Noticee. It may be noted that the same address was mentioned in the records of MCA. The said hearing notice returned undelivered. Thereafter, another opportunity of personal hearing was granted to the Noticee on January 28, 2019 vide letter dated January 4, 2019. The said hearing notice also returned undelivered. The SCN and hearing notice were also sent through email to the email id of the Noticee sourced from the MCA (Ministry of Corporate Affairs) website. Affixture of the SCN along with hearing notice was also attempted at the last known address available with SEBI. However the same was not allowed by the present occupants of the said address. Thereafter, intimation with respect to the SCN along with the date of personal hearing was published in newspaper on March 20, 2019. However, no response was received

from the Noticee. In view of the above, I find that the Noticee was given sufficient opportunities to explain his case before me but the Noticee did not respond.

12. The SCN, EAD/AO-PM/NK/25583/1/2017 dated October 17, 2017 issued to the Noticee, Moryo Industries Limited returned undelivered with caption "insufficient address". Thereafter intimation with respect to the SCN along with the date of personal hearing on December 21, 2017 was published in newspaper on November 30, 2017. The Noticee replied to the SCN vide letter dated April 28, 2018 stating that it has seen the SCN on the SEBI website and was in the process of preparing the reply and sought 1 month time to submit the reply. The Noticee however, did not submit its reply to the SCN. Thereafter an opportunity of personal hearing was granted to the Noticee on September 5, 2018 vide letter dated August 16, 2018 sent to the new address mentioned in the reply of the Noticee in its letter dated April 27, 2018. The SCN and hearing notice were also sent through email to the email id of the Noticee sourced from the MCA (Ministry of Corporate Affairs) website. The Noticee did not attend the personal hearing but replied vide letter dated August 30, 2018. The Noticee in its reply informed about a new address which was taken on record. Further, the Noticee submitted that it denies the charges levelled against the Noticee. The Noticee requested for certain documents which were provided to the Noticee along with the notice of personal hearing on January 29, 2019 vide letter dated January 4, 2019. The said hearing notice along with documents relied upon returned undelivered from the new address communicated by the Noticee. Affixture of the SCN along with the hearing notice was also attempted at the last known address available with SEBI and the Noticee accepted the said documents at the time of affixture. However, the Noticee had neither replied to the SCN nor availed the opportunity of personal hearing granted to it. In view of the above, I find that the Noticee was given sufficient opportunities to explain his case before me but has shown complete disregard of the provisions of the law and proceedings initiated against it.

13. The SCN, EAD/AO-PM/NK/25597/1/2017 dated October 17, 2017 issued to the Noticee, Isairis Trading Private Limited returned undelivered with caption "addressee left". Thereafter intimation with respect to the SCN along with the date of personal hearing on December 21, 2017 was published in newspaper on November 30, 2017. However, the Noticee did not respond. Thereafter an opportunity of personal hearing was granted to

the Noticee on September 6, 2018 vide letter dated August 16, 2018 sent to the last known address of the Noticee. It may be noted that the same address was mentioned in the records of MCA. The said hearing notice returned undelivered. Thereafter, another opportunity of personal hearing was granted to the Noticee on January 28, 2019 vide letter dated January 4, 2019. The said hearing notice also returned undelivered. The SCN and hearing notice were also sent through email to the email id of the Noticee sourced from the MCA (Ministry of Corporate Affairs) website. Affixture of the SCN along with the hearing notice was also attempted at the last known address available with SEBI. However the same was not allowed by the present occupants of the said address. Thereafter, intimation with respect to the SCN along with the date of personal hearing was published in newspaper on March 20, 2019. However, no response was received from the Noticee. In view of the above, I find that the Noticee was given sufficient opportunities to explain his case before me but the Noticee did not respond.

14. For the reasons mentioned above, I am of the opinion that the Noticees were provided with adequate opportunities of replying to the SCN and of being heard in the matter.

