

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO. PM/NR/2020-21/9160-9167

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

In respect of

1. Accurate Buildwell Pvt., Ltd., (PAN: AAGCA4053L)	2. Pawan Kumar Kaul (PAN: APJPK8855K)
3. Vishal Yadav (PAN: AJKPY8234D)	4. Ashvin Verma (PAN: AKFPV6256L)
5. Century Buildmart Pvt., Ltd., (PAN: AADCC2898Q)	6. Core Capital Services Ltd., (PAN: AAACC2840D)
7. River High Right Share Brokers Pvt., Ltd., (PAN: AAGCR2643P)	8. Sure Portfolio Services Pvt., Ltd., (PAN: AATCS2129L)

(The aforesaid entities are hereinafter referred to individually by their respective names/serial numbers or collectively as "the Noticees")

In the matter of Esteem Bio Organic Food Processing Ltd.,

BACKGROUND

1. Securities and Exchange Board of India (*hereinafter referred to as "SEBI"*) conducted an investigation in the scrip of Esteem Bio Organic Food Processing Ltd., (*hereinafter referred to as "ESTEEM" / "Company"*) to ascertain whether there was any violation of the provisions of Securities and Exchange Board of India Act, 1992 (*hereinafter referred to as "SEBI Act, 1992"*) and SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (*hereinafter referred to as "SEBI (PFUTP) Regulations"*) by certain entities, who are connected to each other, in the scrip of ESTEEM during the period February 7, 2013 and July 31, 2015 (*hereinafter referred to as "Investigation Period"/"IP"*).
2. Based on the variance in the quantum of trading volumes, the price movement

of the scrip during the IP and the stock split, the investigation period was split into two patches. The price & volume details of the scrip ESTEEM during the two patches of the investigation period are tabulated hereunder:

Patches	Period		Price Movement in ₹				Avg. of (shares) traded daily during the period
	From	To	Open	High	Low	Close	
Patch-1 (pre stock-split)	07/02/2013	10/02/2015	25.25	645	25.25	444	39,851
Patch-2 (post stock-split)	11/02/2015	31/07/2015	44.50	45.20	18.20	30	2,22,013

- It was observed that during Patch 1 of the investigation period, the price of the ESTEEM scrip opened at ₹25.25 on February 7, 2013, touched a high of ₹645 on April 22, 2014 and closed at ₹444 on February 10, 2015 with an average traded volume of 39,851 shares. On February 11, 2015, the Company carried out stock split in the scrip in the ratio of 10:1. The trading volumes were high in the scrip during the period February 11, 2015 and July 31, 2015 i.e., Patch 2 of the investigation period. The investigation revealed that the Noticees viz., Accurate Buildwell Pvt., Ltd., (Noticee 1), Pawan Kumar Kaul (Noticee 2), Vishal Yadav (Noticee 3), Ashvin Verma (Noticee 4), Century Buildmart Pvt., Ltd., (Noticee 5), Core Capital Services Ltd., (Noticee 6), River High Right Share Brokers Pvt., Ltd., (Noticee 7) and Sure Portfolio Services Pvt., Ltd., (Noticee 8) who were connected to each other had contributed to the price rise of the scrip of ESTEEM by their positive contribution to Last Traded Price (LTP) and established a New High Price (NHP) in the scrip by trading among themselves in a concerted manner. The investigation found that 8.89% to total market positive LTP during the period of investigation was contributed by the Noticees 1 to 8 who traded amongst themselves continuously and the Noticees 1 to 7 by executing trades among themselves had contributed to 9.15% of total market NHP during the period of investigation. Therefore, it is alleged that the Noticees have violated the provisions of Regulations 3(a),(b),(c),(d),4(1), 4(2)(a) and (e) of SEBI (PFUTP) Regulations.

APPOINTMENT OF ADJUDICATING OFFICER

4. Pursuant to investigation, SEBI initiated Adjudication Proceedings against the Noticees and appointed the undersigned as the Adjudicating Officer, vide order dated August 14, 2017, under Section 19 of the SEBI Act read with Section 15-I of the SEBI Act 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as “*SEBI Adjudication Rules*”) to inquire into and adjudge under Section 15HA of the SEBI Act 1992, for the violations alleged to have been committed by the Noticees.

