

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO.: Order/VV/NK/2021-22/14797-14802]

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

IN RESPECT OF:

Noticee No.	Names of the Noticee	PAN
1	Mangalmayee Hirise Private Limited	AAFCM7962D
2	Subhshree Hirise Private Limited	AAMCS5112J
3	Suryamukhi Projects Private Limited	AAMCS5392J
4	Growfast Realtors Private Limited	AADCG3026G
5	Pushpanjali Commotrade Private Limited	AAECP9727C
6	Skylight Distributors Private Limited	AAMCS8390J

IN THE MATTER OF PRICE MANIPULATION IN THE SCRIP OF M/S. NOUVEAU GLOBAL VENTURES LTD.

BACKGROUND

1. The Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) had conducted the Investigation during the period from December 01, 2010 to March 28, 2013 (i.e. date of increase in price of the scrip till end of six months after expiry of lock-in period of preferential allotment) (hereinafter referred to as “**Investigation Period**”) in the scrip of Nouveau Global Ventures Ltd (“**NGVL/Nouveau/the Company**”) to ascertain whether there was any price manipulation while trading by certain suspected

Noticees in the scrip of NGVL resulting in violation of SEBI Prohibition of Fraudulent and Unfair Trade Practices Regulations 2003 (“**PFUTP Regulations**”). However, wherever deemed necessary, reference has been made to outside this period.

2. Pursuant to the Investigation, SEBI initiated adjudication proceedings under Section 15HA of the Securities and Exchange Board of India Act, 1992, (hereinafter referred to as “**SEBI Act**”) against 8 entities including Skylight Distributors Private Limited, Suryamukhi Projects Private Limited, Mangalmayee Hirise Private Limited, Subhshree Hirise Private Limited, Pushpanjali Commotrade Private Limited, and Growfast Realtors Private Limited (hereinafter collectively referred to as “**Noticees/6 Noticees**”) for the alleged violation of the provisions of Regulations 3(a), (b),(c),(d), 4(1), 4(2)(a) and 4(2)(e) of the PFUTP Regulations by the Noticee.

APPOINTMENT OF ADJUDICATING OFFICER

3. Shri Sahil Malik was appointed as the Adjudicating Officer (**AO**) by SEBI, under Section 19 of the SEBI Act read with Section 15-I of the SEBI Act and Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as “**Adjudication Rules**”) to conduct adjudication proceedings *inter-alia* in respect of the Noticees, in the manner specified under Rule 4 of the Adjudication Rules read with Section 15-I (1) and (2) of the SEBI Act, and if satisfied that penalty is liable, to impose such penalty deemed fit in terms of Rule 5 of the Adjudication Rules and in terms of Section 15HA of the SEBI Act. Thereafter on internal transfer of erstwhile AO, undersigned has been appointed as AO vide communique dated August 13, 2019 in the place of Shri Sahil Malik to inquire into and adjudge the violation of the PFUTP Regulations alleged to have been committed by the Noticee.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

4. Show Cause Notice dated February 12, 2018 (hereinafter referred to as “**SCN**”) was issued to the Noticees by erstwhile AO in terms of Rule 4 (1) of the Adjudication Rules read with Section 15-I of the SEBI Act, to show cause as to why an inquiry should not be initiated and penalty should not be imposed under Section 15HA of the SEBI Act,

on the Noticees for the alleged violation of Regulations 3(a),(b),(c),(d), 4(1), 4(2)(a) and 4(2)(e) of the PFUTP Regulations by the Noticees.

5. The said SCN sent to Mangalmayee Hirise Private Limited, Subhshree Hirise Private Limited, Suryamukhi Projects Private Limited and Growfast Realtors Private Limited through SPAD was returned undelivered with the reason mentioned as, "Addressee moved". An attempt was taken to deliver the unserved SCN with respect to Mangalmayee Hirise Private Limited, Subhshree Hirise Private Limited, Suryamukhi Projects Private Limited and Growfast Realtors Private Limited through their broker, Gateway Financial Services Ltd vide letter dated March 06, 2018 and also through affixture but failed to affix the said Notice as current residents did not allowed to affix the notice at the address mentioned in the records.
6. SCN was duly delivered to Pushpanjali Commotrade Private Limited and Skylight Distributors Private Limited on February 16, 2018. However, no reply to SCN was made by them.
7. Subsequent to my appointment as the Adjudicating Officer in the matter, an opportunity of personal hearing in terms of Rule 7(d) of the Rules in the interest of natural justice, was granted through WebEx platform due to Covid-19 Pandemic on June 28, 2021 to the Noticee no. 5 & 6 through hearing notice dated May 28, 2021 which was duly delivered to Noticee no 5 & 6 on June 09, 2021. However, Noticee no. 5 & 6 failed to appear on scheduled date and time of hearing.
8. An opportunity of personal hearing in terms of Rule 7(d) of the Rules, was also granted to the Noticee no. 1 to 4 on July 29, 2021 through tele/videoconferencing in light of the ongoing COVID pandemic, vide newspaper publication dated July 14, 2021 in the local newspaper circulated in all kolkata Editions i.e., Times of India in English language, Sanmarg in Hindi language and Anand Bazaar Patrika in Bengali language.

9. It was also published in the said newspaper publications that, the said SCN has been published/ uploaded on website of SEBI (www.sebi.gov.in) under the section Enforcement: 'Unserved Summons/ Notices' and can be downloaded from the website of SEBI (www.sebi.gov.in). Further, Noticees were also advised to submit their reply to the SCN within 14 days of publication of the said notice.
10. Suryamukhi Projects Pvt Ltd., Skylight Distributors Pvt Ltd. and Mangalmayee Hirise Pvt Ltd vide email dated July 22, 2021, Growfast Realtors Pvt Ltd. vide email dated July 26, 2021 and Subhshree Hirise Pvt Ltd vide email dated July 27, 2021 requested copy of the SCN and annexures to it and sought 6 weeks' time to file reply to the SCN. Noticees were provided the SCN and all the annexures to it vide email dated July 26 & 27, 2021.
11. Noticees were given another opportunity of personal hearing on August 26, 2021 by video conferencing through WebEx. Noticee no. 1 to 6 vide email dated August 23, 2021 authorised their representative to appear in virtual hearing on August 26, 2021, which was taken on record.
12. Noticees vide email dated August 25 and 26, 2021 submitted their replies.
13. The Authorized Representative of the Noticees (AR), appeared for the hearing on August 26, 2021, and reiterated the written submissions made in the reply dated August 25 and 26, 2021.
14. Noticees in the said emails have *inter-alia* made the following common submissions:
1. *The reference is invited to the above letter or Show Cause Notice (hereinafter referred to as "SCN") dated February 12, 2018, which was downloaded by us from SEBI's website and the annexures were provided to us by SEBI later vide an Email dated July 26, 2021.*
 2. *Upon perusal of the SCN, it is noted that your goodself has initiated Adjudication proceedings against the Noticees Nos. 1 to 8 under the SEBI ACT, 1992 ('SEBI ACT'),*

for alleged violations of Regulations 3(a), (b), (c) and (d) and 4(1) and 4(2)(a), (e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 ('PFUTP Regulations').

3. *Upon perusal of the SCN, we understand that SEBI has questioned few of our trades in the shares of Nouveau Global Ventures Limited (hereinafter "NGVL" or "the Company").*
4. *It appears from the records that SEBI has investigated trades during the period December 1, 2010 to March 28, 2013 and the said investigation period is divided into 3 patches. According to SEBI during Patch 1 i.e. December 1, 2010 to April 6, 2011 there was a price rise in the scrip of NGVL and according to SEBI our trades fall only under Patch 1. It is SEBI's allegation that some of the trades which we entered during February 3 to April 6, 2011 were manipulative and had contributed to positive Last Traded Price (LTP). It is important to note that the present SCN is initiated after almost 7 years from the trades in question and after almost 5 years from the end of investigation period. It is submitted that there is a substantial delay in issuance of the SCN, which effectively amounts to an unfair trial. SEBI must appreciate that it is practically impossible for us to explain the trades. On account of this delay, we are today not in a position to answer such old transactions in the absence of any data.*
5. *It is submitted that we fail to understand the reason behind such a belated initiation of a proceeding by SEBI. It is important to appreciate that on account of this delay in issuance of the present SCN, we are not in a position to comprehensively answer the allegations levelled against us and therefore in our respectful submission, such a belated action is against the principles of natural justice. In the present matter delay is of serious consequence and same has substantially prejudiced our defence, because SEBI has effectively called upon us to explain the trades in the scrip of NGVL during February 3 to April 6, 2011.*
6. *It is submitted that the SCN nowhere in any manner explains why SEBI has investigated in the dealings in the shares of the Company during the period December 1, 2010 to March 28, 2013.*
7. *It is submitted that the SCN refers and relies upon an Investigation conducted by SEBI and it is clear from Annexure 1 to the SCN that the Competent authority of SEBI on the basis of the Investigation report had prima facie observed certain violations by the Noticees and accordingly appointed your goodself to conduct the present Adjudication proceedings. We therefore, request that a copy of the entire Investigation report*

prepared by SEBI ought to have been provided to us, in order to enable us to understand the factual background behind the investigation and in order to examine the entire material collected and analyzed by SEBI while preparing the Investigation report which has resulted in the issuance of this SCN.