CONSIDERATION OF ISSUES AND FINDINGS

15. I have perused the documents available on record. The issues that arise for consideration in the present case are:

    I. *Whether the Noticees, have indulged into manipulative trades and manipulated the price of the scrip with their trades and thereby violated the provisions of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.*

    II. *Does the violation, if any, on the part of the Noticees attract monetary penalty under section 15HA of SEBI Act, 1992?*

    III. *If so, what would be the monetary penalty, duly considering the factors mentioned in Section 15J of SEBI Act read with Rule 5(2) of the AO Rules?*

Issue I – ***Whether the Noticees, have indulged into manipulative trades and manipulated the price of the scrip with their trades and thereby violated the provisions of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(e)***

of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003?

16. The first issue for consideration is whether the Noticees have indulged into manipulative trades and manipulated the price of the scrip with their trades and thereby violated the provisions of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.

17. Before I proceed with the matter, it is pertinent to look at the relevant provisions alleged to have been violated by the Noticees, which are reproduced below:

SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003

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 thereunder;*

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

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

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

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

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

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

…

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

18. I note that the Noticees have not replied to the SCN and neither have availed the multiple opportunities of personal hearing granted to them. I find that the Noticees were provided with sufficient opportunities to explain their case before me, but have not done so despite enough opportunities being provided to them. Therefore, I am constrained to decide the matter based on the materials and documents put on record and made available before me.

19. In the SCN it was alleged that price of the scrip (TFL) had increased by Rs. 247.50 i.e. from Rs. 63.45 to Rs. 310.95. A comparative price volume chart before during and after the investigation period is given in the table below

Price Volume Chart							
Period	**Date**	**Particulars**	**Opening Price(Volume) on the first day of the period**	**Closing Price(Volume) on the last day of the period**	**Low Price (Volume) during the period**	**High Price (Volume) during the period**	**Avg No of shares traded daily during the period**
Before Investigation Period	**January 25, 2013 to April 24, 2013**	**Price**	128.00	64.70	64.70	191.25	10,852
		Volume	312	1	1	88,500	
Investigation Period	**April 25, 2013 to March 06, 2014**	**Price**	63.45	310.15	62.20	310.95	41,072
		Volume	200	50,061	2	2,30,826	
After Investigation Period	**March 07, 2014 to June 06, 2014**	**Price**	303.90	252.90	217.50	308.00	32,908
		Volume	31,941	2058	1	1,39,150	

20. The SCN further alleged that certain entities were instrumental in the price rise of the scrip. I note that SEBI Investigation, based on the KYC/UCC data, bank transactions, off market transactions and MCA data, had observed that the Noticees had direct/indirect connection to the promoters of the company, TFL. These Noticees allegedly manipulated the price of the scrip of TFL and therefore were issued SCN in respect of the alleged violation of the SEBI Act, and Rules, Regulations made thereunder.

21. I note from the materials available on record that Agarwal Bullion Limited (Agarwal Bullion) (earlier known as Kayaguru Health Solutions Limited was promoters of Tilak Finance Limited (TFL). Giriraj Kishor Agarwal was common director in Agarwal Bullion, TFL and Handful Investrade Private Limited (Handful). Further, Agarwal Bullion had financial transactions with Esaar (India) Limited, Moryo Industries Limited and Surface Finance Private Limited. I also note that Esaar (India) Limited and Moryo Industries Limited were connected to each other by virtue of having a common Director, Diptee Lalwani. I note that Vijay Kumar Agarwal is common director in Isairis Trading Private Limited, Garth Mercantile Private Limited, Olympia Multitrading Private Limited and Romy Realty Private Limited and therefore were companies under the same management (sister concerns) . I also note that Isairis Trading Private Limited, Garth Mercantile Private Limited Olympia Multitrading Private Limited, Surface Finance Private Limited and Vijay Kumar Agarwal share a common correspondence address i.e. F 15 Lokmanya Shopping Centre Shivaji Chawk Station Road Bhayander. In view of the above I find that the Noticees, Isairis Trading Private Limited, Garth Mercantile Private Limited, Olympia Multitrading Private Limited, Surface Finance Private Limited and Romy Realty Private Limited are connected to each other. I also note that Insight Multitrading Private Limited had financial transaction with Moryo Industries Limited and Rupak Developers Private Limited. Rupak Developers also had financial transaction with Esaar (India) Limited, Moryo Industries Limited, Garth Mercantile Private Limited, Surface Finance Private Limited, Romy Realty Private Limited and Kamalakshi Finance Corporation Limited. in view of the above discussions, I find that the Noticees namely, Insight Multitrading Private Limited, Esaar (India) Limited, Rupak Developers Private Limited, , Olympia Multitrading Private Limited, Surface Finance Private Limited, Garth Mercantile Private Limited, Moryo