SHOW CAUSE NOTICE, REPLY AND HEARING

5. A common Show Cause Notice (hereinafter referred to as “SCN”) bearing ref. EAD/ADJ/PM/AA/OW/9217/2018 dated March 23, 2018 was issued to the Noticees under Rule 4 of SEBI Adjudication Rules to show cause as to why an inquiry be not held against them in terms of Rule 4 of the SEBI Adjudication Rules and penalty be not imposed under Section 15HA of the SEBI Act, 1992, for the violations alleged to have been committed by them. I note that the SCN sent by Speed Post to the Noticee 2 was delivered on April 3, 2018; however, he failed to file his reply. In respect of the remaining Noticees, the SCN sent by Speed Post returned undelivered. Therefore, vide notice dated April 4, 2019 the SCN was once again sent to all the Noticees to furnish their reply, besides providing them with an opportunity of personal hearing on April 24, 2019. I note that the Notice dated April 4, 2019 was delivered to the Noticee 4 i.e., Ashvin Verma. In respect of the remaining Noticees, the notice of hearing dated April 4, 2019 returned undelivered. The Noticee 4 through his Authorized Representative appeared before me on April 24, 2019 and submitted his reply dated April 24, 2019, which is summarized hereunder:

(a) There is no connection with the other Noticees, the Company (ESTEEM) and its’ Directors and/or its any other related Company.

(b) Facing mental agony and harassment due to the restrictions imposed on him

on buying, selling and dealing in any shares or commodities.

(c) It is submitted that the Noticee is not having any knowledge of any faulty scheme or mechanism. The trading account through which the alleged manipulative trades were executed in the scrip were by done by Pawan Kumar Kaul who was a traded in Integrated Master Capital Services Ltd.,

6. In respect of the remaining seven entities, since the SCN and the notice of hearing returned undelivered, in terms of Rule 7 (b) of SEBI Adjudication Rules the SCN was once again sent to the Noticees 1, 2, 3, 5, 6, 7 and 8 by email on August 24, 2020 requiring the Noticees to submit their reply, if any, by September 8, 2020, besides providing them with an opportunity of hearing through videoconferencing on September 11, 2020. I note that the email sent to the seven Noticees did not bounce. Vide the aforementioned email dated August 24, 2020, the seven Noticees were informed that if no reply is received by September 8, 2020 and no appearance is made on September 11, 2020, the matter shall be decided based on the facts and documents made available. In view of the prevailing circumstances owing to Covid-19 pandemic, the hearing was scheduled through video conferencing on Webex platform on September 11, 2020 and the login credentials were sent to the seven Noticees through email on September 8, 2020. However, I note that the seven Noticees neither submitted their reply nor appeared for hearing.
7. In this context, I would like to rely upon the observations of The Hon'ble Securities Appellate Tribunal (SAT) in the matter of Classic Credit Ltd., vs. SEBI (Appeal 68 of 2003 decided on December 08, 2006) wherein the Hon'ble SAT, inter alia, observed that - *"..... the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show-cause notice were admitted by them".*
8. The Hon'ble SAT has again in the matter of Sanjay Kumar Tayal & Others vs SEBI (Appeal 68 of 2013 decided on February 11, 2014), inter alia, observed that – *".....As rightly contended by Mr. Rustomjee, learned senior*

counsel for respondents, appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges levelled against them in the show cause notices.....”.

9. In view of the above, I am of the opinion that the SCN and Notice of hearing have been duly served on all the Noticees, but the Noticees 1, 2, 3, 5, 6, 7 and 8 failed to submit their reply to the charges alleged in the SCN and also failed to avail the opportunity of hearing. Therefore, I am convinced that the principle of natural justice has been duly followed in the matter, as enough opportunities were provided to the Noticees to reply to the SCN and to appear for hearing. Therefore, I am inclined to decide the matter ex-parte in respect of Noticees 1, 2, 3, 5, 6, 7 and 8 taking into account the evidence / material available on record. In respect of the Noticee 4, I take into consideration the reply submitted by him and accordingly decide the matter.

CONSIDERATION OF ISSUES

10. After perusal of the material available on record, I have the following issues for consideration viz.,

- I. Whether the Noticees have violated the provisions of Regulations 3 (a), (b), (c), (d), 4 (1), 4 (2) (a) and (e) of SEBI (PFUTP) Regulations, 2003?*
- II. Whether the Noticees are liable for monetary penalty under Section 15HA of the SEBI Act?*
- III. If so, what quantum of monetary penalty should be imposed on the Noticees?*

FINDINGS

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

hereunder.