8. *It is clear from the SCN that even according to SEBI, we have not entered into any trades during the Patch 2 and Patch 3.*
9. *With respect to SEBI's allegation that we are connected to some of the Noticees to the SCN, it is submitted that the connections alleged and relied upon has no relevance as far as the charge of manipulation of price of the scrip and creation of misleading appearance of trading in the scrip is concerned. The allegations levelled are merely on the basis of assumptions.*
10. *It is not SEBI's case that we and other Noticees have traded amongst ourselves or we have entered into any circular, reversal or self trades. It is also not SEBI's case that any of the Noticee to the SCN was a counter party to our trades or we are connected to the Company or its management in manner whatsoever. Therefore, it is clear that merely because we have traded in the scrip, SEBI has levied allegations against us. It is submitted that the allegations are vague, baseless and not supported by any evidence. SEBI ought not have made wild allegations of manipulation against us. SEBI has not shown any connection and/or collusion between us and the counter party and/or the Company. Therefore, the present SCN clearly in contradiction with the principles laid down by the Hon'ble Securities Appellate Tribunal's Order dated January 16, 2020 in the matter of Nishit Shah HUF vs. SEBI in Appeal No. 97 of 2019, wherein it is held that the charge of manipulation cannot sustain in the absence of connection between the buyer and the seller.*
11. *It is also apparent from the records that SEBI has not initiated any action against the counter party's to our trades, especially when it is SEBI's own case under para 17 of the SCN that orders were first placed by the sellers. SEBI ought to have initiated action against the sellers and not us. It is SEBI's own case as per the chart at para 23 of the SCN that we were only buyers and most of our trades were executed at the available market price.*
12. *It is submitted that if it is SEBI's case that we have increased the price of the scrip, then SEBI ought to have first inquired what resulted in the price rise from Rs. 128.45 to Rs. 204.75 during the period December 1, 2010 to February 2, 2011. It is on SEBI's own showing that our trades in question are only during the period February 3 to April*

6, 2011, which makes it clear that price had already increased when we entered our trades in question. It is also important to consider that even as per the chart under para 23 of the SCN, it is clear that during the period when we entered our trades in question our trades prices were in the range of Rs. 169 to Rs. 212 and the corresponding sell orders were also in the same range. Infact the chart under para 23 of SCN, shows that price of scrip has fallen from Rs. 198.90 to Rs. 169 during the period February 3 to March 9, 2011. In the event our intention was to increase the price in that event our trades would have not been entered at the prevailing prices and more importantly the price would have not fallen during this period.

13. *It is clear from Annexure 3 to the SCN, i.e. price volume data, that the price of the scrip at the start of investigation i.e. on December 1, 2010 was Rs. 128.45 and the price of the scrip has gradually over a period of time increased during the period December 2010 and January 2011 and as on February 11, 2011 when the trade in question were entered by us, the price of the scrip was already in the range of Rs. 175/-. It is clear from the chart under para 23 of the SCN when read with para 16 of the SCN that it is SEBI's allegation that there were a total of only 60 trades entered into by the Noticee Nos. 1 to 6 over a period of 44 trading days, out of a total of 1017 trades, which allegedly had a LTP impact. Therefore, it is on SEBI's own showing that a total of 957 trades entered into by the Noticee Nos. 1 to 6 have resulted in negative LTP or Zero LTP. However, SEBI has ignored the said 957 trades and had cherry picked few out of thousand of trades in order to make allegations against us.*
14. *It is submitted that SEBI while questioning 60 trades entered into by Noticee Nos. 1 to 6 have only analysed the trade price and quantity and had not even bothered to check at what price the orders were placed. SEBI ought to have placed on record full trade and order logs for the investigation period and ought to have analysed the order time, order price, order modifications (if any), order cancellations (if any), limit price (if any) and thereafter ought to have analysed the trade time, trade price and trade quantity. However, SEBI has not even bothered to place on record and/or provide to us the entire trade and order logs during investigation period, in order to understand our pattern of trading and the pattern in which the counter parties have traded during the relevant time. It is SEBI's case that a total of 15 trades entered into by Noticee Nos. 1 to 6, out of total of 1017 trades, orders were placed above the prevailing sell order prices.*

Mangalmayee Hirise Pvt. Ltd.

SEBI while making this allegation ought to have considered that only 1 of our trade falls under these 15 trades questioned by SEBI. Further, out of these total 1017 trades only 8 trades were by us.

Subhshree Hirise Pvt. Ltd.

SEBI while making this allegation ought to have considered that only 1 of our trade falls under these 15 trades questioned by SEBI. Further, out of these total 1017 trades only 4 trades were by us.

Suryamukhi Projects Pvt. Ltd.

SEBI while making this allegation ought to have considered that only 3 of our trades fall under these 15 trades questioned by SEBI. Further, out of these total 1017 trades only 14 trades were by us.

Growfast Realtors Pvt. Ltd.

SEBI while making this allegation ought to have considered that only 1 of our trade falls under these 15 trades questioned by SEBI. Further, out of these total 1017 trades only 2 trades were by us

Pushpanjali Commotrade Pvt. Ltd.

SEBI while making this allegation ought to have considered that our trade does not fall under these 15 trades questioned by SEBI. Further, out of these total 1017 trades only 1 trade was by us.

Skylight Distributors Pvt. Ltd.

SEBI while making this allegation ought to have considered that out of these 1017 trades only 31 trades were by us

It may be noted that para 14 of the SCN refers to Trade Log been annexed as Annexure 3, however, Annexure 3 to the SCN provided to us is a price volume data and not the Trade Log. We submit that in the event SEBI chooses to rely upon the entire Trade and Order logs for the investigation period, in the course of the present proceeding, a copy of the same be firstly provided to us and we shall be provided an opportunity to make additional submissions with respect to the same.

15. *It is submitted that we have bought shares during the relevant period on a blind screen platform of the Exchange and till date we are not aware about the identity of the counter party. SEBI has failed to understand that a buyer buys shares based on its own capacity and a buy order quantity cannot depend on the number of shares offered for sale by a seller. SEBI has also failed to understand that buying shares in small quantities does not show any malafide intent or non-genuinity. Merely because buy order quantities were smaller than sale order quantities, same cannot make a trade manipulative. In any event, LTP impact has nothing to do with buy order quantities or sale order quantities.*

16. *With reference to paras 32 to 55 of the SCN, it is submitted that the averments/allegations made therein does not relate to us. Therefore, we have no comments to offer. However, we reserve our right to answer the same, if required, during the course of hearing before your goodself and/or by filing an additional submission, as and when required.*
17. *It is denied that we contributed to positive LTP. It is denied that we have manipulated the price of the scrip and it is denied that we have created misleading appearance of trading in the scrip. It is denied that we have contravened Regulation 3(a), (b), (c) (d), 4(1) and 4(2)(a), (e) of the PFUTP Regulations, as vaguely alleged without any evidence and without any merit.*
18. *It is submitted with due respect that your goodself while imposing a monetary penalty has to consider the provisions of section 15J of the SEBI Act 1992, wherein your goodself needs to consider whether we have made any gain or had taken any unfair advantage, or the investors have suffered any loss, or the default is repetitive in nature. Infact, it is not even SEBI's case in the SCN that on account of such purported trading we have made any gain or taken any kind of an unfair advantage, or has caused any loss to the investor, or the default is of repetitive nature.*
19. *It is submitted that in view of the submissions made hereinabove, we are not liable for any monetary penalty. It may be appreciated that as a result of the alleged violation, neither we have made any unfair gain or taken any unfair advantage nor we have caused any loss to any investor(s).*
20. *We hereby request your goodself to kindly consider the submissions made hereinabove and we request that the present proceedings be dropped by taking a lenient view and without any penalty.*
21. *Without prejudice to the above submissions it is submitted that the present Show Cause notice has leveled a serious charge of "Fraud" against us and same needs to be established and substantiated by cogent evidence and cannot be on the basis of assumptions, conjectures and surmises. It is well settled that an allegation of "Fraud" can be leveled against a person only for good reasons and on the basis of clear and unambiguous evidence and the task of proving an allegation of "Fraud" lies on the person levelling the allegation and the degree of proof is much higher. In this context, we would like to rely upon certain ratios laid down in this context in the Judgments mentioned hereunder:-*

- i) *Dening L. J. observed in Bater v. Bater (1950) 2 ALL E.R. 458 as under:-*

It is true that by our law there is a higher standard of proof in criminal cases than in civil cases, but this is subject to the qualification that there is no absolute standard in other case. In criminal cases the charge must be proved beyond reasonable doubt, but there may be degrees of proof within the standard. Many great judges have said that, in proportion as the crime is enormous, so ought the proof to be clear. So also in civil cases. The case may be proved by a preponderance of probability, but there may be degrees of probability within that standard. The degree depends on the subject matter. A civil court when considering a charge of fraud, will naturally require a higher degree of probability than that which it would require if considering whether negligence were established. It does not adopt so high a degree as a criminal court, even when it is considering a charge of a criminal nature, but still it does require a degree of probability which is commensurate with the occasion”.

- ii) *In Mousam Singha Roy vs. State of West Bengal (2003) 12 SCC 377 it was held as under:-*

“The charge relating to violation of PFUTP Regulations is a serious charge and hence a higher degree of proof is required to sustain it. In the instant case, such a charge has not been established against the Appellant by adducing cogent reasoning and convincing evidence”.

- iii) *In KSL Industries Ltd. vs. SEBI (Appeal No. 9 of 2003 decided on September 30, 2003 before Hon’ble SAT) it was held as under:-*

“A wild allegation of market manipulation, in particular the charge of fraudulent action unsupported with convincing evidence is not to be sustained..... allegation of ‘fraud’ cannot survive on mere conjectures and surmises”

- iv) *In Dilip S. Pendse vs. SEBI (Appeal No. 80 of 2009 decided on November 19, 2009 before Hon’ble SAT) the aforesaid principles on degree of proof laid down in Bater v. Bater (1950) 2 ALL E.R. 458 were relied and it was held as under:-*

“We have gone through the Impugned Order and the material on the record and find that the Whole Time Member has miserably failed to establish the charge”

v) *In PG Electroplast Ltd. Vs. SEBI (Appeal No. 144 of 2014 decided on August 30, 2016 before Hon'ble SAT) wherein it was held as under:-*

"The charge relating to violation of PFUTP Regulations is a serious charge and hence a higher degree of proof is required to sustain it. In the instant case, such a charge has not been established against the Appellant by adducing cogent reasoning and convincing evidence"

22. *It is humbly submitted that the present SCN issued by SEBI against us, is prima facie illegal, erroneous, unjustified, unsustainable and therefore, we request that the same may be withdrawn as against us."*

15. As the inquiry in the matter has been completed, I now proceed to decide the case on the basis of SCNs issued, replies made by the Noticees and material available on record

ISSUES FOR CONSIDERATION AND FINDINGS

16. I have carefully perused the SCN, the documents / material available on record and submission of the Noticees. The issues that arise for consideration in the present case are:

- I. Whether the Noticees have violated the provisions of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) and 4(2)(e) of the PFUTP Regulations ?
- II. Whether the Noticees are liable for imposition of monetary penalty under Section 15HA of the SEBI Act?
- III. If yes, then what should be the quantum of monetary penalty?

17. It is pertinent to mention here the relevant provisions of Regulation 3 (a), (b), (c), (d) and 4 (1), 4 (2) (a), 4 (2) (e) of PFUTP Regulations, allegedly violated by the Noticees:
Regulation 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.”

