

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/AA/JR/2020-21/9542-9550]

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

In respect of

1. Anirudh Parashar (PAN: APQPP2807P)
2. Rakesh Ramsingh Saini (PAN: BOGPS9885G)
3. Akash Sukhdev Swami (PAN: BBHPS7069A)
4. Santoshkumar Satyanarayan Podar (PAN: AGOPP8524G)
5. Kamal M Tibrewala (PAN: ADLPT4699N)
6. Subhash D Bhatiwada (PAN: AGJPB5949G)
7. Avinash Kumar Ardawatia (PAN: ALUPA9896M)
8. Surendra Kumar Tiwari (PAN: ACVPT4865H)
9. Sanjay Kumar Poddar HUF (PAN: AANHS4842P)

In the matter of Maa Jagdambe Tradelinks Ltd.

BACKGROUND OF THE CASE

1. The Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') initiated investigation in the scrip of Maa Jagdambe Tradelinks Ltd. (hereinafter referred to as "**company/ MJTL**") regarding allegations of generation of bogus Long Term Capital Gains (LTCG) in the scrip of MJTL during the period May 1, 2013 to July 31, 2015 (hereinafter referred to as "investigation period"). It was observed that Anirudh Parashar (hereinafter referred to as "**Noticee 1**"), Rakesh Ramsingh Saini (hereinafter referred to as "**Noticee 2**"), Akash Sukhdev Swami (hereinafter referred to as "**Noticee 3**"), Santoshkumar Satyanarayan Podar (hereinafter referred to as "**Noticee 4**"), Kamal M Tibrewala (hereinafter referred to as "**Noticee 5**"), Subhash D Bhatiwada (hereinafter referred to as "**Noticee 6**"), Avinash Kumar Ardawatia (hereinafter referred to as "**Noticee 7**"), Surendra Kumar Tiwari (hereinafter referred to as "**Noticee 8**"), Sanjay Kumar Poddar HUF (hereinafter referred to as "**Noticee 9**") were the respondents in the investigation.
- In the matter of Maa Jagdambe Tradelinks Ltd.*

to as “**Noticee 5**”), Subhash D Bhatiwada (hereinafter referred to as “**Noticee 6**”), Avinash Kumar Ardwatia (hereinafter referred to as “**Noticee 7**”), Surendra Kumar Tiwari (hereinafter referred to as “**Noticee 8**”) and Sanjay Kumar Poddar HUF (hereinafter referred to as “**Noticee 9**”) (collectively known as “**Noticees**”) had indulged in fraudulent scheme of manipulation in the scrip of MJTL and allegedly violated regulation 3(a), (b), (c), (d) and regulation 4(1), 4(2)(a) and (e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relation to securities market), 2003 (hereinafter referred to as the ‘**PFUTP Regulations**’)

APPOINTMENT OF ADJUDICATING OFFICER

2. SEBI vide communique dated March 28, 2018 appointed Shri Suresh B Menon as the Adjudicating Officer under section 15 I of Securities Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”) read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as “**AO Rules**”) to inquire into and adjudge the aforesaid allegations under section 15HA of the SEBI Act. Pursuant to the transfer of Shri Suresh B Menon to another department, the undersigned was appointed as the Adjudicating Officer which was communicated vide communique dated March 25, 2019.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. A Show Cause Notice dated July 31, 2018 (hereinafter referred to as ‘**SCN**’) was issued to the Noticees by the erstwhile AO under Rule 4(1) of the AO Rules to show-cause as to why an inquiry should not be initiated against the Noticee and penalty not be imposed upon them under Section 15HA of the SEBI Act for the alleged violation of the Regulation 3(a), (b), (c), (d), 4(1) and 4(2)(a) and (e) of PFUTP Regulations. SCNs were issued to all the Noticees.
4. It is alleged that the Noticee 1 to 6 are well connected with each other. In this regard, it is alleged that MJTL had transferred ₹50 Lakhs to Ridhi Hi-Fashion Pvt. Ltd. (hereinafter referred to as “**Ridhi**”) on July 26, 2013 and ₹1.85 crore to Goldmine Fintrade Ltd on July 23, 2013. It is observed that one Mr. Pawan

Kumar Chaudhary was a common director between MJTL and Ridhi during the period February 14, 2014 to October 01, 2014. Further, Subhash D Bhatiwada (Noticee 6) is a director of Goldmine Fintrade Ltd. since 2007. It is also observed that Santosh S Poddar (Noticee 4) and Kamal M Tibrewala (Noticee 5) are the directors of Ridhi. It is also observed that Ridhi is connected with Sumangal Commodity Pvt. Ltd and Sumangal Shares and Securities Pvt. Ltd by way of a common director. Anirudh Parashar (Noticee 1) is a director of Sumangal Commodities Pvt. Ltd. Further Rakesh Ramsingh Saini (Noticee 2) and Akash Sukhdev Swami (Noticee 3) were the former employees of Sumangal Commodities Pvt. Ltd. and Sumangal Shares and Securities Pvt. Ltd.

5. It is observed that the whole investigation period is divided in 3 patches:
 - i. Period from May 13, 2013 to January 08, 2014(pre-split) has been referred to as **patch-I** during which the price of the scrip open at ₹8.40 and closed at a high of ₹162.80.
 - ii. Period from January 09, 2014 to May 19, 2014(post-split) has been referred to as **patch-II** during which the price of the scrip open at ₹33.20 and reached a high of ₹99.00 on May 19, 2014 before closing at ₹ 98.40 on the same day.
 - iii. Period from May 20, 2014 to July 31, 2015 has been referred to as **patch-III** during which the price of the scrip open at ₹98.05 and reached a high of ₹107.80 on March 05, 2015 and a low of ₹77.45 on May 04, 2015 before closing at ₹80.30 on July 31, 2015.
6. It is observed that Noticees 1 to 6 (except 5) were among top ten sell LTP contributors during patch-I and contributed 69.66% to market positive LTP in 57 trades. From the analysis of top 10 Last Traded Price (**LTP**) contributors while selling the shares of the Company, it was observed that Noticees 1 to 6 (except 5) have made the following contribution towards change in LTP:

Sl. no	Seller Name	Total No. of trades	Total No. of trades above LTP	Sell order qty range	Trade Quantity	Positive LTP contribution (Rs.)	% of positive LTP to Total Market positive LTP
1	Santoshkumar Satyanarayan Podar	19	19	5-20	190	39.15	25.36%
2	Akash Sukhdev Swami	12	12	5-20	105	26.90	17.42%
3	Aniruddh Parashar	9	9	5-10	65	19.70	12.76%
4	Rakesh Ramsingh Saini	8	8	5-15	75	17.00	11.01%
5	Subhash D Bhatiwada	10	9	10-10	100	4.81	3.12%