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

12. Before moving forward, it is pertinent to refer to the relevant provisions of SEBI (PFUTP Regulations), 2003 which reads as under:

Regulation 3 of SEBI (PFUTP) Regulations: - Prohibition of certain dealings in securities

3. No person shall directly or indirectly—
- (a) buy, sell or otherwise deal in securities in a fraudulent manner;
 - (b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made thereunder;
 - (c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;
 - (d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made thereunder.

Regulation 4 of SEBI (PFUTP) Regulations: - 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;

13. It has been alleged that the Noticees had manipulated the price of ESTEEM scrip by way of contributing to positive LTP by trading among themselves and the Noticees 1 to 7 manipulated the price of ESTEEM scrip by way of creating NHP repeatedly by trading amongst themselves. The method and the manner

in which the trades were executed are the most important factors to be considered in these circumstances and the motive, thereafter, automatically falls in line.

14. I note that the scrip ESTEM was listed only on BSE SME segment on February 7, 2013. After listing, the share price of ESTEEM scrip increased astronomically until December 31, 2014. I note that ESTEEM scrip was not in demand by general investors and it was observed that a set of connected entities were pushing up the price by putting unusual trades, i.e. 1 or 2 trades per day in such a manner so as to make positive contribution to the Last Traded Price (LTP) and establishing New High Prices (NHP). These connected entities were part of the 'trading group' entities, i.e., the entities whose trades have contributed to price rise in the scrip were related/connected to each other based on Know Your Client (KYC) details, bank statements, off-market transactions amongst themselves and information available on the MCA website, etc.
15. It is noted that Accurate Buildwell Pvt., Ltd., (Noticee 1), River High Right Share Brokers Pvt., Ltd., (Noticee 7) and Century Buildmart Pvt., Ltd., (Noticee 5) were directly or indirectly effecting fund transactions between them. Further, as per KYC documents, I note that River High Right Share Brokers Pvt., Ltd., (Noticee 7) is having common contact number with Century Buildmart Pvt., Ltd., (Noticee 5) and it was having off-market transactions with Ashvin Verma (Noticee 5). Further, I note that Ashvin Verma and Pawan Kumar Kaul (Noticee 2) shared common email address and contact number. It is noted that Pawan Kumar Kaul had executed off- market transactions with Core Capital Services Ltd., (Noticee 6). I also note that Ashvin Verma (Noticee 4) has executed off-market transactions with River High Share Brokers Pvt., Ltd., (Noticee 7), Core Capital Services Ltd., (Noticee 6), Vishal Yadav (Noticee 3) and others in the group. It is further noted that Vishal Yadav (Noticee 3) had also executed off-market transactions with Core Capital Services Ltd., (Noticee 6), River High Share Brokers Pvt., Ltd., (Noticee 7), Ashvin Verma (Noticee 4) and others in the

group. I note that Sure Portfolio Services Pvt., Ltd., (Noticee 8) has traded in the scrip of ESTEEM and is having common director, address and email id with several other entities in the trading group and thus indirectly connected with the other Noticees. The details of the trades executed by and between the Noticees along with the inter-se connections and relationship shared by the Noticees with each other were provided to them along with the SCN. I note that Noticee 4 disputed his connection with the Noticees as alleged in the SCN. However, I note from the records that the Noticee 4 executed off-market transactions with the Noticees 3, 6 and 7 on various dates. I am of the view that for off-market transaction to be executed successfully, the buyer and seller should know each other and subsequently negotiate the price and quantity of the shares to be transacted. In view of the same, the claim of the Noticee not being connected to the other Noticees is devoid of any merit and it's an afterthought process to misguide. In respect of the remaining seven Noticees, since they failed to furnish any reply, I conclude that the basis of connections alleged in the SCN is undisputed.