Industries Limited and Isairis Trading Private Limited were connected to the promoters of the company and the company and acted in connivance with them.

22. It is pertinent here to refer to the Judgment of Hon'ble Supreme Court of India in the matter of **Securities and Exchange Board of India Versus Kishore R. Ajmera** in Civil Appeal No. 2818 of 2008 decided on February 23, 2016 with respect to the connection and interconnection of the Noticees. The Hon'ble Supreme Court of India in the matter of **Securities and Exchange Board of India Versus Kishore R. Ajmera** in Civil Appeal No. 2818 of 2008 decided on February 23, 2016 held that:

"22. It is a fundamental principle of law that proof of an allegation levelled against a person may be in the form of direct substantive evidence or, as in many cases, such proof may have to be inferred by a logical process of reasoning from the totality of the attending facts and circumstances surrounding the allegations/charges made and levelled. While direct evidence is a more certain basis to come to a conclusion, yet, in the absence thereof the Courts cannot be helpless. It is the judicial duty to take note of the immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded and to reach what would appear to the Court to be a reasonable conclusion therefrom. The test would always be that what inferential process that a reasonable/prudent man would adopt to arrive at a conclusion. ……."

23. I note from the material available on record that Noticees were net buyers in the scrip of the company during the investigation period. The Noticees purchased 3010376 (34.58%) shares and sold 498545 (5.74%) shares. The net purchase of the Noticees was 2511922 (28.86%) shares.

24. I note from material available on record that during the investigation period, price of the scrip opened at Rs. 63.45 on April 25, 2013, increased to a period high of Rs. 310.95 and closed at Rs. 310.15 on March 06, 2014. I note that price of the scrip had risen continuously during the investigation period. I further note that the Noticees had contributed Rs. 461.25 of positive LTP (Last Traded Price) (Rs. 324.50 of net LTP) which was approximately 49% of the total positive LTP contributed during the investigation period.

25. I note from the material available on record that some of the entities as mentioned in the above paragraphs, inflated the price of the scrip of TFL. I note that the Noticees were contributing to the price rise as buyers in the scrip even though there were no positive indicators and the fundamentals of the company were not strong enough to warrant any increase in the price of the scrip. The below are trades that lead to the price rise in the scrip.

S. No.	Order Type	Order no.	Order Time	Order Qty	Order Price	Pending CP order Qty (range) – Best 5 orders	Pending CP order price (range) – Best 5 orders	Trade Time	Traded Qty	Traded price	Diff in LTP
1	Buyer name: Esaar (India) Limited					Seller name: Kesar Devi Jain			Date: 25/10/2013		
	Buy	14000021025449	15:11:52	18	235	100-10000	227-235(5 ords)	15:15:09	18	235	22.15
	Sell	21000028017751	15:13:58	100	215	Nil	Nil				
2	Buyer name: Rupak Developers Private Limited					Seller name: Omprakash Sharma			Date: 24/10/2013		
	Sell	20000028005409	14:43:03	50	205.05	Nil	Nil	15:15:08	50	224	18.95
	Buy	14000022011433	15:10:23	1000	224	300-15000	224-225 (2 ords)				
3	Buyer name: Surface Finance Pvt Ltd					Seller name: Sangeeta Agrawal			Date: 22/11/2013		
	Sell	15000023001216	10:34:03	25	248	Nil	Nil	11:15:08	25	248	15.00
	Buy	16000029002409	11:02:47	25	248	Nil	Nil				
4	Buyer name: Garth Mercantile Private Limited					Seller name: Nirav Rajababu Gandhi			Date: 07/02/2014		
	Sell	20000109271136	12:06:24	50	285.45	250	271	12:20:06	50	285.45	14.45
	Buy	12000108216602	12:20:06	336	286	250	285.5 (5 ords)				
5	Buyer name: Esaar (India) Limited					Seller name: Sabirbhai S Bhathiyara			Date: 23/01/2014		
	Sell	12000069347499	13:43:39	500	283.95	300	269.6	14:55:59	50	283.95	14.35
	Buy	18000079602207	14:55:59	500	283.95	10300- 500	284 (5 ords)				