7. Further, from the trading of Noticees 1 to 6 (except 5) during patch-I, it is observed that they had traded on 58 days with total 58 trades i.e. no two trades had taken place on the same day. In 57 out of 58 trades, Noticee 1 to 6 (except 5) contributed to the positive LTP. Each of these positive LTP contributing trades was first trade. By further analysis of the whole trade log during patch-I, it is observed that Noticee 1 to 6 (except 5) were sellers in 57 of 58 positive LTP trades during this period when the price of scrip increased from ₹8.40 to ₹162.80. Total LTP contribution by these 5 group-1 entities is ₹107.56 (69.66% of the total market positive LTP).
8. Noticees 7, 8 and 9 were also was among top ten sell LTP contributors during patch-I and contributed 6.48%, 9.68% and 11.95% respectively of the total market positive LTP. They were was repeatedly placing sell orders for small order quantity across different days at prices higher than last traded price when buy orders for large quantity were pending in the scrip.
9. It was observed from the transaction statements obtained from the depositories (NSDL/CDSL), that all the Noticees were holding substantial quantity of shares during the period of their respective sale transactions. Despite holding substantial quantity of shares, these entities released limited number of shares and matched the buy orders which were above LTP with volume in small quantities or single digit in several instances.
10. It is observed that Noticees 1 to 5 were among top ten sell LTP contributors during patch-II. They had traded on 39 days with total 40 trades. In 38 of 40 trades, they contributed positive LTP. Each of these positive LTP contributing

trades was first trade. Total LTP contribution by Noticees 1 to 5 was ₹ 40.30 (23.93% to the total market positive LTP) in 38 trades. From the analysis of top 10 Last Traded Price (**LTP**) contributors while selling the shares of the Company, it was observed that Noticee 1 to 5 have made the following contribution towards change in LTP:

Sl. no	Seller Name	Total No. of trades	Total No. of Trades (LTP >0)	Total no. of orders	Sell order Qty range	Trade Quantity	Positive LTP contribution (Rs.)	%of positive LTP to Total Market positive LTP
1	Kamal M Tibrewala	14	14	14	10-50	385	14.35	8.52%
2	Santoshkumar Satyanarayan Poddar	9	7	8	10-50	200	6.95	4.13%
3	Rakesh Ramsingh Saini	5	5	5	10-40	120	6.60	3.92%
4	Aniruddh Parashar	6	6	6	10-25	125	6.30	3.74%
5	Akash Sukhdev Swami	6	6	6	25-50	200	6.10	3.62%
	Total	40	38	39			40.30	23.93%

11. It is observed that Noticee 1 to 5 were repeatedly placing sell orders at higher than last traded price for small quantities when there was substantial buy order demand at their sell order price.
12. Further, it was observed from the transaction statements of Noticees 1 to 5, as obtained from the depositories (NSDL/CDSL), that all the entities were holding substantial quantity of shares during the period of their respective sale transactions. Despite holding substantial quantity of shares, these entities released limited number of shares and matched the buy orders which were above LTP with volume in small quantities or single digit in several instances.
13. The SCN was delivered to all the Noticees except to Noticee 8, which returned undelivered. Vide letter dated September 4, 2018, the Authorised Representative (hereinafter referred to as “**AR**”) of Noticee 8 requested that a copy of the SCN be sent to the new address of Noticee 8. After the case was handed over to the undersigned, acceding to the request of the AR, a copy of the SCN along with complete order log was sent to the new address of Noticee 8 vide letter dated June 21, 2019. The copy of the complete order log was also sent to all the Noticees vide letter dated June 21, 2019.

14. The Noticees replied to the SCN vide separate letters dated June 23, 2020 submitting identical arguments. Therefore, to avoid repetition, it will be sufficient to list out the grounds taken and arguments advanced by the Noticee 1 in his submission which were the same as other Noticees as well. The submissions of Noticee 1 are, inter alia, as follows :

- *With regard to the observations made in para 7 of the Notice, it is submitted that it is a matter of fact that the Noticee has been a director of Sumangal Commodity Pvt. Ltd. and Sumangal Shares and Securities Pvt. Ltd. since March 02, 2009 and September 10, 2012 respectively. As detailed out in Annexure 1 of the SCN, it is also a matter of fact and record that one Mr. Manoj More has also been a director of Sumangal Commodity Pvt. Ltd. and Sumangal Shares and Securities Pvt. Ltd. since April 01, 2010 and August 26, 2006 respectively. From Annexure 1, it also appears that Mr. Manoj More was an additional director of Ridhi Hi-Fashion Pvt. Ltd. for the period of June 16, 2010 - October 01, 2014 thereby making him the common director between Ridhi Hi- Fashion Pvt. Ltd., Sumangal Commodity Pvt. Ltd. and Sumangal Shares and Securities Pvt. Ltd. On a close perusal of the documents provided by SEBI, it is quite clear that the Noticee is not connected to the entities in any form and that the analogy of SEBI of connection between the entities is absolutely baseless and arbitrary. The following submissions will clear the stand of the Noticee:*
- *The directorships of Mr. Manoj More and Mr. Pawan Chaudhary are as follows:*

NAME OF COMPANY/ LLP	NAME OF THE DIRECTOR	CURRENT DESIGNATION OF THE DIRECTOR	ORIGINAL DATE OF APPOINTMENT	DATE OF CESSATION
MAA JAGDAMBE TRADELINKS LTD	MR.PAWAN CHAUDHARY	Whole Time Director	14/02/14	-
RIDHI'S HI-FASHION PVT. LTD.	MR. PAWAN CHAUDHARY	Director	20/08/13	01/10/2014
	MR. MANOJ MORE	Additional Director	16/06/10	01/10/2014
SUMANGALCOM MODITESPvr. LTD	MR. MANOJ MORE	Director	01/04/10	-

SUMANGAL SHARES AND SECURITIES Pvr. LTD	MR. MANOJ MORE	Director	26/08/2006	-
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- Firstly, it is a highly far-fetched connection chain that SEBI has established in order to prove the alleged price manipulation in the scrip of MJTL. It is submitted that SEBI has failed to establish that a clear connection between the Noticee and MJTL. The Noticee was a director in the companies where Mr. Manoj More was director and Mr. More was also a director in Ridhi's Hi- Fashion in which Mr. Pawan Chaudhary was a director. Mr. Pawan was also a director in MJTL. For such a peculiar connection chain to be even remotely true, there needs to be a link between each string of chain happening at the same point of time. The events have correctly been established by SEBI but SEBI has failed to acknowledge that these events took place at different time periods and they have just been randomly clubbed together in order to establish connection. Mr. More and Mr. Chaudhary were both directors of Ridhi Hi-Fashion during August 2013 to October 2014 is a fact but the allegation is that MJTL is connected to the Noticee, nowhere this fact has been proved as Mr. Pawan is the only director in MJTL and Mr. More is not connected to MJTL in any manner. Merely because Mr. Pawan and Mr. Manoj More was the common director of Ridhi Hi- Fashion, and Mr. Manoj More was a common director of Sumangal Shares and Sumangal Commodities, does not make the Noticee connected to MJTL. The connection link presumed by the SEBI is as vague as it can be and doesn't hold waters in the eyes of law of evidence.
- The Notice alleges that an amount of Rs. 50 lakhs was transferred by MJTL to Ridhi Hi-Fashion Pvt. Ltd. on July 26, 2013 thereby connecting MJTL and Ridhi Hi-Fashion Pvt. Ltd. The Noticee has been alleged to be connected to Ridhi Hi-Fashion Pvt. Ltd. since Mr. Manoj More was a common director of Ridhi Hi-Fashion Pvt. Ltd., Sumangal Commodity Pvt. Ltd. and Sumangal Shares and Securities Pvt.Ltd. Thereby, as per the Notice, the Noticee gets connected to the Company with whom Ridhi Hi- Fashion Pvt. Ltd. does financial transaction. Annexure 1 also shows that Mr. Manoj More was a director in ten other companies.
- In this regard it is further submitted that though there was a common director between these companies but the Notice fails to show any link of the Noticee's sell transactions with the financial transaction between Ridhi Hi Fashion Pvt. Ltd. and MJTL. It is pertinent to note that the sell transactions were personal transactions of the Noticee and merely because MJTL had financial transactions with Ridhi Hi Fashion Pvt. Ltd. where a third person (Mr. Manoj More) is a director and this third person also happens to be a director of the company

where the Noticee is also a director (Sumangal Commodity Pvt. Ltd. and Sumangal Shares and Securities Pvt. Ltd.), it cannot be concluded that the Noticee was in any manner connected to MJTL. The financial transactions between Ridhi and MJTL were commercial in nature and had no connection to the Noticee's transactions. It is submitted that the chain of connection is too far-fetched and no conclusion can be drawn from the same.