16. The SCN alleges that the trades of the Noticees executed amongst them in the scrip of ESTEEM were instrumental in contributing to positive LTP and establishing NHP. It is noted that while positive contribution to LTP increases the price of the scrip, NHP is the price, which is higher than the price already established in the scrip over a period, which is under consideration. Pursuant to carrying out LTP analysis during the Patch 1 of the investigation period, it was observed that there were two spikes in price during January 06, 2014 to April 23, 2014 ("Spike 1") and November 24, 2014 to December 15, 2014 ("Spike 2"). During Spike 1 period, price of the scrip opened at ₹82, touched a high of ₹645 and closed at ₹632.20 and the Net positive LTP contribution of the market during this period was ₹550.20 whereas positive LTP contribution was ₹1016.25. The details of trades executed amongst the Noticees and their resultant contribution to LTP and NHP are tabulated hereunder:

Positive contribution to LTP by Noticees trading among themselves

Buyer / counterparty	Accurate Buildwell Pvt., Ltd., (LTP contribution in ₹and , of trades in brackets)	Pawan Kumar Kaul (LTP contribution in ₹and , of trades in brackets)	Ashvin Verma (LTP contribution in ₹and , of trades in brackets)	Vishal Yadav (LTP contribution in ₹and , of trades in brackets)	Sure Portfolio Services Pvt., Ltd., (LTP contribution in ₹and , of trades in brackets)	Total (LTP contribution in ₹and , of trades in brackets)
Accurate Buildwell Pvt., Ltd.,	0.05 (1)	24.75 (2)	-	-	-	24.80 (3)
Century Buildmart Pvt, Ltd.,	-	10.7 (1)	15.1 (2)		-	25.80 (3)
Core Capital Services Ltd.,	-	-	-	14.50 (1)	-	14.50 (1)
Pawan Kumar Kaul	5.5 (1)	-	-	-	-	5.5 (1)
River High Right Share Brokers Pvt., Ltd.,	10.1 (1)	-	-	-	1.85 (1)	11.95 (2)
Vishal Yadav	-	-	7.85 (1)	-	-	7.85 (1)
Total	15.65 (3)	35.45 (3)	22.95 (3)	14.50 (1)	1.85 (1)	90.4 (11)

NHP contribution of the Noticees by trading among themselves

Buyer / counterparty	Accurate Buildwell Pvt., Ltd., (NHP contribution in ₹and , of trades in brackets)	Pawan Kumar Kaul ((NHP contribution in ₹and , of trades in brackets)	Ashvin Verma (NHP contribution in ₹and , of trades in brackets)	Vishal Yadav (NHP contribution in ₹and , of trades in brackets)	Total (NHP contribution in ₹and , of trades in brackets)
Accurate Buildwell Pvt., Ltd.,	0.05 (1)	8.95 (1)	-	-	9 (2)
Century Buildmart Pvt., Ltd.,	-	10.1 (1)	8.1 (1)	-	18.2 (2)
Core Capital Services Ltd.,	-	-	-	6.55 (1)	6.55 (1)
Pawan Kumar Kaul	5 (1)	-	-	-	5 (1)
River High Right Share Brokers Pvt., Ltd.,	10.1 (1)	-	-	-	10.1 (1)
Vishal Yadav	-	-	7.85 (1)	-	7.85 (1)
Total	15.15 (3)	19.05 (2)	15.95 (2)	6.55 (1)	56.70 (8)

Details of trades in which Noticees were counterparties and NHP contribution

Sl.	Date	Buyer Name	Seller Name	Buy Order	Sell Order	Buy Order Time	Sell Order Time	Trade Price	Diff LTP	Trade Qty
1	16/01/14	Century Buildmart Pvt., Ltd	Pawan Kumar Kaul	14000128306358	13000101265572	3:09:57 PM	3:09:53 PM	134.9	10.10	1200
2	17/01/14	River High Right Share Brokers Pvt., Ltd	Accurate Buildwell Pvt., Ltd	12000105130311	19000124089524	10:25:49 AM	10:18:35 AM	145	10.10	1200
3	21/01/14	Core Capital Services Limited	Vishal Yadav	13000104444696	11000090155806	3:03:19 PM	11:33:49 AM	165.5	6.55	1200
4	22/01/14	Vishal Yadav	Ashvin Verma	11000089111133	18000122161439	3:04:26 PM	10:43:34 AM	173.85	7.85	1200

5	23/01/14	Pawan Kumar Kaul	Accurate Buildwell Pvt., Ltd	23000061480869	19000083088345	3:11:05 PM	3:11:01 PM	182	5.00	1200
6	27/01/14	Century Buildmart Pvt., Ltd	Ashvin Verma	17000079468104	18000079541800	3:25:46 PM	3:24:23 PM	193.1	8.10	4800
7	06/02/14	Accurate Buildwell Pvt., Ltd	Pawan Kumar Kaul	12000067205635	17000086053281	3:11:40 PM	10:25:20 AM	214.75	8.95	1200
8	26/02/14	Accurate Buildwell Pvt., Ltd	Accurate Buildwell Pvt., Ltd	17000123702166	12000105075272	3:19:32 PM	9:51:12 AM	384	0.05	1200