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

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

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

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

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

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

18. It is pertinent to mention here that a common SCN dated February 12, 2018 was issued against 8 entities including Noticees pertaining to the alleged violations of the PFUTP Regulations. I note that the allegations levelled against 6 Noticees in the SCN are mainly to the effect that during the Investigation Period, trading pattern of the 6

Adjudication Order in respect of 6 entities in the matter of price manipulation in the scrip of M/S. Nouveau Global Ventures Ltd.

Noticees revealed that they were acting in concert, and had placed the buy orders at a higher price than the LTP, which impacted the price of the scrip thereby contributing significantly to the price rise in the scrip, apart from creating misleading appearance of trading in the scrip in the minds of the other investors and market participants.

19. The Investigation has observed that NGVL engaged in the multimedia business in India. It operates through five segments: Multimedia, Financial & Consultancy, Dealing in Shares & Securities, Trading in Textile, and Tele Shopping Division. The company produces Bhojpuri movies; acquires, owns, trades in, and grants media telecast rights over national and regional TV channels; publishes film trade magazines; and provides events/celebrity management services. It also operates as a broker, dealer, distributor, commission agent, and trader, as well as invests in shares and securities of the companies; and sells fabrics.

20. NGVL has registered office address of the company at A / 401, Pearl Arcade, Dawood Baug Lane, Off. JP Road, Opp. PK Jewelers, Andheri (W), Mumbai, Maharashtra ,400058. The company was formerly known as Nouveau Multimedia Limited and changed its name to Nouveau Global Ventures Limited w.e.f. July 28, 2011. Currently, shares of the company are listed at Bombay Stock Exchange (BSE) only.

21. The directors of the company during investigation period were as follows:

Sr. No.	Name of Director	Address	PAN	Date of Appointment	Date of Cessation
1	Shyam Makhija	31, K'Sara, 240, Pali Road, Bandra (West), Mumbai 400050	Not available	04-Dec-94	04-Jul-11
2	Krishan Khadaria	B-11, Oberoi Sky Garden, 3 rd Cross Lane, Back Road, Lokhandwala complex, Andheri (West), Mumbai 400053	AAHPK3724G	16-Nov-88	Continued as director during the investigation period

3	Manoj Bhatia	Flat 304 A, 3 rd floor, Satyam Heritage CHS Opp Vijay Park, Mira Road, Thane 401107	ABVPB7397P	27-Mar-03
4	Narendra Gupta	1301, Brighton Tower, Lokhandwala Complex, Andheri (West), Mumbai 400053	AADPG3372J	31-Mar-08
5	Asha Khadaria	B-11, Oberoi Sky Garden, 3 rd Cross Lane, Back Road, Lokhandwala complex, Andheri (West), Mumbai 400053	AAMPK1313N	15-Dec-09
6	Mohit Khadaria	B-11, Oberoi Sky Garden, 3 rd Cross Lane, Back Road, Lokhandwala complex, Andheri (West), Mumbai 400053	AOKPK6812L	12-Sep-11
7	Omprakash Bajaj	1, Pramukh, 19 Friends Society, N S Road No.6, Vile Parle (West), Mumbai 400056	AEBPB2811B	14-Aug-13
8	Naushad Mohd. Sayeed Bhramer Khan	1103, Castle Towers, Opp. Gold Gym, Ohsiwara, Jogeshwari West, Mumbai 400012	AHLPK3893K	14-Aug-13

22. The financial results of the company during the investigation period are given below:

Quarterly results (Amount Rs.in crores):

Year	2010			2011				2012				2013	
Quarter Ending	Jun e	Sep	Dec	Mar	Jun e	Sep	Dec	Mar	Jun e	Sep	De c	Mar	Jun e
Income	30.72	29.56	51.73		28.67	51.61	56.53	61.90	50.18	42.03	0.19	10.93	2.35

Expenditure	30.61	29.11	51.62	Not Available	28.44	51.35	56.39	61.74	49.92	41.75	0.33	10.69	2.19
Profit before Tax	0.12	0.45	0.11		0.22	0.26	0.14	0.16	0.26	0.28	-0.15	0.24	0.16
Tax	-0.04	-0.14	-0.03		-0.07	-0.08	-0.04	-0.05	-0.08	-0.09	0.00	-0.08	-0.05
Net Profit / Loss	0.08	0.31	0.08		0.15	0.18	0.10	0.11	0.18	0.19	-0.15	0.17	0.11

23. From the above table, it is observed that company registered net profit of Rs.0.08 crores, Rs.0.31 crores, Rs.0.08 crores, Rs.0.15 crores, Rs.0.18 crores, Rs.0.10 crores, Rs.0.11 crores, Rs.0.18 crores, Rs.0.19 crores, Rs.-0.15 crores (loss), Rs.0.17 crores and Rs.0.11 crores for the quarter ended June 2010, September 2010, December 2010, June 2011, September 2011, December 2011, March 2012, June 2012, September 2012, December 2012, March 2013 and June 2013 respectively.

24. **Annual results (Amount Rs.in crores):**

Year Ending	March 2010	March 2011	March 2012	March 2013	March 2014
Income	135.05	144.35	198.71	11.91	9.99
Expenditure	134.62	143.58	197.93	11.59	9.77
Profit before Tax	0.43	0.78	0.78	0.33	0.23
Tax	-0.20	-0.23	-0.24	-0.10	-0.06
Net Profit / Loss	0.23	0.55	0.54	0.23	0.17

From the above table, it is observed that company registered net profit of Rs.0.23 crores, Rs.0.55 crores, Rs.0.54 crores, Rs.0.23 crores and Rs.0.17 crores for the year ended March 2010, March 2011, March 2012, March 2013 and March 2014 respectively.

Price Volume Analysis: (source - BSE website)

25. During the investigation period, there was a sub-division of equity shares of the company from Rs.10/- per share into Re.1/- each w.e.f. April 07, 2011 and consolidation of equity shares of the company from Re.1/- per share into Rs.10/- each w.e.f. December 11, 2012.

26. During the period from December 01, 2010 to April 06, 2011 i.e. before the split / sub-division, price of the scrip increased from Rs.128 to Rs.201.30. Thereafter, during the period from April 07, 2011 to December 10, 2012 i.e. after the split / sub-division and before the consolidation, price of the scrip decreased from Rs. 21.20 to Rs.4.83. Subsequently, during the period from December 11, 2012 to March 28, 2013 i.e. post consolidation, the price of the scrip increased from Rs.30.90 to Rs.31.60.

27. On the basis of the price movement in the scrip, sub-division and consolidation of the shares, the investigation period was divided into the following patches:

Patch-1 (Pre-Split & Price Rise)	: December 01, 2010 to April 06, 2011
Patch-2 (Post-Split & Price Fall)	: April 07, 2011 to December 10, 2012
Patch-3 (Post-consolidation & Price Rise)	: December 11, 2012 to March 28, 2013

28. The Price & Volume details are as follows:

Period	Dates	Particulars	Opening	Closing	Low	High	Total number of shares traded	Average number of shares traded per day
Before Investigation	01/09/10-30/11/10 (63 trading days)	Price (Rs.)	113.45	125.45	96.20 (12/11/10)	135.00 (23/11/10)	1198601	19025
		Volume	6901	49300	301 (05/11/10)	82322 (29/09/10)		
During Investigation	Patch-1 01/12/10-06/04/11 (88 trading days)	Price (Rs.)	128.00	201.30	122.00 (01/12/10)	206.90 (06/04/11)	3415573	38813
		Volume	8312	57259	272 (05/04/11)	159690 (21/03/11)		
	Patch-2 07/04/11-10/12/12 (358 trading days)	Price (Rs.)	21.20	4.83	2.30 (02/01/12)	24.30 (08/04/11)	58135491	162390
		Volume	283362	249942	1 (07/09/11)	6298836 (18/01/12)		
	Patch-3 11/12/12-28/03/13 (64 trading days)	Price (Rs.)	30.90	31.60	24.00 (03/01/13)	45.40 (15/02/13)	1353965	21156
		Volume	1469	6910	100 (01/01/13)	150839 (14/01/13)		

Period	Dates	Particulars	Opening	Closing	Low	High	Total number of shares traded	Average number of shares traded per day
After investigation	29/03/13-28/06/13 (63 trading days)	Price (Rs.)	32.00	32.05	38.50 (29/04/13)	30.00 (07/06/13)	807892	12824
		Volume	7400	21309	1304 (11/05/13)	142598 (17/06/13)		

29. During investigation, it is observed that certain entities had indulged in trades which are of manipulative in nature. The details of the connections of the Noticees is tabulated below and their trading details were taken up for further analysis.

Sr. No.	Name	PAN	Basis for suspicion	Basis of Connection
1	Mangalmayee Hirise Private Limited	AAFCM7962D	DIT referred	• Noticees at Sr. No. 1 to 4 are sharing common address "4A MADAN MOHAN BURMAN STREET KOLKATA WEST BENGAL 700007" • Pramod Ramdin Sharama (DIN-447070) is director in Noticees at Sr. No. 1, 3, 4. • Pulak Bagchi (DIN-2329661) is director in Noticees at Sr. No. 1,2,3, 4. • Noticee at Sr. No. 6 had off-market transactions with Noticees at Sr. No. 1 in the scrip during Investigation period.
2	Subhshree Hirise Private Limited	AAMCS5112J	DIT referred	• Noticees at Sr. No. 1 to 5 are sharing common address "4A MADAN MOHAN BURMAN STREET KOLKATA WEST BENGAL 700007" • Pulak Bagchi (DIN-2329661) is director in Noticees at Sr. No. 1, 2, 3, 4, 5, 6
3	Suryamukhi Projects Private Limited	AAMCS5392J	DIT referred	• Noticees at Sr. No. 1 to 4 are sharing common address "4A MADAN MOHAN BURMAN STREET KOLKATA WEST BENGAL 700007" • Pramod Ramdin Sharama (DIN-447070) is director in Noticees at Sr. No. 1, 3, 4, 5,6. • Pulak Bagchi (DIN-2329661) is director in Noticees at Sr. No. 1, 2, 3, 4, 5,6. • Ranjit Gupta (DIN-5308049) is director in Noticees at Sr. No. 3, 5,6.