- It is also important to note that one Mr. Pawan Chaudhary was a common director between Ridhi and MJTL but he was appointed as director in MJTL much later in February 2014 and the Noticee had started trading much before in October 2013 and all his transactions during the investigation period were independent of any other transactions between Ridhi and MJTL.
- It is humbly submitted that it is very much possible that a person holding directorship in ten companies can also be a director in which the Noticee is also a director. But on the basis of the same it cannot and should not be concluded that the Noticee will be connected to all these ten companies and even to the companies who have financial transaction with these ten companies. Basis of this connection is as vague as it can be, and is based without any reasoning and thus cannot stand true in the eyes of law.
- Here, the Noticee would also like to draw your attention to the fact that from the perusal of the trade log provided with the Notice, it can be seen that the Noticee's reaction was to already available buy orders in the market. **It** is submitted that the market is buyer driven and when the buy order at higher price is already available in the market why should the seller not grab the opportunity which has presented itself in front of him.
- It is the Noticee's humble submission that nothing of the sort, as is required in terms of the settled principles for alleging the charge of collusion, has been established in the Notice. It is submitted that when viewed from the said legal position, there is nothing on record to show that:
 - Any prior understanding/agreement with the entities mentioned in the SCN, who allegedly adopted such modus operandi, which was prima facie illegal.
 - Agreement to defy the law or to cause harm to anyone or to carry out any illegal object.
 - Most importantly, the SC N fails to bring out any evidence, which could possibly prove any connection between the Noticee and other persons/entities to the alleged manipulative scheme.
- With regard to the observations made in para 9 of the Notice, it is submitted that

in Patch I there were 204 buy and sell trades which were executed in the scrip of MJTL and amongst the m there were only 9 sell trade s which were executed by the Noticee. i.e. contributing to only 4% of the total trades executed during Patch I. These alleged 9 sell trades contributed to only 12.76% increase in last trad ed price, however it is pertinent to note that the same was the price trend in which the scrip and there was nothing unusual which the Noticee had done.

- *With regard to the observation that each of these trades were first trades of the day, it is pertinent to note that the scrip was being traded under PCAS (Periodic Call Auction Session) mechanism and therefore the trading session was split into six auction session of one hour each with first session starting at 9:30 am and the last session at 2:30pm. The details of the same are given below:*

PCAS Session No.	Start Time	End Time
PCAS Session 1	9:30am	10:30 am
PCAS Session 2	10:30 am	11:30 am
PCAS Session 3	11:30 am	12:30pm
PCAS Session 4	12:30pm	1:30pm
PCAS Session 5	1:30pm	2:30pm
PCAS Session 6	2:30pm	3:30pm

- *Please note that PCAS was divided in the following periods:*

Order Entry	45 minutes	Dissemination of Indicative Price, Cumulative Buy & Sell quantity
Order Matching and Trade Confirmation period including Buffer period (upto 7 minutes)	15 minutes	Order matching; buffer period to facilitate transition between two call auction sessions

- *Also, it is submitted that the Noticee placed the sell order after the buy order was placed and the trade executed was devoid of any manipulation and was in a normal course where the buyer and the seller did not have any kind of fraudulent understanding and the same is also not alleged in the Notice. Even the Notice does not allege any kind of connection between the buyer and rightly so the seller.*
- *Without prejudice to the stand that there is no allegation of connection between the Noticee (seller) and the counter party (buyer) it is submitted that the sell trades executed by the Noticee were with different buyers and so it was not a case where*

this could be a pre- decided plan to sell shares of small quantities in order to raise the price of the scrip .

- *With regard to the observation made in para 12 to 14 of the Notice, it is submitted that it is a rule in stock market that a buyer will aggressively buy a stock when prices are going up, and seller will start selling when the prices starts to fall. The same rule was also followed by the Noticee. As the price was on rise, the Noticee had the perception that the price will continue to rise in future and hence he just sold small quantities of shares in order to make the small and momentary profits. It is hereby submitted that the Noticee was only holding 450 shares of MJTL and the same, by no stretch of imagination, can be said to be a sizeable quantity. It is quite natural that when the price of any scrip is on the upward trend any seller would not sell his holding in one go but will always sell the shares in limited quantity to test the trend of the price movement.*
- *It has nowhere been shown in the Notice that the Noticee, being allegedly connected to MJTL, had any kind of pre-arrangement with it. It is not the case that MJTL or any of its promoters/ directors/ employees funded the Noticee to purchase the shares in order to sell them at the price above LTP, and after selling the shares above LTP he transferred the amount of profits back to MJTL. It is not even the case and has also not been alleged in the Notice that as the Noticee was connected to the MJTL, after the rise in the price of the scrip of MJTL on account of trades at the price above LTP, the promoters of MJTL offloaded their stakes in the company and earned the profits.*
- *It can be easily deduced from this that the time gap between the buy orders and sell orders is very long. It is reiterated that when a buy order is given ahead of a sell order at a price more than LTP, then in that case, by no stretch of imagination it can be said that the seller has induced the buyer to buy at a price more than LTP. This is because, in the instant case, actually the buyer has induced the seller to sell the shares at a price more than LTP. Hence, if anyone is liable for manipulating the scrip of MJTL, then it is the buyer and not the seller.*

15. As mentioned earlier, replies of all the Noticees are more or less in the same lines.

16. Due to ongoing pandemic environment and in terms of rule 4(3) of the AO Rules, an opportunity of personal hearing was given to the Noticees to appear before the Adjudicating Officer on September 3, 2020 through WEBEX platform. The Authorised Representative of the Noticees appeared on the scheduled date and

reiterated the submissions made vide letter/s dated June 23, 2020. The Noticees, vide email dated September 10, 2020 submitted further statements stating, inter alia, the following:

- *It is submitted that the Director of Income Tax ("DIT") observation states that a person named Rahul Sharma was controller of MJTL which was used to provide LTCG to beneficiaries and that he has no connection with entities who have traded in MJTL including our Clients. It is absolutely clear from this point that Our Clients were not involved in any illegal act as they have no connection with the person (Rahul Sharma) who was as observed the controller of this whole alleged scheme in MJTL. The SCNs have erroneously charged Our Clients for price manipulation without any conclusive proof.*
- *It is submitted that Our Clients at Sr. no. a to f have been alleged to have manipulated the price and alleged to have been connected to the Company, however, the Report clearly states that "I.17. Six entities who had manipulated the price in patch -1 and patch -2 are found to be connected to the company. However, no role of the company and its directors is observed in the price manipulation of the scrip of the company. Hence no adverse inference is drawn against the company and its directors."*
- *The above observation clearly means that there was no connection between the Company and Our Clients which is the major contention of SEBI in the SCNs based on which they have concluded that Our Clients have manipulated the price. The SCNs have been issued without considering the observations of the Report on a whimsical basis and should be dismissed on this ground alone.*
- *In the hearing, the authorised representatives for Our Clients referred to the Order which squarely covers the present matter viz. **Rajesh Jivan Patel vs. SEBI (Appeal No. 222 of 2020) ("Order")** dated August 26, 2020. The Order explains the decision in the case of M/ s. Nishith M. Shah HUF where it was clearly stated that one has to establish a connection between a buyer and with the seller in order to infer a manipulation in the price of the scrip and selling miniscule amount of shares by itself is not illegal nor manipulative unless collusion with other is found. It is submitted that in the present proceedings ~~the case is on the same subject line and there has been no connection~~*

established or even alleged with the buyer.