17. The above trades were executed by the Noticees during the month of January and February 2014. I note that the trade log for the above trades and the pre-order book positions for both buy and sell orders were provided to the Noticees along with the SCN. I note that the Noticees (*excepting Noticee 4*) have not responded to the same, therefore, it can be assumed that they have nothing contrary to offer in their defence to the allegations made in the SCN. However, in order to examine whether the trades executed by the Noticees were manipulative or not, the aforesaid trades executed by the Noticees are discussed further hereunder.

18. From the details of trades entered into by the Noticees and the details of orders placed during the day on which the trades were executed, I note that for the trades executed between Pawan Kumar Kaul (Noticee 2) and Century Buildmart Pvt., Ltd., (Noticee 5) on January 16, 2014, the order book analysis has revealed that Pawan Kumar Kaul placed sell order for 1,200 shares at 3:09:53 PM at a price of ₹134.90. Before this sell order there was no other sell order available in the system. The buy order available in the system was at the price of ₹112.35, which was much lower than the sell order price. Within 4 seconds of placing the sell order, i.e. at 3:09:57 PM, Century Buildmart Pvt., Ltd., (Noticee 5), a connected entity, placed buy order at the same price and the same volume as the sell order of Noticee 2 and the trade for 1,200 shares was executed at the price of ₹ 134.90. This trade created NHP difference of ₹10.10. Considering the absence of liquidity in the scrip and negligible volume of trade and the timing of orders placed by the connected entities, I find that the trade was not executed in normal course of trading. The Noticee 5 by placing buy order to match the sell order of Noticee 2 contributed to price rise in the scrip and established NHP

of ₹134.90 which was ₹10.10 more from the last high price in the scrip.

19. I further note that on January 17, 2014, Accurate Buildwell Pvt., Ltd., (Noticee 1) placed sell order for 1,200 shares at 10:18:35 AM at a price of ₹145.00 per share. Before this sell order, there was no other sell order in the system. The buy order available in the system was at ₹121.45, which was much lower than the sell order price. At 10:25:49 AM River High Right Share Brokers Pvt., Ltd., (Noticee 7), a connected entity, placed buy order at the same price and the same volume as the sell order of Noticee 1 and the trade for 1,200 shares were executed at ₹145.00. This trade also established a NHP and the difference of this high price from the last high price was ₹10.10.
20. I also note that on January 21, 2014, Vishal Yadav (Noticee 3) placed sell order for 1,200 shares at 11:33:49 AM at price of ₹165.50. Before this sell order there was one more sell order available in the system for 1200 shares at 166.00. There was no buy order available in the system. At 3:03:19 PM, Core Capital Services Ltd., (Noticee 6), a connected entity, placed buy order at the same price and volume as the sell order of the connected entity and the trade for 1,200 shares were executed at ₹165.50. This trade created a NHP difference of ₹6.55.
21. On January 22, 2014, Ashvin Verma (Noticee 4) placed sell order for 1,200 shares at 10:43:44 AM at price of ₹173.85. Before this sell order there was no other sell order or buy order in the system. In the evening, before closure of market, Vishal Yadav (Noticee 3), a connected entity, placed buy order at the same price and the same volume as the sell order of Noticee 4 and the trades for 1,200 shares were executed at ₹173.85. This trade created NHP difference of ₹7.85. Thus, I find that the sell order of Noticee 4 was pending in the system since morning and there was no buying interest in the scrip at the price quoted by the Noticee 4. It was only after a connected entity (Noticee 3) placed a matching buy order; the sell order resulted into a trade and established a NHP.