26. From the above, I find that in 3 of the 5 cases (instances at sl.no. 1, 2 and 3 of the above table), there was no buy demand. In the instance at sl.no. 1, I find that Esaar (India) Limited had placed a buy order at a price of Rs. 235 for 18 shares. This order was placed at Rs. 22.15 higher than the LTP. At that point, there were no buy orders pending by any other entities and all the prevailing buy orders (top 15 orders) were from Esaar (India)

Limited for 18 shares for Rs. 235. Subsequently, Kesar Devi Jain placed a sell order at Rs. 215 resulting in order matching at Rs. 235 and leading to an LTP contribution for Rs. 22.15. Similarly, in the instance at sl. no. 2, the seller Mr. Omprakash Sharma placed a sell order for 50 shares at Rs. 205.05 when there was no buy demand. Subsequently, the buyer Rupak Developers Private Limited placed a buy order at Rs. 224 resulting in order matching and leading to an LTP contribution for Rs. 18.95. Similarly in the instance at sl. no. 3, the seller Mr. Sangeeta Agarwal placed a sell order for 25 shares at Rs. 248 when there was no buy demand. Subsequently, the buyer Surface Finance Private Limited placed a buy order at Rs. 248 resulting in order matching at Rs. 248 and leading to an LTP contribution for Rs. 15. Further, in the instance at sl. no. 4, Nirav Gandhi placed a sell order at a price of Rs. 285.45 where there was only one prevailing buy order for Rs.271. Subsequently, Garth Mercantile Private Limited placed a buy order at Rs. 286, resulting in order matching at Rs. 285.45 and thereby causing the price to increase by Rs. 14.45. I again find that in instance at sl. no. 5, Sabirbhai Bhathiyara placed a sell order at a price of Rs. 283.95 where there was only one prevailing buy order for Rs. 269.60. Subsequently, Esaar (India) Limited placed a buy order at the matching price (i.e. Rs. 283.95) thereby causing the price to increase by Rs. 14.35.

27. I find from the above that the Noticees as buyers have consistently contributed to the total positive LTP (Last Traded Price). I find that the Noticees in most cases have matched the existing sell orders put at prices higher than LTP despite there being no buyers in the market. I also note that on the buy side, Noticees were contributing to the price rise with their buy orders even though the fundamentals of the company or any corporate actions during the investigation period were not supporting the scrip price. They contributed to positive LTP by not only matching higher than LTP prices of the sell orders but also by placing buy orders first at higher than LTP prices. I also find that the Noticees were buying more shares as compared to their sell volume in spite of poor fundamentals of the company.

28. I note that in a normal market condition, when supply is not matched by similar demand, it leads to a price fall. However, in the present case I find that the Noticees created an artificial price rise by absorbing whatever sell orders were available in the market even if they were at a price higher than LTP. Further, in many instances, they also led the price

rise by placing buy orders repeatedly at prices higher than LTP. I find from material available on record that the Noticees were observed to have a positive net LTP and contributed to more than 1% of the market positive LTP through their trades.