- *It is to be noted that the investigation has not been carried out fairly as no effort has been made to analyse the buy side transactions or any effort has been made to analyze it which was necessary to consider the price manipulation in the scrip of the Company.*
- *It is further reiterated that the SCNs do not show any connection of Our Clients Mr. Avinash Kumar Ardawatia, Mr. Surendra Kumar Tiwari and Mr. Sanjay Kumar Poddar HUF with the Company /buyers/ directors of MJTL or any of the entity or other Noticees and holding them liable only on the basis of their pattern of selling miniscule quantity of shares is absolutely irrational and the SCN should be solely dismissed on this basis.*

17. As stated above, the other Noticees also have made almost identical submissions and explanations in the context of explaining their personal connection as alleged in the SCN and citing the details of the trades executed by them during the investigation period. They have also denied having any connection with the Company or other Noticees and have objected to the clubbing of their respective trades with the trades of other Noticees stating that they have traded in the scrip independently of other Noticees.

CONSIDERATION OF ISSUES AND EVIDENCE

18. I have carefully perused the charges levelled against the Noticees in the SCN, their replies and the material / documents available on record. In the instant matter, the following issues arise for consideration and determination:-
- a) Whether the Noticees have violated Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) and (e) of PFUTP Regulations by indulging in manipulative trades.
 - b) Does the violation, if any, attract monetary penalty under Section 15HA of the SEBI Act?
 - c) If yes, what should be the quantum of penalty?
19. Before moving forward, it is pertinent to refer to the relevant provisions of the PFUTP Regulations read as under:

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

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

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

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

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

4. Prohibition of manipulative, fraudulent and unfair trade practices

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

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

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

(b)

(c).....

(d).....

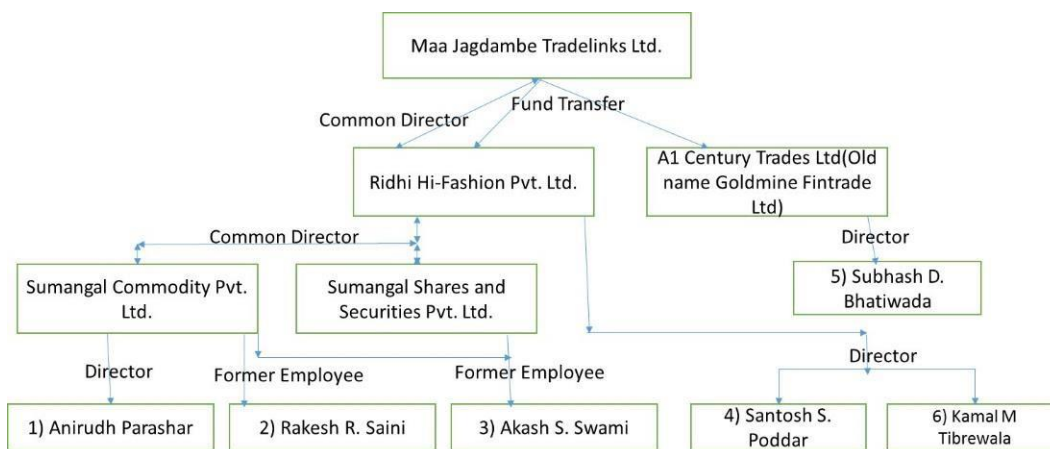
(e) any act or omission amounting to manipulation of the price of a scrip

20. From the documents on record, it is observed that during the investigation period, trading in the scrip commenced from May 13, 2013. The price of the scrip opened at ₹8.40 on May 13, 2013. Thereafter, the price started increasing and reached a high of ₹162.80 on January 08, 2014. On January 08, 2014, the shares of MJTL were split in 5:1 ratio i.e. every single share was split in 5 shares. Due to this, price of the scrip opened at ₹33.20 on January 09, 2014. However, the price of the scrip again started increasing and reached ₹99.00 on May 19, 2014. Thereafter, the price of the scrip was stable. The scrip closed at a price of ₹80.30 on July 31, 2015.

21. It is further observed that the price of the scrip reached its highest level on March 05, 2015, when the company's market capitalization value stood at ₹845.42 crore. However, it is also observed that the said market capitalization was not

supported by fundamentals of the company as the company had net profits of only ₹0.59 crore, ₹0.76 crore and ₹0.13 crore in FY 2013-14, FY 2014- 15 and FY 2015-16 respectively. At the same time, the total sales for FY 2013-14, FY 2014-15 and FY 2015-16 were ₹27.87 crore, ₹122.57 crore and ₹23.30 crore respectively.

22. Before moving forward, it is pertinent to discuss the connection between Noticees 1 to 6 as alleged in the SCN. Details of the connection is as follows:



23. The SCN had alleged that the connection between Noticees 1 to 6 is through their association with companies financially related to MJTL. The details is given below:

Sr. No	Noticee no. (Name)	Name of the company	Nature of relationship	Period of relationship
1.	Noticee no. 1 (Anirudh Prashar)	Sumangal Commodity Pvt. Ltd.	Director	Since March 02, 2009
		Sumangal Shares and Securities Pvt. Ltd.	Director	Since September 10, 2012
2.	Noticee no. 2 (Rakesh Ramsingh Saini)	Sumangal Commodity Pvt. Ltd.	Employee in junior capacity	April, 2010 to June, 2012
3.	Noticee no. 3 (Akash	Sumangal Shares and Securities Pvt. Ltd.	Employee	June, 2010 to March, 2012

	Sukhde Swami)	Sumangal Commodity Pvt. Ltd.	Employee	April, 2012 to June, 2012
4.	Noticee no. 4 (Santoshkumar Satyanarayan Podar)	Ridhi Hi-Fashion	Director	August 20, 2013 to September 30, 2013
5.	Noticee no. 5 (Kamal M. Tibrewala)	Ridhi Hi-Fashion	Director	June 16, 2010 to August 08, 2013 & October 01, 2014
6.	Noticee no. 6 (Subhash D. Bhatiwada)	A1 Century Trades Ltd. (old name Goldmine Fintrade Ltd.)	Director	August 27, 2007 - Continuing

24. It is relevant to mention here that the SCN has alleged that an amount of ₹ 50.00 Lakh was transferred from MJTL to Ridhi on July 26, 2013 and an amount of ₹ 1.85 Crore was also transferred from MJTL to A1 Century (old name Goldmine Fintrade Ltd.) on July 23, 2013. The alleged connection between the Noticees have been linked on the basis of common directorship of Mr. Manoj More with Sumangal Commodity, Sumangal Shares and Ridhi; Mr. Pawan Chaudhary being common Director of Ridhi as well as MJTL and further common directorship of one Mr. Jai Prakash Matadin on MJTL and Bhupen Electricals Ltd., on which (Bhupen Electricals Limited), Noticee 6 is also a Director.