22. On January 23, 2014, Accurate Buildwell Pvt., Ltd., (Noticee 1) placed sell order for 1,200 shares at 3:11:01 PM at a price of ₹182.00. Before this sell order there was no other sell order or buy order pending in the system. At 3:11:05 PM, Pawan Kumar Kaul (Noticee 2), a connected entity, placed buy order at the same price and the same volume as the sell order of Noticee 1 and the trade for 1,200 shares got executed at the rate of ₹182.00 per share. This trade established a NHP and the difference of this high price from the last high price was ₹5.00. I note that the orders were placed in the evening by the Noticees and the orders matched within a time difference of 4 seconds. Considering the absence of liquidity in the scrip and the negligible volume of trade and the timing of orders placed by the connected entities, I find that the trade was not executed in normal course of trading. The Noticee 2 by placing buy order to match the sell order of Noticee 1 contributed to price rise in the scrip and established another NHP which was ₹5 more from the last high price in the scrip.
23. On January 27, 2014, Ashvin Verma (Noticee 4) placed a sell order for 4,800 shares at 3:24:23 PM at a price of ₹193.1 per share. At the time of placing of the sell order by Noticee 4, other sell orders were available in the system in the range of ₹184.00 to ₹185.00, while a buy order was available at the price of ₹175.00. The sell order placed by the Noticee 4 was at a price higher than the available sell order price. Within minutes of placing of the sell order by Noticee 4, a buy order was placed by Century Buildmart Pvt., Ltd., (Noticee 5), a connected entity. The buy order was at the same price and of the same volume as the sell order of Noticee 4 and the trade for 4,800 shares got executed at ₹193.10 per share. This trade again established a NHP and created a NHP difference of ₹8.10.
24. On February 6, 2014, Pawan Kumar Kaul (Noticee 3) placed sell order for 1,200 shares at 10:25:20 AM at price of ₹214.75. At the time of placing of the sell order by Noticee 3, one sell order was pending in the system at the price of ₹215.00 per share and a buy order was pending with a buy order price of ₹200.00. The

sell order remained pending in the system since morning. However, in the evening before closing of the trading on the exchange, a buy order was placed by a connected entity, namely, Accurate Buildwell Pvt., Ltd., (Noticee 1) matching the price and the volume of the sell order placed by Noticee 3 and the trade for 1,200 shares got executed at a price of ₹214.75 per share. This trade created NHP difference of ₹8.95.

25. I further note that Accurate Buildwell Pvt., Ltd., (Noticee 1) executed a self-trade on February 26, 2014. Self-trades are fictitious trades which are executed without intention of change in ownership of shares as same person places orders from buy as well as sell side. Such trades merely create artificial appearance of trading and establishes new price. I note that Accurate Buildwell placed sell order for 1,200 shares at a price of ₹384.00 at 9:51:12 AM. At the time of placing the sell order, there were no pending sell orders available, while one buy order was pending at ₹369.10. Subsequently, buy order was placed by the same entity at same price and for the same volume as sell order which resulted into trade at a price of ₹384.00 per share. This trade established a NHP in the scrip and artificially raised the price of the scrip sending a false and deceptive perception to innocent investors about the market value of the scrip.

26. I also note that the trades of the Noticees have made positive contribution to LTP on several occasions in the scrip of ESTEEM and such trades executed by the Noticees were instrumental in unusual price rise in the scrip. The Noticees by acting as counterparty to each other have executed successive trades at prices higher than the last traded price and as per findings of the investigation, such trades have contributed ₹90.04 to the price rise in the scrip. Sure Portfolio Services Pvt., Ltd., (Noticee 8) has executed trades which contributed ₹1.85 to positive LTP and the trade has matched with River High Right Share Brokers Pvt., Ltd., (Noticee 7). Similarly, trades of other Noticees have also contributed to the price rise.

27. It is noted that the trades executed by and between the Noticees have been executed in a way to ensure matching of orders placed by one Noticee with other Noticees. The Noticees apparently have placed their orders in such a way that every time the order placed by one of them matches with the order of another counterparty Noticee, it leads to establishing a NHP and making positive contributions to LTP in the scrip of Esteem. Their pattern of trading was unusual and did not contain the characteristics for being held to be executed by persons in normal course of trading in the market.