Sr. No.	Name	PAN	Basis for suspicion	Basis of Connection
4	Growfast Realtors Private Limited	AADCG3026G	IVD Identified	• Noticees at Sr. No. 1 to 4 are sharing common address "4A MADAN MOHAN BURMAN STREET KOLKATA WEST BENGAL 700007" • Noticees at Sr. No. 1 to 6 are sharing common phone number "22312534" • Pramod Ramdin Sharama (DIN-447070) is director in Noticees at Sr. No. 1, 3, 4, 5, 6. • Pulak Bagchi (DIN-2329661) is director in Noticees at Sr. No. 1, 2, 3, 4, 5, 6
5	Pushpanjali Commotrade Private Limited	AAECP9727C	DIT referred	• Noticees at Sr. No. 5 & 6 are sharing common address "3 SAKLET PLACE KOLKATA WEST BENGAL 700072". • Noticees at Sr. No. 1 to 6 are sharing common phone number "22312534" • Pramod Ramdin Sharama (DIN-447070) is director in Noticees at Sr. No. 1, 3, 4, 5, 6. • Pulak Bagchi (DIN-2329661) is director in Noticees at Sr. No. 1, 2, 3, 4, 5, 6 • Ranjit Gupta (DIN-5308049) is director in Noticees at Sr. No. 3, 5, 6
6	Skylight Distributors Private Limited	AAMCS8390J	DIT referred	• Noticees at Sr. No. 5 & 6 are sharing common address "3 SAKLET PLACE KOLKATA WEST BENGAL 700072" • Noticees at Sr. No. 1 to 6 are sharing common phone number "22312534" • Pramod Ramdin Sharama (DIN-447070) is director in Noticees at Sr. No. 1, 3, 4, 5, 6 • Pulak Bagchi (DIN-2329661) is director in Noticees at Sr. No. 1 to 6 • Ranjit Gupta (DIN-5308049) is director in Noticees at Sr. No. 3, 5, 6.

LTP analysis of Noticees in Patch-1:

30. It is observed that Noticees 1 to 6 had contributed to Rs.519.85 net LTP in 1017 trades. These Noticees also had contributed to Rs.717.40 to positive LTP (in 287 trades) which is 34.62% of market positive LTP. The 287 trades which contributed to positive LTP were analysed and observations are given at following paragraphs.

- a) The orders for 275 trades (out of 287 trades) were placed first by sellers, which contributed to 33.22% of total market positive LTP. These 275 trades were analysed further as detailed below:

Range of buy orders quantity	Buy orders quantity	QTY traded	No of trades	Total buy orders quantity	Total Sell orders quantity	Number of times buy order quantity equaling to pending sell order quantity	LTP impact	% of Positive LTP to Total Market Positive LTP (Rs.2072.45)
A	B	C	D	E	F	G = F/E	H	I = H / 2072.45
Less than sell orders quantity	1-100	904	60	1053	22737	21.59	187.65	9.05%
	>101	120070	48	126529	338237	2.67	135.50	6.54%
More than sell orders quantity	1-100	230	10	680	230	0.34	37.90	1.83%
	>101	116671	107	528324	138274	0.26	178.65	8.62%
Same as sell orders quantity	1-100	226	4	226	226	1.00	11.70	0.56%
	>101	231797	46	233750	233750	1.00	137.00	6.61%
Grand Total		469898	275	890562	733454	0.82	688.40	33.22%

- b) From the above table, out of these 275 trades, the buy orders 108 trades (60+48) were placed less than the sell order quantities, orders for 117 trades (10+107) were placed more than the pending sell order quantities and orders for 50 trades (4+46) were placed equal to pending sell order quantities.
- c) Further, it was observed that the maximum contribution to the total market positive LTP (i.e. 9.05%) was contributed through 60 trades where the buy order quantity was less than the pending sell order quantity. The pending sell order quantity for these 60 trades was approx. 21.59 times higher than the buy order quantity.
- d) Considering the above, the order placing pattern for the 60 trades has been analysed and details are given below:

Buy order quantity	Range of corresponding pending sell orders quantity	No of trades	QTY traded	Total buy orders quantity	Total pending Sell orders quantity	LTP impact	% of Positive LTP to Total Market Positive LTP (Rs. 2072.45)
1	5-1000	30	30	30	6578	60.2	2.90%
3	25	1	3	3	25	0.2	0.01%
5	50-543	4	20	20	893	16	0.77%
10	25-800	6	60	60	1281	28.2	1.36%
15	250	1	15	15	250	6.1	0.29%
20	6500	1	10	20	6500	2	0.10%
25	200-300	4	100	100	900	19.9	0.96%
30	100	1	30	30	100	13	0.63%
45	500	1	45	45	500	0.05	0.00%
50	60-1000	6	211	300	2260	7.1	0.34%
55	300	1	30	55	300	5	0.24%
75	2000	1	50	75	2000	0.25	0.01%
100	150-500	3	300	300	1150	29.65	1.43%
Total		60	904	1053	22737	187.65	9.05%

- e) From the above table, the buy orders for these 60 trades were placed for small quantities (in the range of 1 to 100 shares) whereas the corresponding pending sell orders were available for large quantities (in the range of 5 to 6500 shares).

These 60 trades contributed to substantial positive LTP creation i.e. Rs.187.65 and 9.05% of total market positive LTP.

- f) For example, buy orders for one share was placed on 30 instances whereas the corresponding pending sell order quantity was available in the range of 5 to 1000 shares. The order price for these 30 trades was placed at more than the last traded price and these trades contributed to Rs.60.20 to positive LTP (2.90% of total market positive LTP). This clearly depicts that on repeated occasions Noticees were placing buy orders for small quantities despite the large pending sell orders and contributing for the price rise.
- g) Upon further analysis, it is observed that these 60 trades were executed by six Noticees over a period of 30 days out of 44 trading days during February 03, 2011 to April 06, 2011. The day-wise details of these 60 trades are summarised below:

Sr. No.	Trade details				Buy order details			Corresponding pending sell order details		LTP Impact (Rs.)
	Date	Number	Buyer Name (Noticee)	Traded Quantity	Quantity	Price (Rs.)	LTP at the time of buy order	Quantity	Price (Rs.)	
1	03/02/2011	1007	Skylight Distributors Private Limited	1	1	198.90	198.80	100	198.90	0.10
2	04/02/2011	1005	Skylight Distributors Private Limited	1	1	199.00	198.90	900	199.00	0.10
3		1008	Skylight Distributors Private Limited	5	5	198.85	198.80	543	198.85	0.05
4	07/02/2011	1021	Subhshree Hirise Private Limited	1	1	194.80	194.75	100	194.80	0.05
5	11/02/2011	1018	Mangalmayee Hirise Private Limited	1	1	175.00	173.80	1000	175.00	1.20
6	15/02/2011	1009	Mangalmayee Hirise Private Limited	30	30	175.00	162.00	100	175.00	13.00
7	17/02/2011	1014	Mangalmayee Hirise Private Limited	1	1	178.40	178.00	50	178.40	0.40
8	18/02/2011	1027	Mangalmayee Hirise Private Limited	1	1	184.15	183.00	40	184.15	1.15
9		1031	Suryamukhi Projects Private Limited	10	20	184.00	169.15	6500	184.00	2.00
10	22/02/2011	1021	Mangalmayee Hirise Private Limited	10	10	188.00	187.00	50	188.00	1.00
11	23/02/2011	1023	Suryamukhi Projects Private Limited	1	1	188.00	187.50	50	188.00	0.50
12	24/02/2011	1003	Suryamukhi Projects Private Limited	25	25	185.95	182.60	200	185.95	3.35
13		1021	Skylight Distributors Private Limited	25	25	185.85	180.25	200	185.85	5.60
14	28/02/2011	1001	Skylight Distributors Private Limited	5	5	186.00	174.00	200	185.95	11.95
15		1009	Skylight Distributors Private Limited	1	1	183.95	181.00	200	183.95	2.95
16	01/03/2011	1001	Skylight Distributors Private Limited	1	1	186.50	181.90	5	186.50	4.60
17	03/03/2011	1004	Suryamukhi Projects Private Limited	50	50	175.00	172.35	500	175.00	2.65
18	04/03/2011	1030	Suryamukhi Projects Private Limited	15	15	173.00	166.90	250	173.00	6.10
19	08/03/2011	1013	Growfast Realtors Private Limited	50	50	171.00	170.00	60	170.75	0.75
20		1016	Growfast Realtors Private Limited	1	1	170.75	170.50	60	170.75	0.25
21	09/03/2011	1010	Skylight Distributors Private Limited	1	1	169.00	168.90	100	169.00	0.10
22		1012	Skylight Distributors Private Limited	5	5	169.00	168.90	100	169.00	0.10