25. Noticee 5 submitted that the transfer of ₹ 50 lakh to Ridhi was for the purpose of purchase of textiles from Ridhi by MJTL. However, no documentary proof is submitted by any of the Noticees in support of the same. Similarly Noticee 6 who is a director of A1 Century submitted that the transfer of ₹ 1.85 Crore from MJTL to A1 Century was towards repayment of outstanding loan. Again, no documentary proof has been submitted by the Noticee in support of the same. However, it is clear that MJTL shared a close relationship with these companies.

26. None of the Noticees related to Ridhi and A1 Century has been able to explain the nature & purpose of those funds received from the Company with any supporting material which further casts serious suspicion on the genuineness of those

transactions and reflects on the close relationship that existed between those companies, their Directors/employees and MJTL. Hence, the mere submission that some of these Noticees had resigned before trading in the scrip of MJTL or had severed their ties before the fund transfers took place, would not erase their connections with the Company which they enjoyed by virtue of their sheer association with those companies with whom, MJTL had connections in terms of common directorship or otherwise. Further, Mr. Manoj More was a common Director between Sumangal Shares, Sumangal Commodity and Ridhi and Noticee 1 was a director of Sumangal Shares and Sumangal Commodity.

27. I note from the contents of the SCN that during Patch-1 of the investigation period, the scrip of the Company witnessed a price increase of ₹ 154.40 through repeated contributions to its LTP. It is seen that the scrip opened at ₹ 8.40 on May 13, 2013 and reached a high price of ₹ 162.80 on January 08, 2014 and also closed at that price, i.e., ₹ 162.80. The total market volume in the scrip was of 13525 shares during Patch-1. Further, the scrip of MJTL was trading in PCAS from May 13, 2013 to January 10, 2014 under which, six auction sessions of one hour each, were being conducted every day.
28. It is noted that the Noticees 1,2,3,4 and 6 have cumulatively executed as many as 58 sell trades in the scrip of MJTL on 58 different trading days during Patch-1. Out of the said 58 trades, 57 trades were executed above LTP which means, those 57 trades had contributed to the market positive LTP thereby helping in raising the market price of the scrip.
29. Thus, it was observed that out of total increase in price of ₹ 154.40 during the Patch-1, the 57 trades executed by the aforesaid 5 Noticees together, were responsible for contribution of ₹107.56 towards the positive LTP in the scrip which constituted 69.67% of the total market positive LTP in the scrip.
30. The details of number of trades executed by each of the aforementioned 5 Noticees, their respective sell orders, quantities of orders placed, positive LTP contributed etc.,

are tabulated herein below:

Sl. no	Seller Name	Total No. of trades	Total No. of trades (LTP >0)	Total no. of orders	Sell order qty range	Trade Quantity	Positive LTP contribution (₹)	% of positive LTP to Total Market positive LTP	No. of shares held before these trades	Balance no. of shares held after LTP trades in Patch 1
1	Aniruddh Parashar (Noticee 1)	9	9	9	5-10	65	19.70	12.76%	450	385
2	Rakesh Ramsingh Saini (Noticee 2)	8	8	8	5-15	75	17.00	11.01%	300	225
3	Akash Sukhdev Swami (Noticee 3)	12	12	12	5-20	105	26.90	17.42%	150	45
4	Santosh kumar Satyan arayan Podar (Noticee 4)	19	19	19	5-20	190	39.15	25.36%	400	200
5	Subhash D Bhatiwad a (Noticee 6)	10	9	10	10-10	100	4.81	3.12%	150	50
		58	57				107.56	69.67%		

31. It is observed that the Noticee 1 has contributed ₹ 19.70 positive LTP in 9 trades;

Noticee 2 has contributed ₹ 17.00 in 8 trades; Noticee 3 has contributed ₹ 26.90 in 12 trades; Noticee 4 has contributed ₹ 39.15 in 19 trades and Noticee 6 has contributed ₹ 4.81 through 10 trades. Collectively, 69.67% of the total market positive LTP was caused by the trades executed by the aforesaid 5 Noticees.

32. It is noted from the SCN that all the LTP contributing 57 trades executed by the aforesaid 5 Noticees happened to be the first trades of their respective trading days and further, despite the fact that each of the Noticees was relatively holding adequate number of shares of the Company, and despite there being buying demands for large number of shares already pending in the trading system, the above noted Noticees have sold only very limited number of shares ranging from 5 shares to 20 shares in each of their trades. This pattern of releasing small number of shares in each trade, helped the Noticees to indulge in larger number of trades in the scrip spanning over a longer period of 57 days that caused sharp increase in the price of the scrip through repeated contribution to market positive LTP in the scrip.

33. The details of the trades of Noticees 1, 2, 3, 4 and 6 during patch- I are given below:

TRADE DATE	Seller Name	Buy Order Time	Sell Order Time	Buy Order Rate	Sell Order Rate	Trade Rate	LTP Diff	Buy Order Disclosed Volume	Sell Order Disclosed Volume
14/05/2013	Subhash D Bhatiwada	12:47:28	12:46:45	8.82	8.82	8.82	0.42	15	10
17/05/2013	Subhash D Bhatiwada	13:30:00	13:52:07	9.72	9.72	9.72	0.46	1000	10
21/05/2013	Subhash D Bhatiwada	14:30:00	14:47:41	10.20	10.20	10.20	0.48	1000	10
23/05/2013	Subhash D Bhatiwada	13:30:00	13:40:02	10.71	10.71	10.71	0.51	1000	10
27/05/2013	Subhash D Bhatiwada	13:30:00	14:07:17	11.24	11.24	11.24	0.53	1000	10
29/05/2013	Subhash D Bhatiwada	14:30:00	14:42:57	11.80	11.80	11.80	0.56	1000	10
04/06/2013	Subhash D Bhatiwada	12:30:00	12:36:29	12.39	12.39	12.39	0.59	250	10
06/06/2013	Subhash D Bhatiwada	13:30:00	14:10:06	13.00	13.00	13.00	0.61	200	10
10/06/2013	Subhash D Bhatiwada	14:30:01	15:02:11	13.65	13.65	13.65	0.65	500	10
13/09/2013	Santoshkumar Satyanarayan Podar	10:30:00	10:53:12	28.10	28.10	28.10	1.30	250	20
19/09/2013	Santoshkumar Satyanarayan Podar	10:30:00	10:46:38	32.45	32.45	32.45	1.50	250	15
23/09/2013	Santoshkumar Satyanarayan Podar	11:30:00	11:46:13	34.05	34.05	34.05	1.60	1000	10
26/09/2013	Santoshkumar Satyanarayan Podar	11:30:00	11:55:53	37.50	37.50	37.50	1.75	1000	5
30/09/2013	Santoshkumar Satyanarayan Podar	9:30:00	9:56:24	39.35	39.35	39.35	1.85	250	10