28. It can be observed from the above analysis that, during the period of price rise only a few trades were taking place in the scrip of ESTEEM on each day and the trades were mostly happening on account of matching and execution of orders placed by the Noticees. On most of the days falling in the above period that witnessed sharp rise in price of ESTEEM scrip, sell order placed by a connected entity in the morning remained in the system till the evening when buy order of equal quantity was placed by a connected entity matching the sell order price so as to get the trades executed and to establish a NHP on that day and also to make positive contribution to LTP. Further, on many days when sell orders were placed in the evening, matching buy orders were placed within few seconds or minutes by connected entities. Thus, the manner in which the orders were placed and matched shows that there was a continuous meeting of mind and the trades executed by the connected entities were premeditated in order to gradually raise the price of the scrip of ESTEEM. I find from the pattern of trading by the Noticees that one of them was invariably placing buy order chasing the pending sell order price of another Noticee in such a manner that the orders must end in matching with a known counterparty and result in establishment of NHP and in the process making positive contribution to LTP.

29. I note from the above findings that the trades executed by the Noticees 1 to 8 in the aforesaid manner by trading amongst themselves have contributed 8.89% to the total market positive LTP and the trades executed by Noticee 1 to

7 amongst themselves have contributed 9.15% of total market NHP. As stated earlier these findings have not been disputed by any of the Noticees so far. In this context I would like to refer to the order of Hon'ble Securities Appellate Tribunal (SAT) in the matter of Lakhi Prasad Kheradi Vs. SEBI decided on June 21, 2018 wherein the Hon'ble SAT while addressing the issue as to whether the entity had contributed to 9.17% of the market NHP within a span of two weeks has observed as follows:

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

30. Pursuant to analyzing the trades executed by the connected entities (the Noticees) amongst themselves, one can surely say that such a trading pattern cannot be called as involving any genuine trading; rather by so trading continuously for a period of around one and half months, such trading pattern had resulted into an artificial rise in price and volume in the shares of ESTEEM thereby creating a false and misleading impression about the trading in the scrip of ESTEEM to the investors at large in the market. By continuously entering sell and buy orders deliberately to match each other's order and entering into trades in the scrip in a concerted manner the Noticees have collusively established higher prices of the scrip which was bound to have influenced the decision of the innocent investors to invest in the scrip. In this regard, the observations made by the Hon'ble SAT in its order dated March 21, 2014 in Saumil Bhavnagari Vs. SEBI are worth recalling, which are as under:

“... but by purchasing shares at the higher price in LTP in most of the trades, the Noticee had given a wrong impression about the liquidity of the scrip in the market. It must not be forgotten that every trade establishes the price of the scrip and the Noticees trading at higher than LTP resulted in the price of the scrip going up and were done with a view

to set the price at a desired level and thereby influencing the innocent/gullible investors. By purchasing at a higher price in most of his trades, the Noticee had given the wrong impression about the price of the scrip in the market. It is an accepted state of affairs that in cases of manipulation of the volume and / or price of particular scrip, it is usually an arduous task to obtain direct evidence. However, the analysis of the trade and order logs as undertaken hereinabove, establishes the malafide intention of the appellant.”

31. With regard to the submission made by Ashvin Verma (Noticee 4) that the trades executed in his name were not authorized by him. In this regard, it is observed that he has neither submitted any document in support of his claim nor have taken any action against persons who have misused his accounts. Therefore, I do not find any merit in his contention.
32. Considering the facts of the case as discussed above, I have no hesitation to conclude that the Noticees have executed their trades in a pre-meditated manner and have contributed 8.89% to the total market positive LTP and 9.15% of total market NHP by trading amongst themselves during the relevant period. From the multiple trades executed between the Noticees, it is clear that they were not trading as genuine buyers/ sellers and had no bona fide intention to trade. Almost each trade of the Noticees was instrumental in establishing a NHP and contributing to LTP to increase the price of the scrip of ESTEEM. In view of the repeated nature of such trades, the culpability in increasing the price is established. I can clearly find that the trades of the Noticees are not trades executed in normal course of trading and investment in securities market. Therefore, for the reasons recorded above, I conclude that the alleged trades of the Noticees as abnormal, deceptive, misleading, artificial and manipulative in nature and substance, which were executed with a malicious intent to fraudulently cause rapid rise in the price of the scrip of ESTEEM. Accordingly, I hold that the Noticees have violated the provisions of Regulations

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

ISSUE -II: Does the violation, if any, attract monetary penalty under Section 15HA of SEBI Act?