Sr. No.	Trade details				Buy order details			Corresponding pending sell order details		LTP Impact (Rs.)
	Date	Number	Buyer Name (Noticee)	Traded Quantity	Quantity	Price (Rs.)	LTP at the time of buy order	Quantity	Price (Rs.)	
23	10/03/2011	1002	Skylight Distributors Private Limited	1	1	175.00	174.90	50	175.00	0.10
24		1039	Subhshree Hirise Private Limited	25	25	173.00	169.00	300	173.00	4.00
25		1064	Subhshree Hirise Private Limited	1	1	184.90	172.90	50	184.90	12.00
26	11/03/2011	1014	Suryamukhi Projects Private Limited	1	1	182.90	182.50	100	182.90	0.40
27	14/03/2011	1013	Mangalmayee Hirise Private Limited	1	1	184.00	182.00	25	184.00	2.00
28		1036	Pushpanjali Commotrade Private Limited	30	55	180.00	174.25	300	180.00	5.00
29		1069	Mangalmayee Hirise Private Limited	1	1	180.00	177.00	100	178.50	1.50
30	15/03/2011	1006	Skylight Distributors Private Limited	50	50	176.95	175.00	500	176.95	1.95
31		1010	Skylight Distributors Private Limited	1	1	176.90	176.50	500	176.90	0.40
32	17/03/2011	1013	Suryamukhi Projects Private Limited	1	50	197.00	193.00	1000	194.60	1.60
33		1023	Suryamukhi Projects Private Limited	1	1	189.90	188.00	56	189.90	1.90
34		1028	Suryamukhi Projects Private Limited	10	10	189.90	184.00	156	189.90	5.90
35	21/03/2011	1001	Suryamukhi Projects Private Limited	100	100	212.15	192.90	500	204.40	11.50
36		1020	Skylight Distributors Private Limited	1	1	190.50	190.10	50	190.50	0.40
37		1104	Skylight Distributors Private Limited	10	10	191.00	187.60	150	191.00	3.40
38	22/03/2011	1001	Skylight Distributors Private Limited	100	100	209.25	190.25	150	197.90	7.65
39	23/03/2011	1001	Skylight Distributors Private Limited	100	100	205.00	187.75	500	198.25	10.50
40		1006	Skylight Distributors Private Limited	1	1	191.85	191.75	500	191.85	0.10
41		1040	Suryamukhi Projects Private Limited	50	75	190.70	189.25	2000	189.75	0.25
42	24/03/2011	1058	Subhshree Hirise Private Limited	35	50	184.80	176.00	100	184.60	0.10
43	25/03/2011	1001	Skylight Distributors Private Limited	1	1	200.00	183.50	500	194.90	11.40
44	28/03/2011	1001	Skylight Distributors Private Limited	1	1	212.00	190.00	200	197.90	7.90
45		1004	Skylight Distributors Private Limited	1	1	195.50	195.00	100	195.50	0.50
46		1038	Skylight Distributors Private Limited	25	50	195.70	192.60	100	195.70	0.05
47		1044	Skylight Distributors Private Limited	45	45	195.45	195.40	500	195.45	0.05
48		1049	Skylight Distributors Private Limited	1	1	195.45	195.25	200	195.45	0.20
49	29/03/2011	1001	Skylight Distributors Private Limited	10	10	205.00	195.45	25	197.00	1.55
50		1003	Skylight Distributors Private Limited	1	1	196.00	195.00	50	196.00	1.00
51		1018	Skylight Distributors Private Limited	3	3	193.45	193.25	25	193.45	0.20
52	30/03/2011	1006	Suryamukhi Projects Private Limited	1	1	192.00	191.00	126	192.00	1.00
53		1009	Suryamukhi Projects Private Limited	1	1	192.00	190.00	126	192.00	2.00
54		1023	Skylight Distributors Private Limited	1	1	191.90	191.00	1000	191.90	0.90
55	31/03/2011	1009	Suryamukhi Projects Private Limited	1	1	190.00	187.00	165	190.00	3.00
56		1036	Mangalmayee Hirise Private Limited	1	1	189.50	187.40	75	189.50	2.10
57	01/04/2011	1001	Skylight Distributors Private Limited	10	10	200.00	188.10	800	198.00	9.90
58	04/04/2011	1008	Skylight Distributors Private Limited	10	10	197.00	190.55	100	197.00	6.45
59		1011	Skylight Distributors Private Limited	5	5	194.90	190.60	50	194.50	3.90
60	06/04/2011	1020	Skylight Distributors Private Limited	25	25	201.25	192.05	200	199.00	6.95
Total				904	1053			22737		187.65

- h) The Noticee-wise details these 60 trades where buy order quantity was for in the range of 1 to 100 shares are summarised below:

Buyer Name (entity)	Number of trades	Traded Quantity	Total Buy Order Quantity	Total Sell Order Quantity	LTP Impact (Rs.)
Skylight Distributors Private Limited	31	448	473	8598	101.00
Suryamukhi Projects Private Limited	14	267	351	11729	42.15
Mangalmayee Hirise Private Limited	8	46	46	1440	22.35
Subhshree Hirise Private Limited	4	62	77	550	16.15
Pushpanjali Commotrade Private Limited	1	30	55	300	5.00
Growfast Realtors Private Limited	2	51	51	120	1.00
Total	60	904	1053	22737	187.65

- i) From the above tables at para 'g' and 'h', it was observed that above Noticees, despite the large pending sell order quantities, had placed buy orders for small quantities at the prevailing sell order price or more than prevailing sell order price which was higher than the last traded price. This pattern was repeated on 60 instances on a continuous basis over a period of 30 days during February 03, 2011 to April 06, 2011. For example, on February 03, 2011, Skylight Distributors Private Limited had placed a buy order only one share at Rs.198.90 (when the last traded price was Rs.198.80) despite the pending available sell order quantity is 100 shares at Rs.198.90/-. Thus, the buy order got matched with the pending sell order and contributed for price rise in the scrip by Rs.0.10.
- j) Further, on 15 instances out of the 60 trades (highlighted in the table at para 30 (g)), the buy order for small quantity was not only placed at more than the last traded price but also more than prevailing sell order prices. For example, on February 28, 2011, Skylight Distributors Private Limited had placed a buy order for only five shares at Rs.186 (when the last traded price was Rs.174) despite the pending available sell order quantity was 200 shares at Rs.185.95/-. Thus, the buy order got matched with the pending sell order and contributed for price rise in the scrip by Rs.11.95.
- k) In a similar pattern as mentioned at para i and j, orders for all the 60 trades were placed at a price higher than the last traded price and for smaller quantities than the

available pending sell order quantities and thereby contributed to price rise in the scrip by six Noticees.

- l) From the above, it is observed that the repeated buy orders pattern for small quantities by the Noticees 1 to 6 at a price more than last traded price is manipulative and contributed for rise in the scrip price. This pattern clearly shows that there was no bona-fide intention on the part of these six Noticees to buy the shares, but to mark the price higher than the last traded price and manipulate the scrip price.
- m) Therefore, it is alleged that these six connected Noticees had significantly contributed to rise in the scrip price and created a misleading appearance of trading in the scrip by such 60 manipulative trades.
- n) Hence, it was alleged that trading in the scrip by i)Skylight Distributors Private Limited, ii)Suryamukhi Projects Private Limited, iii)Mangalmayee Hirise Private Limited, iv)Subhshree Hirise Private Limited v)Pushpanjali Commotrade Private Limited, and vi)Growfast Realtors Private Limited, done with a manipulative intent to increase the price of the scrip and in violation of regulations 3(a),(b), (c) and (d) and 4(1), (2) (a) and (e) of PFUTP Regulations.

31. Before dealing the case on the basis of merits, I would first deal with the preliminary objection raised by Noticee with respect to delay in initiation of instant proceedings.

32. Thus, with regard to the contention of delay of more than 7 years from the trades in question and after almost 5 years from the end of investigation period in initiating the proceedings against the Noticees, I note that, SEBI had received references from Department of Income Tax(DIT), Kolkata vide letter dated April 27, 2015 and Principal DIT (Inv), Chandigarh vide letter dated August 24, 2015 alleging that certain entities manipulated the prices of various scrips and generated bogus Long Term Capital Gains (LTCG) through stock exchange mechanism. Nouveau Global Ventures Ltd.

was one of such scrips mentioned in the aforesaid references. Further, Office of the Principal DIT (Inv), Kolkata in their letter dated April 27, 2015 has also provided a list of entities who had dealt in the scrip.

33. In view of the above references, the matter was taken up for investigation by Investigations Department of SEBI (IVD) to ascertain whether there was any violation of the provisions of the SEBI Act, 1992 and SEBI (PFUTP) Regulations, 2003 in the trading of certain suspected entities in the scrip of NGVL for the period December 01, 2010 to March 28, 2013 (i.e. date of increase in price of the scrip till end of six months after expiry of lock-in period of preferential allotment). However, wherever deemed necessary, reference was made to outside this period during investigation.

34. The said investigation included detailed analysis carried out with respect to various entities including entities referred by office of the Principal DIT (Inv), Kolkata in their letter dated April 27, 2015 of Unique Client Code ("UCC") /MCA database/off market transactions data details, information sought from exchange, RTAs and depositories and thereafter analyzing the documents and records supplied by them. During this investigation, it was observed that six connected entities viz. Noticees had significantly contributed to rise in the scrip price and created a misleading appearance of trading in the scrip by 60 manipulative buy trades by placing repeated buy orders pattern for small/minuscule quantities at a price higher than the last traded price which is manipulative and contributed for rise in the scrip price during the investigation period. The final investigation report was approved on August 30, 2017 and vide communication order dated December 13, 2017, Shri Sahil Malik (erstwhile Adjudicating Officer "AO") was appointed as Adjudicating Officer(AO) to initiate inquiry and adjudication in the matter. Thereafter, on receipt of records, the SCN to the Noticees have been issued on February 12, 2018 by Shri Sahil Malik in this matter. In this regard, I note that, initiating a proceeding under the appropriate provisions of SEBI Act is a regulatory prerogative of SEBI depending upon the outcome of the fact finding exercise, which is the investigation done in this case, and just because the

alleged violation was committed in a distant past cannot be a ground to vitiate initiation of these proceedings.

35. Noticees are charged for serious violation under the SEBI (PFUTP Regulations) and was a fact finding exercise. In this regard, I note that there is no provision in the SEBI Act which lays down any limitation period for initiating any proceedings/ action under the SEBI Act. Whether a delay in a particular case is justified or not depends on the facts and circumstances of each case.

36. I observe that, the Hon'ble SAT in the matter of *Ashlesh Gunvantbhai Shah (Supra)* made the following pertinent remarks by reiterating the following decision of Hon'ble SAT in *Mr. Rakesh Kathotia & Ors. vs SEBI in Appeal No. 7 of 2016* decided by Hon'ble SAT on May 27, 2019:

“23. It is no doubt true that no period of limitation is prescribed in the Act or the Regulations for issuance of a show cause notice or for completion of the adjudication proceedings. The Supreme Court in Government of India vs, Citedal Fine Pharmaceuticals, Madras and Others, [AIR (1989) SC 1771] held that in the absence of any period of limitation, the authority is required to exercise its powers within a reasonable period. What would be the reasonable period would depend on the facts of each case and that no hard and fast rule can be laid down in this regard as the determination of this question would depend on the facts of each case. This proposition of law has been consistently reiterated by the Supreme Court [..].”

I further note that, Hon'ble SAT in the same order has also held that,

“Even though there is no period of limitation prescribed in the Act and Regulations in the issuance of a show cause notice or for completion of the adjudication proceedings the authority is required to exercise its powers within a reasonable period as held recently in Adjudicating Officer, Securities and Exchange Board of India vs. Bhavesh Pabari (2019) SCC Online SC 294.”

37. Further, the Noticees have contended that, delay has caused prejudice to them. however, Noticees have failed to show that, how delay, if any, in the instant matter have caused prejudice to them as all the relevant material information relied upon in the SCN were being provided to Noticees. the contention of the Noticees that delay in proceedings is against the principles of natural justice or it has prejudiced their defense is not tenable in the present matter. It is trite law that, in order to question an order on the basis of delay and latches, the Noticees must point out cogent and definable prejudice caused to them, as has been held in the judgements of the Hon'ble Tribunal in the matters of *Appeal No. 152 of 2019 Pooja Vinay Jain vs SEBI decided on March 17, 2020* and *Appeal No. 62 of 2006 Bipin R Vora vs SEBI decided on September 13, 2007*.