01/10/2013	Santoshkumar Satyanarayan Podar	10:30:00	11:02:07	41.30	41.30	41.30	1.95	1000	15
07/10/2013	Rakesh Ramsingh Saini	10:30:00	10:42:24	45.50	45.50	45.50	2.15	1000	10
08/10/2013	Santoshkumar Satyanarayan Podar	10:30:00	10:44:04	47.75	47.75	47.75	2.25	250	20
10/10/2013	Akash Sukhdev Swami	10:30:00	10:33:49	50.10	50.10	50.10	2.35	900	15
11/10/2013	Santoshkumar Satyanarayan Podar	10:30:00	11:00:37	52.60	52.60	52.60	2.50	500	5
15/10/2013	Rakesh Ramsingh Saini	10:30:00	10:33:24	55.20	55.20	55.20	2.60	1000	10
17/10/2013	Akash Sukhdev Swami	10:30:00	10:37:02	57.95	0.00	57.95	2.75	500	20
21/10/2013	Aniruddh Parashar	10:30:00	10:44:04	60.80	60.80	60.80	2.85	2500	10
25/10/2013	Santoshkumar Satyanarayan Podar	9:30:00	10:03:13	66.95	66.95	66.95	3.15	5000	20
28/10/2013	Rakesh Ramsingh Saini	10:30:00	11:03:26	70.25	70.25	70.25	3.30	1000	10
30/10/2013	Santoshkumar Satyanarayan Podar	11:30:00	11:38:15	71.65	71.65	71.65	1.40	5000	5
31/10/2013	Akash Sukhdev Swami	11:30:00	12:04:59	73.05	73.00	73.00	1.35	5000	10
05/11/2013	Santoshkumar Satyanarayan Podar	12:30:00	13:00:06	74.45	74.45	74.45	1.45	5000	10
06/11/2013	Aniruddh Parashar	11:30:00	11:57:40	75.90	75.90	75.90	1.45	5000	5
08/11/2013	Santoshkumar Satyanarayan Podar	12:30:00	13:13:03	77.40	77.40	77.40	1.50	500	10
11/11/2013	Rakesh Ramsingh Saini	11:30:00	12:03:40	78.90	78.90	78.90	1.50	5000	5
13/11/2013	Aniruddh Parashar	11:30:00	12:02:16	80.45	80.45	80.45	1.55	5000	5
18/11/2013	Akash Sukhdev Swami	10:30:00	11:11:31	82.05	82.05	82.05	1.60	5000	10
19/11/2013	Rakesh Ramsingh Saini	10:30:00	11:12:20	83.65	83.65	83.65	1.60	5000	15
22/11/2013	Rakesh Ramsingh Saini	10:30:00	10:34:16	87.00	87.00	87.00	1.70	5000	5
25/11/2013	Akash Sukhdev Swami	10:30:00	10:40:15	88.70	88.70	88.70	1.70	5000	5
26/11/2013	Aniruddh Parashar	10:30:00	11:13:32	90.45	90.45	90.45	1.75	5000	10
27/11/2013	Akash Sukhdev Swami	10:30:00	10:44:35	92.25	92.25	92.25	1.80	5000	5
29/11/2013	Santoshkumar Satyanarayan Podar	9:30:00	10:10:30	95.90	95.90	95.90	1.85	5000	5
02/12/2013	Aniruddh Parashar	11:30:00	11:33:02	97.80	97.80	97.80	1.90	2000	10
04/12/2013	Rakesh Ramsingh Saini	10:30:00	10:58:56	101.70	101.70	101.70	1.95	5000	10
05/12/2013	Akash Sukhdev Swami	9:30:00	10:05:39	103.70	101.70	103.70	2.00	100	5
06/12/2013	Santoshkumar Satyanarayan Podar	9:30:00	9:59:29	105.75	105.75	105.75	2.05	2000	5
09/12/2013	Aniruddh Parashar	10:30:00	11:08:22	107.85	107.85	107.85	2.10	50	5
10/12/2013	Santoshkumar Satyanarayan Podar	9:30:00	10:06:01	110.00	110.00	110.00	2.15	2000	10

11/12/2013	Rakesh Ramsingh Saini	10:30:00	11:11:52	112.20	112.20	112.20	2.20	2000	10
13/12/2013	Akash Sukhdev Swami	10:30:00	11:04:28	116.65	116.65	116.65	2.25	2000	15
16/12/2013	Aniruddh Parashar	10:30:00	10:32:36	118.95	118.95	118.95	2.30	400	5
17/12/2013	Santoshkumar Satyanarayan Podar	10:30:00	10:43:05	121.30	121.30	121.30	2.35	2000	10
18/12/2013	Akash Sukhdev Swami	11:30:00	11:51:25	123.70	123.70	123.70	2.40	395	5
23/12/2013	Santoshkumar Satyanarayan Podar	10:30:00	11:05:46	131.20	131.20	131.20	2.55	2000	5
24/12/2013	Akash Sukhdev Swami	10:30:00	10:38:48	133.80	133.80	133.80	2.60	2000	5
30/12/2013	Aniruddh Parashar	9:30:00	10:02:31	141.90	141.90	141.90	2.75	2000	5
01/01/2014	Santoshkumar Satyanarayan Podar	10:30:00	10:56:19	147.55	147.55	147.55	2.85	2000	5
03/01/2014	Akash Sukhdev Swami	10:30:00	11:10:31	153.50	153.50	153.50	3.00	40	5
06/01/2014	Aniruddh Parashar	11:30:00	11:31:47	156.55	156.55	156.55	3.05	2000	10
07/01/2014	Akash Sukhdev Swami	10:30:00	11:05:38	159.65	159.65	159.65	3.10	5000	5
08/01/2014	Santoshkumar Satyanarayan Podar	10:30:00	11:00:39	162.80	162.80	162.80	3.15	5000	5
	Total						107.56		

34. The Noticees 7, 8 and 9 also traded in similar pattern and made the following contribution towards change in LTP:

Seller Name	Total No. of trades	Total No. of trades above LTP	Sell order qty range	Trade Quantity	Positive LTP contribution (Rs.)	% of positive LTP to Total Market positive LTP
Avinash Kumar Ardawatia (Noticee 7)	10	10	5-20	100	10.00	6.48%
Surendra Kumar Tiwari (Noticee 8)	10	10	5-20	100	14.95	9.68%
Sanjay Kumar Poddar HUF (Noticee 9)	8	8	5-15	80	18.45	11.95%

35. It is noted that Noticee 7 by way of his 10 trades executed over a period of 10 days,

had contributed ₹ 10.00 to the market positive LTP of the scrip, which constituted 6.48% of the total market positive LTP contributed to the price of scrip during the Patch-1. Noticee 7 was also holding adequate number of shares but was placing his sell orders for very small quantities of shares which led to the above noted contribution to market positive LTP by him. Again, all such trades executed by him happened to be the first trades of the respective trading days. The details of the said trades are tabulated as under:

TRADE DATE	Seller Name	Buy Order Time	Sell Order Time	Buy Order Rate	Sell Order Rate	Trade Rate	LTP Diff	Buy Order Disclosed Volume	Sell Order Disclosed Volume
25/07/2013	Avinash Kumar Ardawatia	14:30:00	14:43:20	14.33	14.33	14.33	0.68	150	15
31/07/2013	Avinash Kumar Ardawatia	14:30:00	14:52:56	15.04	15.04	15.04	0.71	2000	10
02/08/2013	Avinash Kumar Ardawatia	14:30:00	15:09:19	15.8	15.8	15.8	0.76	90	5
08/08/2013	Avinash Kumar Ardawatia	12:30:00	13:00:33	17.35	17.35	17.35	0.8	200	15
21/08/2013	Avinash Kumar Ardawatia	11:30:00	12:06:47	19.1	19.1	19.1	0.9	900	20
26/08/2013	Avinash Kumar Ardawatia	13:30:00	13:52:56	21.05	21.05	21.05	1	5000	5
30/08/2013	Avinash Kumar Ardawatia	14:30:00	15:02:28	23.2	23.2	23.2	1.1	250	10
05/09/2013	Avinash Kumar Ardawatia	13:30:00	14:03:20	25.55	25.55	25.55	1.2	250	5
16/09/2013	Avinash Kumar Ardawatia	12:30:00	13:00:45	29.5	29.5	29.5	1.4	700	5
18/09/2013	Avinash Kumar Ardawatia	10:30:00	10:58:35	30.95	30.95	30.95	1.45	1000	10