33. Pursuant to detailed analysis as brought out above, it is established that the Noticees contributed to substantial and unusual price rise in the scrip of ESTEEM by trading amongst themselves and contributed to positive LTP and established NHP. The Noticees have deliberately manipulated the price of the scrip and created a misleading appearance of trading in the scrip to induce innocent investors in the securities market thereby contravening the provisions of Regulations 3 (a), (b), (c), (d), 4 (1), 4 (2) (a), and 4 (2) (e) of SEBI (PFUTP) Regulations, 2003. Therefore, the Noticees are liable for monetary penalty under Section 15HA of SEBI Act, the provisions of which are reproduced hereunder:

Section 15HA of SEBI Act - Penalty for fraudulent and unfair trade practices

“If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher”.

ISSUE – III: If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of SEBI Act?

34. While determining the quantum of monetary penalty under Section 15HA of SEBI Act, I have considered the factors stipulated in Section 15-J of SEBI Act, which reads as under:

Section 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.*

35. The material made available on record has not quantified the amount of disproportionate gain or unfair advantage made by the Noticees and the loss suffered by the investors as a result of the Noticee's default. There is also no material made available on record to assess the amount of loss caused to investors or the amount of disproportionate gain or unfair advantage made by the Noticees as a result of default.

36. It is difficult, in cases of such nature, to quantify the disproportionate gains or unfair advantage enjoyed by an entity and the consequent loss suffered by the investors. General public and normal prudent investors could have been easily carried away by such unusual change in the prices in the scrip of ESTEEM and were bound to get induced into investing in the said scrip looking at the steep rise in its price without realizing that the price rise was been artificially introduced by manipulative trades executed by the Noticees. This kind of trading behavior seriously affects the normal price discovery mechanism in the securities market. Therefore, I am of the view that people who indulge in manipulative, fraudulent and deceptive transactions, or abet in carrying out such transactions which are fraudulent and deceptive in nature, should be suitably penalized for such acts of omissions and commissions.

37. Further, Hon'ble SAT, in its order dated August 02, 2019 in the matter of P G Electroplast vs SEBI, has held that the Order passed in corresponding proceedings before the Whole Time Member should be factored in while fixing the quantum of penalty.

38. In this regard, I note that, a separate and parallel proceeding was initiated against the Noticees under the provisions of Sections 11(1), 11(4) and 11B of SEBI Act under the same facts. In the said proceedings, vide Order dated March 13, 2019, Hon'ble Whole Time Member of SEBI has restrained the Noticees from accessing the securities market and further prohibited them from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of four (4) years.

ORDER

39. After taking into consideration the nature and gravity of the violations established in the preceding paragraphs and in exercise of the powers conferred upon me under Section 15-I of the SEBI Act, 1992 read with Rule 5 of the SEBI Adjudication Rules, 1995, I hereby impose a penalty of ₹5,00,000/- (Rupees Five lakh only) each on the Noticees viz., Accurate Buildwell Pvt., Ltd., (Noticee 1), Pawan Kumar Kaul (Noticee 2), Vishal Yadav (Noticee 3), Ashvin Verma (Noticee 4), Century Buildmart Pvt., Ltd., (Noticee 5), Core Capital Services Ltd., (Noticee 6), River High Right Share Brokers Pvt., Ltd., (Noticee 7) and Sure Portfolio Services Pvt., Ltd., (Noticee 8) under Section 15HA of the SEBI Act, 1992 for violation of the provisions of Regulations 3 (a), (b), (c), (d), 4 (1), (2) (a) and (e) of SEBI (PFUTP) Regulations, 2003.

40. The said penalty imposed on the Noticees, as mentioned above, shall commensurate with the violation committed by the Noticees and acts as a deterrent factor for the Noticees and others in protecting the interest of investors.

41. The Noticee shall remit / pay the said amount of penalty within 45 days from the date of receipt of this Order, either by way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, OR through online payment facility available on the SEBI website www.sebi.gov.in on the

following path by clicking on the payment link.

ENFORCEMENT → Orders → Orders of AO → PAY NOW

42. The Noticees shall forward said Demand Draft or the details / confirmation of penalty so paid through e-payment to the Division Chief, Enforcement Department-I, DRA-II, SEBI, in the format as given in table below

Case Name	
Name of Payee	
Date of payment	
Amount Paid	
Transaction No	
Bank Details in which payment is made	
Payment is made for	Penalty

43. In terms of Rule 6 of the SEBI Adjudication Rules, copies of this order are sent to the Noticees and also to SEBI.

Date: 25 September 2020
Place: Mumbai

PRASANTA MAHAPATRA
ADJUDICATING OFFICER