38. Hon'ble SAT in the matter of *Bipin R Vora v. SEBI dated March 22, 2006*, has held that, *"As regards the plea of delay and latches and submission that the show cause notice is barred by limitation, I do not find any merit in these contentions as the time and efforts involved in an investigation though may vary from case to case, generally investigations per-se is a time consuming process which invariably involve collection, scrutiny and careful examination of voluminous records/order-trade details of all the concerned including the exchanges/recording of statements etc. and therefore no time limit can be fixed in this regard to enable a regulator to take appropriate disciplinary action for the safeguard and improvement of the system/market"*

39. I further place reference to the Order of the Hon'ble SAT in *M/s. Adamina Traders Private Limited vs SEBI* (Order dated December 15, 2021) wherein it was held that,

"We do not find any evidence to hold that there was an inordinate delay in the issuance of the show cause notice. This contention is accordingly rejected. Further, nothing has been shown as to how this delay has prejudiced the appellant. In the absence of any prejudice the delay, if any, cannot be set aside."

40. I have further, perused several judgments pronounced by the Hon'ble SAT in *Subhkam Securities Private Limited Vs. SEBI* (Appeal no. 73 of 2012 decided on July 25, 2012), *Khandwala Securities vs. SEBI* dated 07.09.2012 in Appeal no. 19 of 2012 (SAT) and *HB Stockholdings Ltd. Vs. SEBI* (Appeal no. 112 of 2013 decided on August 08, 2013), *Vaman Madhav Apte & Ors. vs SEBI* (Order dated March 04, 2016) and note that the decisions in these judgments, also endorses to the legal position regarding the delay, as stated above. In fact, in HB Stock Holding's case (supra), the Hon'ble SAT held that "*delay is not fatal in each and every case*". Further, in the case of *Ravi Mohan & Ors. Vs. SEBI* (SAT Appeal No. 97 of 2014 decided on 16.12.2015), Hon'ble SAT while referring to its own decision in HB Stock Holdings case (supra) and decision of Hon'ble Supreme Court in the matter of *Collector of Central Excise, New Delhi vs. Bhagsons Paint Industry (India)* reported in 2003 (158) ELT 129 (S.C.), held as follows:

"...Based on decision of this Tribunal in case of HB Stockholdings Ltd. vs. SEBI (Appeal no. 114 of 2012 decided on 27.08.2013) it is contended on behalf of the appellants that in view of the delay of more than 8 years in issuing the show cause notice, the impugned order is liable to be quashed and set aside. There is no merit in this contention, because, this Tribunal while setting aside the decision of SEBI on merits has clearly held in para 20 of the order, that delay itself may not be fatal in each and every case. Moreover, the Apex Court in case of Collector of Central Excise, New Delhi vs. Bhagsons Paint Industry (India) reported in 2003 (158) ELT 129 (S.C) has held that if there no statutory bar for adjudicating the matter beyond a particular date, the Tribunal cannot set aside the adjudication order merely on the ground that the adjudication order is passed after a lapse of several years from the date of issuing notice....."

41. Therefore, in the facts of the present case, merely a plea of delays and latches will not be sufficient to set aside the Impugned Order, especially when the same has not caused any material / definable prejudice to the Noticees. I, therefore, hold that there

is no protracted delay as contended and hence, the contention of the Noticees in this regard are not acceptable to me.

42. Noticees have further contended that, they are not in a position to answer such old transactions in the absence of any data. In this regard, I note that, SCN dated February 12, 2018 along with annexures was duly delivered to Noticee no. 5 and 6 through Speed post AD (“**SPAD**”) on February 16, 2018 which are connected to other Noticee no. 1 to 4 and pursuant to newspaper publication dated July 14, 2021, SCN along with relevant annexures was also sent via email dated July 26 & 27, 2021 to Noticee no. 1 to 4 as per their request. I also note that, another SCN dated February 14, 2018 along with all the annexures thereto was issued to all the Noticees in parallel 11B proceedings initiated against all the 6 Noticees on identical subject matter for the same cause of action of the same alleged breach of violation, asking them to show cause as to why suitable direction under Section 11, 11(4) & 11 (B) SEBI Act, 1992 shall not be issued against them for their alleged acts of violations of provisions of PFUTP Regulations, 2003. I also note that SCN dated February 14, 2018 was duly delivered to Noticee no. 5 and 6 in parallel 11B proceedings as well. Thus, in view of the same, contention of Noticees of absence of any data is not acceptable to me as all relevant information relied upon for the allegations leveled against the Noticees in the SCN has been provided to the Noticees, Thus, the contention of the Noticees is not tenable in the present matter.

43. Noticees in their reply also requested a copy of the entire Investigation report prepared by SEBI. In this regard, I note that the allegations against the Noticees are clearly brought out in the SCN and all the relevant material information have been provided to the Noticees as Annexures to the SCN. Therefore, the request of the Noticees in this regard is not tenable.

44. In this regard, reference may be made to the order dated February 12, 2020 passed by Hon’ble SAT in Appeal (L) No. 28 of 2020 – *Shruti Vora Vs. SEBI*, wherein it was observed as under:

Adjudication Order in respect of 6 entities in the matter of price manipulation in the scrip of M/S. Nouveau Global Ventures Ltd.

“In the light of the aforesaid, we are of the opinion that concept of fairness and principles of natural justice are in-built in Rule 4 of the Rules of 1995 and that the AO is required to supply the documents relied upon while serving the show cause notice. This is essential for the person to file an efficacious reply in his defence.”

45. The aforesaid observations made in Shruti Vora's case has been reiterated with confirmation by Hon'ble SAT in its order dated July 17, 2020 passed in *Anant R Sathe Vs. SEBI* wherein it was observed as under:

“.....8. The said principle elucidated in Shruti Vora's judgement is squarely applicable in the instant case. The authority is required to supply the documents that they rely upon while serving the show cause notice which in the instant case has been done and which is sufficient for the purpose of filing an efficacious reply in his defence.....”

46. In light of the aforesaid discussion and the available jurisprudence on the issue, I find that the principles of natural justice have been adequately complied with, in the present matter as all material documents which have been relied upon in the SCN have been duly provided to Noticees.

47. After having addressed the preliminary objections raised by the Noticees with respect to delay as mentioned above in their submissions, I, now, deal with the case on facts and merit basis.

48. I note that during Patch-1 of the Investigation Period, the price of scrip of the Company moved from ₹128 to ₹203.25, thereby registering an increase of ₹75.25 in the scrip price. It was noticed that total positive LTP created in the scrip of the Company during the Patch-1 of the Investigation Period was as high as ₹2072.45.

49. As also mentioned above, the main allegation against the 6 Noticees in the SCN is that by executing 60 manipulative buy trades, Noticees have cumulatively contributed a sum of ₹187.65 to the positive LTP in the scrip of Nouveau during Patch-1 of the

Investigation Period. it is alleged that, Noticees placed buy orders for very miniscule quantities ranging from 1-100 shares per order through their 60 buy trades, even though the, corresponding sell orders already available in the trading system for larger quantities (ranging from 5-6500 shares) per order which contributed to positive LTP of 9.05% (₹187.65) in the price of scrip of the Company during the entire Patch-1 of the Investigation Period. Further, despite the large pending sell order quantities, Noticees have placed buy orders for small quantities at the prevailing sell order price or more than prevailing sell order price which was higher than the last traded price. This pattern was repeated on 60 instances.

50. In this regard, I note from the trade logs of the alleged 60 trades, the number of trades (60 trades) executed by Noticees to contribute to positive LTP of 9.05% (₹187.65) were just 1.44% of the total number of trades executed (4165 trades) in the scrip of the Company during the entire Patch-1 of the Investigation Period. I further note that, the positive LTP of ₹187.65 contributed by Noticees as alleged in the SCN were generated by 904 shares traded through their 60 buy trades was a mere (0.026% of the total market volume) traded out of a total number of 3415573 shares traded during the Patch-1 of the Investigation Period.

51. From the order placing pattern analysis of Noticees, I note that the buy orders for all the 60 trades were placed by the Noticees only after the respective sell orders were placed in the stock exchange's system. Also, the aggregating total number of pending sell order quantities (22737 shares) which marked those alleged 60 trades in terms of price was approximately 21.59 times higher than the buy order quantities of only 1053 shares placed by the Noticees in all of those 60 trades.

52. I Further note that, Noticees placed buy orders at a price higher than the corresponding sell orders prices (which were already higher than the LTP) on various instances (sr. no. 14,19,29,32,35,38,39,41,42,43,44,49,57,59 and 60 mentioned at para 30(g) of this Order). For instance, on February 28, 2011, the LTP in the scrip at the time of buy order was ₹174, the corresponding sell order for 200 quantities of shares was available

at ₹Rs.185.95, however, the Skylight Distributors Private Limited placed buy order for only of 5 shares at ₹186, which resulted into matching of buy-sell orders and executing of the trade for 5 shares at a price of ₹185.95 and contributing to ₹11.95 of positive LTP in the scrip of the NGVL and the same pattern is seen at Sr. No. 19,29,32,35,38,39,41,42,43,44,49,57,59 and 60 mentioned in table at para 30(g), thereby contributing to ₹ 0.75 , ₹1.50, ₹1.60, ₹11.50, ₹ 7.65, ₹10.50, ₹0.25, ₹0.10, ₹11.40, ₹7.90, ₹1.55, ₹ 9.90, ₹3.90 and ₹ 6.95 of positive LTP respectively in the scrip of the NGVL. The extra exuberance displayed by the Noticees to acquire the scrip at higher price than available sell price in most of their trades is far away from LTP and is not justified also for the reason that they indulged in buying negligible quantities of shares.

53. Also, in 30 trades out of 60 trades, the buy order quantities placed by the Noticees were only '1' share of scrip on each of such order placed. Noticees have offered no explanation or justification behind such peculiar act of purchasing of only 1 share in each of the 30 trades out of the 60 trades executed by them. Even if it is considered that the Noticees were genuinely interested in purchasing the share of Nouveau, no rationale has been advanced by Noticees to justify such a trading pattern of purchasing only 01 share every time on various occasions and that too at a price higher than the LTP, despite the fact that offer for large quantities of shares of Nouveau were available in the market to meet their genuine need to purchase the shares of the Company.