29. I find from material available on record that the price increased from Rs. 63.45 to Rs. 310.15 i.e. Rs. 246.70. I further note that the Noticees have contributed Rs. 50.05 to the net LTP by way of first trades and Rs. 114.20 to the positive LTP (12.14% of the total market positive LTP). I also note from material available on record that the Noticees have contributed Rs. 83/- (33.69%) to the total NHP (new high price i.e. trades which resulted in establishing new price) In view of the above discussions, it is alleged that the Noticees were actively involved in increasing the price of the scrip with their manipulative trades.

30. The Hon'ble SAT in the matter of **Bhavesh Patel and Others versus SEBI** in the matter of S J Corporation Limited in Appeal No. 456 of 2015 decided on 25 April 2018 reaffirmed the rationale cited in the matter of **Securities and Exchange Board of India vs. Rakhi Trading Private Ltd.** (Civil Appeal No. 1969 of 2011 decided on February 08, 2018) and **Securities and Exchange Board of India Versus Kishore R. Ajmera** in Civil Appeal No. 2818 of 2008 decided on February 23, 2016 and observed that: *"….. 44. Learned Counsel Shri. Gaurav Joshi relied on the following judgments of the Supreme Court (a) Securities and Exchange Board of India vs. Rakhi Trading Private Ltd. (Civil Appeal No. 1969 of 2011 decided on February 08, 2018); (b) Securities and Exchange Board of India vs Shri Kanaiyalal Baldevbhai Patel, 2017 SCC On Line SC 1148 decided on September 20, 2017 and (c) Securities and Exchange Board of India vs. Kishore R. Ajmera, (2016) 6 Supreme Court Cases 368 decided on February 23, 2016 and submitted that in deciding on PFUTP violation, totality of facts and preponderance of probabilities have to be resorted to as full evidence may not be forthcoming and manipulative, fraudulent schemes also include deliberately making losses as held in Rakhi Trading (supra). …..*

50. Argument made by each of the appellant individually that each of them played only a small trade in isolation or as per normal course of their business or some of them did not trade at all or some small loan has been given etc. stand no merit when totality of the picture is looked at. All of them together enabled launching this major fraud by using a dormant, low capital base and low public float company. In this context, we also find that *the argument that many of the appellants did not off-load either full or major chunk of their holding even in Phase-III or thereafter also has no merit since with the still limited liquidity of about 1100 shares per day there was an inbuilt absorptive limitation for the market and thereafter the ad-interim restraint order of the WTM of SEBI came on their way on February 5, 2010. As held by the Hon'ble Supreme Court in several orders such as SEBI vs Rakhi Trading (supra), SEBI vs. Shri Kanaiyalal Baldevbhai (supra) and SEBI vs. Kishore R. Ajmera (supra) complete evidence may not be forthcoming in every such matter and what is needed is to prove that in a factual matrix preponderance of probabilities indicate a fraud. In Rakhi Trading (supra) it is held that in some cases parties may even incur willful losses in the market to achieve some objectives*."

31. I also find it relevant here to refer to the Hon'ble SAT order dated April 16, 2012 in Appeal no. 49 of 2012 in the matter of **Rajesh N Jhaveri Vs SEBI** wherein the Hon'ble Sat observed that all the documents/materials need not be provided to the Noticee if relevant documents/materials have been provided.

32. I find that the Noticees failed to furnish any reply to the SCN and also did not avail the opportunity of personal hearing before me despite service of the SCN and hearing notice. In this regard, I would like to refer to the order of Hon'ble Securities Appellate Tribunal ("**SAT**") in the matter of *Classic Credit Ltd. vs. SEBI*, (Appeal No. 68/2003, order dated December 08, 2006), wherein it, *inter-alia*, held – *"the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show-cause notice were admitted by them"*.