36. It is observed that Noticee 8 had traded on 10 days with total 10 trades i.e. no two trades had taken place on the same day. In all these trades, Noticee 8 contributed to the creation of a new positive LTP. By using this methodology of trading, the Noticee has contributed Rs. ₹14.95 in the total positive LTP which amount to 9.68% of total positive LTP creation in patch-I. The details of the said trades are tabulated as under:

TRADE DATE	Seller Name	Buy Order Time	Sell Order Time	Buy Order Rate	Sell Order Rate	Trade Rate	LTP Diff	Buy Order Disclosed Volume	Sell Order Disclosed Volume
06/08/2013	Surendra Kumar Tiwari	14:30:00	14:51:54	16.55	16.55	16.55	0.75	100	10
12/08/2013	Surendra Kumar Tiwari	12:30:00	13:06:47	18.2	18.2	18.2	0.85	150	5

23/08/2013	Surendra Kumar Tiwari	13:30:00	14:09:09	20.05	20.05	20.05	0.95	700	10
28/08/2013	Surendra Kumar Tiwari	14:30:00	14:45:54	22.1	22.1	22.1	1.05	5000	20
04/09/2013	Surendra Kumar Tiwari	12:30:00	12:34:45	24.35	24.35	24.35	1.15	700	5
10/09/2013	Surendra Kumar Tiwari	14:30:00	15:10:01	26.8	26.8	26.8	1.25	1000	10
24/09/2013	Surendra Kumar Tiwari	11:30:00	12:12:18	35.75	35.75	35.75	1.7	1000	15
03/10/2013	Surendra Kumar Tiwari	11:30:00	12:00:41	43.35	43.35	43.35	2.05	250	10
20/12/2013	Surendra Kumar Tiwari	9:30:00	9:43:32	128.65	128.65	128.65	2.5	2000	10
27/12/2013	Surendra Kumar Tiwari	12:30:00	12:47:23	139.15	139.15	139.15	2.7	5000	5

37. Noticee 9 was among top ten sell LTP contributors during patch-I and contributed 11.95% of the total market positive LTP in 8 trades done from the trading account of Sanjay Kumar Poddar HUF. From the analysis of top 10 Last Traded Price (LTP) contributors while selling the shares of the Company, it was observed that Noticee 9, through the trading done from the account of Sanjay Kumar Poddar HUF, has done the following trades:

TRADE DATE	Seller Name	Buy Order Time	Sell Order Time	Buy Order Rate	Sell Order Rate	Trade Rate	LTP Diff	Buy Order Disclosed Volume	Sell Order Disclosed Volume
20/11/2013	Sanjay Kumar Poddar HUF	12:30:00	12:35:32	85.3	85.3	85.3	1.65	5000	10
28/11/2013	Sanjay Kumar Poddar HUF	9:30:00	9:59:00	94.05	94.05	94.05	1.8	5000	10
03/12/2013	Sanjay Kumar Poddar HUF	10:30:00	11:01:40	99.75	99.75	99.75	1.95	5000	10
12/12/2013	Sanjay Kumar Poddar HUF	11:30:00	11:37:51	114.4	114.4	114.4	2.2	2000	10
19/12/2013	Sanjay Kumar Poddar HUF	10:30:00	11:10:23	126.15	126.15	126.15	2.45	5000	15
26/12/2013	Sanjay Kumar Poddar HUF	10:30:00	10:39:02	136.45	136.45	136.45	2.65	40	10
31/12/2013	Sanjay Kumar Poddar HUF	9:30:00	9:58:15	144.7	144.7	144.7	2.8	2000	10
02/01/2014	Sanjay Kumar Poddar HUF	10:30:00	10:58:29	150.5	150.5	150.5	2.95	5000	5

38. The foregoing discussions and the details of trades presented in the tables above would reveal that the allegations about LTP contribution and price manipulation made in the SCN against Noticee no. 1, 2, 3, 4, and 6 and also against Noticees

7, 8 and 9 both individually and collectively, are identical, i.e., manipulation of the price of the scrip of MJTL by resorting to unfair and fraudulent trades during Patch-1 of the investigation period.

39. The Noticees have also relied upon various decisions of Hon'ble SAT like *M/s Nishith Shah HUF* and other similar orders where Hon'ble SAT has laid down the ratio that a seller alone cannot be charged for manipulating the price of shares of a company, unless connection of such seller with buyer is shown in order to prove manipulation in the share prices.

40. However, given the fact that Noticees were connected to each other, one has to consider the submissions of the Noticees. The facts of the case when looked at collectively, rather suggest that the Noticees have acted in concert, while trading by taking turns on different trading days over a long period and by matching their trades with the pending buy orders in small quantities and thereby have successfully pushed the market price of the scrip upwards during Patch-1 of the investigation period. On analysis of the circumstances of the case, the role of the Noticees should be taken holistically and not individually.

41. The scrip of MJTL was trading in the Pre-Call Auction Sessions (PCAS) of the Stock Exchange. If the average daily trading volume of a scrip in a quarter is less than 10,000 shares; and the average daily number of trades is less than 50 in a quarter; the said scrip can be termed as illiquid and would therefore be traded in PCAS. Under the scheme of PCAS, on every trading day, 6 trading sessions of 1 hour each are conducted, and during first 45 minutes of each trading session orders can be placed and the next 8 minutes are used for matching of the orders. The last 7 minutes are used as a buffer period for closing of the ongoing session and commencement of the next session. Further, with respect to the scrips trading in PCAS, the applicable price band that is applicable through the day is 20%. Thus, as it appears from the scheme of PCAS, the idea/objective behind introducing trading of illiquid scrips in PCAS was mainly to control and monitor volatility that a

scrip not having sufficient liquidity, may witness. It is noted that the hourly sessions of PCAS are so demarcated that if any order (buy or sell) is not matched with any corresponding counter order (sell or buy), the said order (s) gets automatically purged.

42. From the trade log of the Noticee, it is observed that all the buy orders were placed in the system exactly at the opening of each hourly auction session like 9.30 a.m., 10.30 a.m., 11.30 a.m. etc. All the buy orders were available at prices above LTP. The trading details further reveal that the sell order in many instances were placed in a calculative manner just before the end of 45th minute of the session so that the time gap between the buy order and sell order does not exceed 45 minutes and the buy order is not purged out of the system. Even in the instances where the Noticees have executed their trades in the last call auction session of the day, i.e., 02:30 p.m. to 03:30 p.m., those trade(s) were the first trades of the day. For example, 3 trades were executed by the Noticee 6 in the auction session held between 02:30 p.m. to 03:30 p.m. on three trading days, i.e. May 21, 2013, May 29, 2013 and June 10, 2013 respectively. Similarly, Noticee 6 had executed 4 trades on 4 different trading days in the auction sessions held between 01:30 p.m. to 02:30 p.m. Further, on May 27, 2013, the Noticee 6 has placed his sell order after 37 minutes of placement of the buy order during the auction session of 1:30 p.m. to 2:30 p.m. and sold only 10 shares in a trade when there was a buy demand for 1000 shares.