54. I note that, Noticees in their submission dated August 25 and 26, 2021 have not disputed the impugned trades. With regard to the contention of Noticees on alleged 60 trades executed by them, I note from the trading pattern of the Noticees that, Noticees were buying minuscule quantities to fetch higher prices. I also note that, sell orders for larger quantities of the scrip were already available in the market and pending in the stock exchange system and Noticees' buy order of miniscule quantities matched the sell prices offered in the pending sell orders which were at prices higher than the LTP thereby causing substantial rise in the price of the scrip of the Company.

Thus, it is undisputed that, the sell orders already available and pending in the stock exchange system, would not have been able to make any manipulative impact on the price of the scrip on their own, if the Noticees had not placed those buy orders in the miniscule quantities only to change and match the sell prices offered in the pending sell orders.

55. In my opinion, it is normal in the securities market to sell the scrip when a higher price is offered. But by purchasing shares at price higher than the ongoing LTP by Noticees and that too in minuscule quantities resulted in the price of the scrip going up and as clear from their trading pattern, the trades were carried out by Noticees with a view to set the price or benchmark the price at a desired level thereby misguiding the innocent / gullible investors. Therefore, it can be concluded that the price of the scrip were manipulated by the Noticees.

56. In some instances of trading by Noticees, it is clear that the Noticees intended to buy at prices even higher than the prices offered by the respective seller. the placement of buy order above prevailing sell order rate has no economic rationale as any prudent investor would want to buy at a low price and sell at higher price. This further corroborates the allegation against the Noticees that the trading behavior of Noticees amounts to manipulation of price of the scrip of NGVL.

57. It is also pertinent to mention here that the sell orders which were already available and pending in the stock exchange system, would not have been able to make any manipulative impact on the price of the scrip on their own, had the Noticees not placed those buy orders in the miniscule quantities only to match the sell prices offered in those pending sell orders. Even, in certain instances, it is seen that the Noticees have placed their buy orders at a price higher than the price of the sell order already pending for execution in the system. Undoubtedly, in the absence of the buy orders for small quantities placed by the Noticees, no transaction would have ever fructified on those trading days and no positive LTP would have been formed. The manipulative intent of the Noticees gets further exposed from the fact that instead of buying relatively larger

quantities of shares when large quantities of sell orders were already available in the trading system, the Noticees were buying small/miniscule number of shares (mostly 01 share at a time) which shows that they had no real enthusiasm to buy the scrip of Nouveau or to invest in the scrip of the said Company. The sequencing of buy & sell orders and the unique trading pattern adopted in these trades *prima facie* demonstrates that the Noticees have placed their buy orders not on business prudence as genuine investors but with a fraudulent intent to inflate/manipulate the price of the scrip of the Company, by way of their successive contributions to market positive LTP through repeated LTP contributing trades in the scrip of the Company.

58. It is important to refer to the observations made by the Hon'ble Securities Appellate Tribunal (SAT) in its order dated March 21, 2014 in *Saumil Bhavnagari Vs. SEBI* which are as under: *"It is amply clear that although the scrip was available at a lower price, the Noticees bought them at a higher price only with a view to give false representation to the general public about the rise in price of the scrip. This was done repeatedly done by the Noticees. Such trades undoubtedly have a potential of raising the price of the scrip by sending a wrong signal to the gullible investors about the activity of price hike in the scrip. ----- . This was done evidently with ulterior motives, because if shares were available for a lesser price, there was no reason to place orders at a price higher than the LTP and if orders at price higher than LTP were placed on account of the financial status of the company then there was no reason to place some orders below LTP.*

59. Thus, by executing such manipulative trades, Noticees were contributing to the positive LTP in a continuous basis so as to induce innocent investors by creating such a misleading appearance of trades in the scrip of Nouveau.

60. Noticees have contended that SEBI ought to have placed on record full trade and order logs for the investigation period and also mentioned that, para 14 of the SCN refers to Trade Log been annexed as Annexure 3, however, Annexure 3 to the SCN provided to them is a price volume data and not the Trade Log. In this regard, from

the perusal of records, I find that Annexure 3 is the price volume data during the investigation period and SCN erroneously mentions trade log as Annexure 3. I further note that, SCN has placed reliance on trade log of alleged 60 trades executed by Noticees in instant AO Proceedings and thus, all the relevant material information for the allegations levelled in the SCN against the Noticees has been provided to all the 6 Noticees which includes trade log of alleged 60 trades executed by Noticees in instant AO Proceedings on which reliance has been placed in the SCN and also in 11B proceedings to Noticee no. 5 & 6 who are connected to Noticee no. 1 to 4.

61. Noticee has submitted that they have bought shares during the relevant period on a blind screen platform of the Exchange and till date they are not aware about the identity of the counter party. In this regard, from the perusal of trade log of alleged 60 trades, I note that trade log consists of trade details of counterparties as well.

62. Noticees have contended that, SEBI has not shown any connection and/or collusion between us and the counter party and/or the Company and placed reliance on the order passed by the Hon'ble SAT in the matter of *Nishith M. Shah HUF (supra)*. In this regard, I note from the material/documents available that, SEBI has preferred an Appeal before the Hon'ble Supreme Court against the Hon'ble SAT order in the matter of *M/s Nishith M. Shah HUF vs. Securities and Exchange Board of India*. In view of the above, I am of the opinion that the Hon'ble SAT order in the aforesaid matter of *M/s Nishith M. Shah HUF vs. Securities and Exchange Board of India* is not yet settled and therefore has not attained finality. In view of the same, I am of the considered view that deciding the present matter based on the aforesaid Hon'ble SAT Order would be premature and may have repercussion.

63. I further note that Hon'ble SAT, in numerous orders have laid down that an entity in isolation can be booked for its unilateral act of manipulation of price of the scrip if analysis of trade log and order log reflects malafide intention even without any collusion with the other entities. In this regard, reference may be drawn to the following judgments of Hon'ble SAT:

- i. In the matter of *Mrs Kalpana Dharmesh Chheda vs. SEBI* (Appeal no. 454 of 2019 decided on February 25, 2020), while dealing with a similar issue, Hon'ble SAT has *inter alia*, held that *"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 behavior cannot be justified in terms of normal rational expectations of a seller."*
- ii. In the matter of *Tanuj Khandelwal Vs SEBI* (Appeal No. 357 of 2020) decided on January 4, 2021, Hon'ble SAT has, *inter alia*, made observations as:
"7. Having heard the learned counsel for the appellant and upon perusal of the impugned order we are of the opinion that the case of the appellant is distinguishable and consequently the decision in M/s. Nishith M. Shah HUF (supra), Rajesh Marchya (supra) and Mr. Jayant Indulal Sethna (supra) cases are not applicable and are distinguishable on facts. We find that except on three occasions the appellant only sold one share at a time on a daily basis. This trading pattern created misleading appearance with intention to manipulate the market if not the price. Thus, even if there is no connection with the buyer the trading pattern shows a concerted effort to manipulate the market and therefore, we are of the opinion that the appellant was not acting as a genuine seller. We also find that the appellant had no bonafide intention to sell because in spite of sufficient buy orders being placed with abundant quantity being available in the market the appellant was only placing sell orders of one share at a time. This clearly shows his intention of manipulating the market for vested reasons".

64. Thus, in light of the aforesaid judicial observations, one can firmly state that the acts of the Noticees are unique and unusual in the instant matter considering the factors such as pattern of their trading, the repetitive nature of orders, the volume of trades, the magnitude of impact of trading on LTP in the scrip of NGVL etc. as all such factors are the relevant factors for consideration while drawing an inference with regard to the case of manipulation and fraud and thus find that the facts of the case relied upon by Noticees are clearly distinguishable from the facts pertaining to the Noticees in their dealing with the scrip of NGVL.

65. Noticees has submitted that the connections alleged and relied upon with each other by SEBI has no relevance as far as the charge of manipulation of price of the scrip and creation of misleading appearance of trading in the scrip is concerned. In this regard, the net LTP contribution of 9.05% by all 6 connected Noticees of total market positive LTP when seen in the context of their trades undertaken is by purchasing shares at price higher than the ongoing LTP by Noticees and that too in minuscule quantities which resulted in the price of the scrip going up and as clear from their trading pattern, the trades were carried out by Noticees indicating meeting of minds or collusion with a view to set the price or benchmark the price at a desired level thereby manipulating the price of the Scrip and misguiding the innocent / gullible investors.

66. The Noticees in their submissions has also contended that SEBI has not initiated any action against the counter party's to their trades. I note that the allegations levelled against the Noticees which are part of the instant proceedings only have been looked into, which is the subject matter. In this connection, I note that the Noticees cannot absolve the culpability of violation by contending that the counterparties were not being charged. Therefore, I find no merit in the submissions made by the Noticees. I also note that counterparties to Noticees alleged 60 trades are diverse, there are being 36 counterparties. Noticees had indulged in the trades with the as noted above which significantly contributed to rise in the scrip price by placing buy order of minuscule quantity when large quantity sell orders were pending and thereby created a misleading appearance of trading in the scrip by such 60

manipulative trades. Such transactions are clearly not genuine and have been entered by the Noticees for creating misleading appearance of trading in the scrip. Buying miniscule quantity of one share each on more occasions by these Noticees is nothing but a strategy of manipulation.