33. Similarly, the Hon'ble SAT in the matter of *Sanjay Kumar Tayal & Others vs. SEBI* (Appeal No. 68 of 2013, order dated February 11, 2014), has also inter alia, observed that: "...*As rightly contended by Mr. Rustomjee, learned senior counsel for respondents, appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges leveled against them in the show cause notices..."*

34. In the light of the above facts, and drawing support from the various judicial pronouncements mentioned above, it is established that the Noticees have indulged into

manipulative trades that resulted into increasing the price of the scrip of TFL. The Noticees have further, contributed to positive LTP (Last Traded Price) and NHP (New High Price) with their trades to establish a higher market price and thus manipulated the price of the scrip of TFL. Therefore, the Noticees namely, Insight Multitrading Private Limited, Esaar (India) Limited, Rupak Developers Private Limited, Olympia Multitrading Private Limited, Surface Finance Private Limited, Garth Mercantile Private Limited, Moryo Industries Limited and Isairis Trading Private Limited have violated the provisions of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2) (a) and 4(2) (e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.

ISSUE II: *Does the violations, if any, on the part of the Noticees attract monetary penalty under section 15HA of SEBI Act?*

35. The aforesaid violations on the part of Noticee makes the Noticee liable for penalty under Sections 15 HA of the SEBI Act 1992 which reads as follows:

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, which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.

36. As regards the Noticee it is clear that they are liable for imposition of penalty as is drawn from the Hon'ble Supreme Court of India Order in the matter of **SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC)** has also held "*In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant…".*

ISSUE III*: If so, how much penalty should be imposed on the Noticees taking into consideration the factors mentioned in section 15J of the SEBI Act?*

37. Factors to be taken into account by the adjudicating officer:

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

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

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

(c) the repetitive nature of the default.

1 [Explanation.—For the removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.]

38. I find that the material available on record, does not quantify any disproportionate gains or unfair advantage, if any, accrued/made by the Noticees and the losses, if any, caused/suffered by the investors due to such manipulative trades of the Noticees. From the documents available on record, it is noted that the failure is not repetitive. However, it would be appropriate to refer to the observations made by the Hon'ble SAT in the matter **of Akriti Global Traders Ltd. Vs. SEBI (Appeal No. 78 of 2014) decided on September 30, 2014** :-

"…penal liability arises as soon as provisions under the regulations are violated and that penal liability is neither dependent upon intention of parties nor gains accrued from such delay.

ORDER

39. For the aforesaid reasons and after taking into consideration the nature and gravity of charges established, the facts and circumstances of the case and the mitigating factors as enumerated above, I, in exercise of the powers conferred upon me under Section 15I (2) of the SEBI Act, 1992 read with Rule 5 of the Adjudication Rules, hereby impose a monetary penalty of Rs. 5,00,000/- (Rupees Five Lakh Only) on each of the Noticees as mentioned in the table below;

Sl. No.	Name of Noticee	PAN	Penalty Amount (Rs.)
1	**Insight Multitrading Private Limited**	**AACCI9518C**	500,000/-
2	**Esaar (India) Limited**	**AABCE0478J**	500,000/-
3	**Rupak Developers Private Limited**	**AADCR6341P**	500,000/-
4	**Olympia Multitrading Private Limited**	**AABCO7262J**	500,000/-
5	**Surface Finance Private Limited**	**AABCS1202L**	500,000/-
6	**Garth Mercantile Private Limited**	**AAECG9026D**	500,000/-
7	**Moryo Industries Limited**	**AACCM5166G**	500,000/-
8	**Isairis Trading Private Limited**	**AADCI0407P**	500,000/-

under section 15HA of SEBI Act, 1992 for the violation of the provisions of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 which will be commensurate with the violations committed by the Noticees.

40. The Noticee 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 e-payment facility into Bank account the details of which are given below:

Account No. for remittance of penalties levied by Adjudication Officer

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

41. The Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid through e-payment to the Deputy General Manager, DRA- II, Enforcement Department, SEBI, Mumbai as per the following format.

Case Name	
Name of Payee	
Date of payment	
Amount Paid	
Transaction No	
Bank Details in which payment is made	
Payment is made for (like penalties/disgorgement /recovery/ Settlement amount and legal charges along with order details)	
Penalty	

42. In terms of Rule 6 of the Rules, copies of this order are sent to the Noticee and also to the Securities and Exchange Board of India.

Date: May 30, 2019 **Prasanta Mahapatra**

Place: Mumbai **Adjudicating Officer**