67. It may also be relevant to refer to the observations of the Hon'ble Securities Appellate Tribunal (SAT) in its order dated 14.7.2006 in Ketan Parekh Vs. SEBI, wherein it was held that: *"When a person takes part in or enters into transactions in securities with the intention to artificially raise or depress the price he thereby automatically induces the innocent investors in the market to buy /sell their stocks. The buyer or the seller is invariably influenced by the price of the stocks and if that is being manipulated the person doing so is necessarily influencing the decision of the buyer / seller thereby inducing him to buy or sell depending upon how the market has been manipulated. We are therefore of the view that inducement to any person to buy or sell securities is the necessary consequence of manipulation and flows therefrom. In other words, if the factum of manipulation is established it will necessarily follow that the investors in the market had been induced to buy or sell and that no further proof in this regard is required. The market, as already observed, is so wide spread that it may not be humanly possible for the Board to track the persons who were actually induced to buy or sell securities as a result of manipulation and law can never impose on the Board a burden which is impossible to be discharged. This, in our view, clearly flows from the plain language of Regulation 4(a) of the Regulations."*

68. I note that, Noticees have relied upon various judgements by Hon'ble Supreme Court, Hon'ble SAT and SEBI. Broadly, reference has been made to the judgements wherein it was held that there must be substantive evidence or higher degree of probability is required to level a charge of fraud against the parties and that the allegation of fraud cannot survive on mere conjectures and surmises. I note that the said judgements were made in different cases and made on consideration given to varied evidences/circumstances in each case. In the instant case, I find that buy orders for one share was placed on 30 instances whereas the corresponding pending sell order

quantity was available in the range of 5 to 1000 shares. The order price for these 30 trades was placed at more than the last traded price and these trades contributed to Rs.60.20 to positive LTP (2.90% of total market positive LTP). This clearly depicts that on repeated occasions Noticees were placing buy orders for small/minuscule quantities despite the large pending sell orders and contributing for the price rise. Also, alleged 60 trades were executed by six Noticees over a period of 30 days out of 44 trading days during February 03, 2011 to April 06, 2011. I further note that, no rationale has been provided by Noticees in placing buy orders of small quantities at the prevailing sell order prices or more than prevailing sell order price which was higher than the last traded price which clearly shows that Noticees had no real enthusiasm to buy the scrip of Nouveau or to invest in the scrip of the said Company. The sequencing of buy & sell orders and the unique trading pattern adopted in these trades *prima facie* demonstrates that the Noticees have placed their buy orders not on business prudence as genuine investors but with a fraudulent intent to inflate/manipulate the price of the scrip of the Company, by way of their successive contributions to market positive LTP through repeated LTP contributing trades in the scrip of the Company. Thus, aforementioned findings are adequate to establish the charge of fraud against the Noticees 1 to 6 under PFUTP Regulations.

69. In this context, reliance is also placed on the observations of the Hon'ble SAT in the matter of *Amaresh Pathak vs. SEBI*, Appeal no. 332 of 2020 –Order dated February 16, 2021, wherein it had observed: “11. ... *When a person enters into a transaction in securities with the intention to artificially raise the price, he thereby automatically induces the innocent investors in the market to buy/sell the stocks. The buyer or the seller is invariably influenced by the price of the stocks and if that is manipulated the person doing so is necessarily influencing the decision of the buyer/seller thereby inducing him to buy or sell. This is what Regulation 4 of the PFUTP Regulation speaks of. Inducement to any person to buy or sell securities leads to manipulation in the price of the scrip. If the factum of inducement is established, it will necessarily follow that a fraud has been played and there has been a manipulation.*”

70. I have perused the order of Hon'ble WTM of SEBI dated March 19, 2021 in parallel 11B proceedings against the Noticees on identical subject matter for the same cause of action of the same alleged breach of violation, wherein Hon'ble WTM has *inter-alia* stated that,

In the light of the aforesaid observations made by Hon'ble SAT and after considering the abnormal, unusual and blatantly unfair trading pattern exhibited by the 6 Noticees whereby, there is absolute clarity now that these 6 Noticees have been found to have contributed both individually and collectively, to the price rise in the scrip of Nouveau by repeatedly placing buy orders for small quantities only to match the pending sell orders at a price higher than LTP thereby creating a fresh LTP at a higher price compared to the previous LTP. Under the circumstances, based on the materials available on record, I am constrained to conclude that the 6 Noticees viz: Noticee nos. 1 to 6 were not acting as genuine buyers and had no bona fide intention to buy the shares of Nouveau and instead, the orders placed by them are laden with all the ingredients to be held as unfair, misleading and also fraudulent trades in the scrip of the Company. I therefore hold that the trading behavior of Noticee nos. 1 to 6 vis-à-vis the scrip of Nouveau has been ill motivated, fraudulent and was intended towards manipulating the price of the shares of Nouveau and therefore was in violation of regulations 3 (a), (b), (c), (d) and 4 (1), 4 (2) (a), (e) of SEBI PFUTP Regulations, 2003, as alleged in the SCN.

71. On account of aforesaid observations, submissions of Noticees and findings of Hon'ble WTM in order dated March 19, 2021, I conclude that Noticees deliberately entered into repeated premeditated buy trades at a price higher than the last traded price in order to manipulate the price in the scrip of NGVL during the investigation period. the trading behaviour of Noticees vis-à-vis the scrip of Nouveau has been ill motivated, fraudulent and was intended towards manipulating the price of the shares of Nouveau and therefore, the charge pertaining to violation of Regulations 3 (a), (b), (c) and (d), 4 (1), 4 (2) (a) and (e) of PFUTP Regulations by Noticees stands established.

72. it is pertinent to note the observations of Hon'ble Supreme Court in its Order dated April 26, 2013 in the matter of ***N. Narayanan Vs Adjudicating Officer, SEBI***, wherein it has laid down that:-

“Prevention of market abuse and preservation of market integrity is the hallmark of Securities Law. Section 12A read with Regulations 3 and 4 of the Regulations 2003 essentially intended to preserve ‘market integrity’ and to prevent ‘Market abuse’. The object of the SEBI Act is to protect the interest of investors in securities and to promote the development and to regulate the securities market, so as to promote orderly, healthy growth of securities market and to promote investors protection. Securities market is based on free and open access to information, the integrity of the market is predicated on the quality and the manner on which it is made available to market. ‘Market abuse’ impairs economic growth and erodes investor’s confidence. Market abuse refers to the use of manipulative and deceptive devices, giving out incorrect or misleading information, so as to encourage investors to jump into conclusions, on wrong premises, which is known to be wrong to the abusers. The statutory provisions mentioned earlier deal with the situations where a person, who deals in securities, takes advantage of the impact of an action, may be manipulative, on the anticipated impact on the market resulting in the “creation of artificiality”.

73. I would also like to refer the observations of Hon'ble Supreme Court of India in the case of *SEBI vs. Rakhi Trading Pvt. Ltd.*, (2018) 13 SCC 753, wherein the Hon'ble Apex Court has appreciated that fairness, integrity and transparency are the hallmarks of the stock market in India and the stock market is not a platform for any fraudulent or unfair trade practice. The Hon'ble apex Court has further observed that *“The SEBI Act, 1992 was enacted to protect the interest of the investors in securities. Protection of interest of investors should necessarily include prevention of misuse of the market*

Issue – II:- Whether the Noticees are liable for imposition of monetary penalty under Section 15HA of the SEBI Act?

74. This is the case where the Noticees have inflated / manipulated the price of the scrip through those alleged 60 trades in the scrip of the Company during the Patch-1 of the Investigation Period, with the intention to manipulate the market or to defeat its mechanism in a fraudulent manner and thus violated Regulations 3(a), (b),(c),(d), 4(1), 4(2)(a) and 4(2)(e) of PFUTP Regulations. The said violation of PFUTP Regulations makes the Noticees liable for monetary penalty under Section 15HA of the SEBI Act.

75. In this regard, I note the observations made by the Hon'ble Supreme Court of India in the matter of **SEBI vs. Shri Ram Mutual Fund** wherein it was held that:—

“once the violation of statutory regulations is established, imposition of penalty becomes sine qua non of violation and the intention of parties committing such violation becomes totally irrelevant. Once the contravention is established, then the penalty is to follow.”

76. Thus, the aforesaid violations of PFUTP Regulations committed by the Noticees attracts penalty under Section 15HA of the SEBI Act, which reads as below –

“Penalty for fraudulent and unfair trade practices.

15HA. *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.”*

Issue – III:- If yes, then what should be the quantum of penalty?

77. While determining the quantum of penalty under Section 15HA of the SEBI Act, it is important to consider the factors stipulated in Section 15J of the 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*

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.”*

78. With regard to the above factors to be considered while determining the quantum of penalty, it may be noted that no quantifiable figures or data is available on record to assess the disproportionate gain or unfair advantage and amount of loss caused to an investor or group of investors as a result of the default of the Noticees. The acts of artificially increasing the price of scrip have potential to mislead and induce gullible and genuine investors to trade in the scrip and harm them and, thus, the fundamental tenets of market integrity get violated with impunity due to such fraudulent acts.

79. During the entire Patch-1 of the Investigation Period, 6 connected Noticees in various instances sold shares in miniscule quantities at price higher than the ongoing LTP for 13 trading days despite the sell orders for larger quantities of the scrip were available in the market. Also in various instances, Noticees have placed buy orders at a price higher than the corresponding sell orders prices which were already higher than LTP. The quantum of penalty has to be adjudged taking these peculiar facts and circumstances into account viz., the volume of trades executed and percentage of contribution to the LTP by the Noticees and their impact on the price of the scrip of

Nouveau. Since, this kind of activity seriously affects the normal price discovery mechanism of the securities market. People who indulge in manipulative, fraudulent and deceptive price rise should be suitably penalized for the said acts of omissions and commissions. However, I note that the impugned transactions pertain to the year 2010-2011 and that a considerable amount of time has lapsed since the act of the Noticees taken place and which also is considered as relevant factor while deciding the quantum of penalty against Noticees.

ORDER

80. Considering all the facts and circumstances of the case, factors mentioned under Section 15J of the SEBI Act and in exercise of the powers conferred upon me under Section 15-I of the SEBI Act, read with Rule 5 of the Adjudication Rules, I hereby impose Monetary penalty of Rs.6,00,000/- (Rupees Six Lakhs only) to be paid jointly and severally by the Noticees in terms of Section 15HA of the SEBI Act as the Noticees are connected as mentioned above and have acted together. In my view, the said penalty is commensurate with the violation committed by the Noticees in this case.
81. The amount of penalty shall be paid either by way of demand draft in favour of “SEBI - Penalties Remittable to Government of India”, payable at Mumbai, or by online payment through following path at SEBI website www.sebi.gov.in: ENFORCEMENT → Orders → Orders of AO → Click on PAY NOW or at link <https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html>. In case of any difficulties in payment of penalties, the Noticee may contact the support at portalhelp@sebi.gov.in
82. The said demand draft and its details or details of online payments made (in the format as given in table below) should be forwarded to “The Division Chief (Enforcement Department-DRA-2), the Securities and Exchange Board of India, SEBI Bhavan II, Plot No. C7, “G” Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.”

1. Case Name :	
2. Name of Payee :	
3. Date of Payment:	
4. Amount Paid :	
5. Transaction No. :	
6. Bank Details in which payment is made :	
7. Payment is made for : (like penalties/ disgorgement/ recovery/ settlement amount and legal charges along with order details)	

83. 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 SEBI Act, for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties.

84. In terms of Rule 6 of the Adjudication Rules, 1995, copy of this Order is sent to the Noticees and also to the Securities and Exchange Board of India.

Date : January 28, 2022

Place : Mumbai

Vijayant Kumar Verma

Adjudicating Officer