43. The details of the trades executed during Patch-1 shows how the Noticees 1 to 6 (except Noticee no. 5), 7, 8 and 9, were pre-dominantly trading in the scrip of MJTL as sellers and on many trading days one of these Noticees was found to be the only seller chasing the pending buy orders of the shares of MJTL.

44. The aforesaid analysis shows that these Noticees (except Noticee 5) were seemingly taking turns on different trading days to execute trades in the scrip of MJTL. It is noted that unlike the Noticees nos.1 to 6, the Noticee nos. 7, 8 and 9 have not been explicitly alleged to have connection either with each other or with

other Noticees, nonetheless, the trades have been executed by them in identically structured fashion like the trades of other five Noticees, viz: 1,2,3, 4 and 6. It is observed that on any given trading day when any of the Noticees from the group of Noticee nos.1 to 6 (except Noticee no. 5) or other three Noticees like Noticees 7 or 8 or 9, has placed his sell order to match the price of the pending buy order, all other Noticees have conspicuously abstained from the market. Such an unique trading pattern repeatedly displayed by all the Noticees together over a long period of 58 days in the Patch-1 whereby not more than one Noticee has ever come to place sell order on any given trading day, strongly indicates that the Noticees have apparently acted under a preconceived/pre- arranged scheme and there was a prior meeting of minds amongst them to execute trades in the scrip in smaller quantities by taking turns on different days. Such a dubious trading pattern uniformly followed by each of the above noted Noticees provides a robust piece of evidence to controvert the argument advanced by the Noticees that they were not trading under any device and rather reduces them to a bunch of well- connected individuals who acted together to manipulate the market price of the scrip of MJTL.

45. From the afore stated trade details, it is easily discernible that on many instances of trades, the buy orders were pending in the trading system for a long period and most of the times were on the verge of getting lapsed due to the prescribed mechanism under call auction session as highlighted above. It is seen that in those instances, had the buy orders not been matched by the Noticee by placing his counter sell orders for small quantities of shares in the last minutes of those trading sessions, those pending buy orders would have got purged from the system at the end of 45 minutes of those sessions and resultantly no LTP could have been contributed to the market price of the shares of MJTL. It is pertinent to mention here that the aforesaid Noticees have placed their last minute miniscule sell orders to match the long pending buy orders for large quantities, and in some cases their orders were placed just before the closure of the ongoing auction session. Had the Noticees not placed their orders in the last minutes of those ongoing hourly sessions, the buy orders would have been deleted from the system, by virtue of the

applicable guidelines of PCAS session.

46. The Noticees had always matched the buy orders with their sell orders for very small quantity of shares as against demand for large quantity of shares by the buyers pending in the system, despite the fact that the Noticees were holding relatively sizeable quantities of shares at the relevant time. Instead of seizing the opportunity to sell all or most of their shares at increased prices available before them, the Noticees were releasing shares in miniscule installments every time they came to the market with their sell orders in an obvious display of their intention to split their holdings into many small quantities of sell orders so that they can utilize their stock to raise the LTP of the scrip over a prolonged period, and that is what the Noticees seem to have achieved as can be seen from their trading pattern during the Patch-1.
47. As the price of the scrip was manipulated by each trade executed by the aforesaid Noticees (Noticee 1, 2, 3, 4,6, 7, 8 and 9) during Patch-1, it was bound to induce the general public investors to buy the shares of MJTL by assuming that the spectacular price rise of a penny stock like that of MJTL from ₹ 8.00 to ₹ 162 could be a genuine rise, not being aware that the said price rise was the result of the manipulative trades executed by Noticees.
48. Hon'ble SAT in the matter of *Kalpna Dharmesh Chheda and Ors. Vs. SEBI and Ors. (DoD: February 25, 2020)*, has stated that *"though generally it can be stated that selling at a price higher than the LTP particularly when buy orders are available in the system cannot be considered as manipulative in itself. However, looking at the pattern of trading done by the appellants and the fact that the appellants have derived considerable financial benefit through that particular scheme or nature of trading we are of the view that the trading pattern adopted by the appellants is of a manipulative and unfair nature and would squarely fall within the ambit of the PFUTP Regulations.....This behavior cannot be justified in terms of normal rational expectations of a seller."*

has laid to rest, the controversy with respect to the requirement of degree of proof in securities law violation by observing *inter alia* that: ...*“In the quasi-judicial proceeding before SEBI, the standard of proof is preponderance of probability. It is a fundamental principle of law that proof of an allegation levelled against a person may be in the form of direct substantive evidence or, as in many cases, such proof may have to be inferred by a logical process of reasoning from the totality of the attending facts and circumstances surrounding the allegations/charges made and levelled. While direct evidence is a more certain basis to come to a conclusion, yet, in the absence thereof the Courts cannot be helpless. It is the judicial duty to take note of the immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded and to reach what would appear to the Court to be a reasonable conclusion therefrom. The test would always be that what inferential process that are as on able/prudent man would adopt to arrive at a conclusion.”*

50. In view of my discussions in the foregoing paragraphs, it is established that the Noticees 1, 2, 3, 4 and 6 (who were having connection) while trading in the scrip of MJTL during Patch-1 of the investigation period have contributed ₹ 107.56 to the LTP of the scrip of MJTL by resorting to manipulative and fraudulent trades as alleged in the SCN. Similarly, Noticees 7, 8 and 9 also through their manipulative trades, have contributed ₹ 10.00, ₹14.95 and ₹ 18.45, respectively to the positive LTP of the scrip. I therefore hold that the acts of trading in the scrip of MJTL by the Noticee 1, 2,3, 4, 6, 7, 8 and 9 during the Patch-1 are in violation of regulation 3(a), (b), (c), (d) and regulation 4(1), 4(2), (a) and (e) of PFUTP Regulations.
51. The SCN further alleges that Noticee 1 to 5 have resorted to similar and identical trading pattern in the Patch-2 as alleged in the Patch-1 of the investigation period.
52. As noted in the beginning, there was a stock split of MJTL w.e.f. January 09, 2014 in the ratio of 1:5. The price of the scrip opened on the first day of the Patch-2, i.e., on January 09, 2014 at ₹ 33.20 (unadjusted split price ₹ 166) and it reached a high of ₹ 99.00 (unadjusted split price ₹ 495) on May 19, 2014 before closing at the rate of ₹ 98.40 (unadjusted split price ₹ 492) on the said day. The total contribution of

market positive LTP during Patch-2 was ₹ 168.40 (unadjusted to split ₹ 842) and the net LTP was ₹ 65.25 (unadjusted to split ₹326.25) with a volume of 4977939 shares.

53. The SCN alleges that the Noticee nos. 1 to 5 have executed 40 trades in the scrip of MJTL on 39 trading days and out of such 40 trades, market positive LTP of ₹ 40.30 was contributed by them in 38 trades. The said amount of positive LTP constituted 23.93% of the total market positive LTP. The details of the said 38 trades are depicted below:

TRADE DATE	Seller Name	Buy Order Time	Sell Order Time	Buy Order Rate	Sell Order Rate	Trade Rate	LTP Diff	Buy Order Disclosed Volume	Sell Order Disclosed Volume
13/01/2014	AniruddhParashar (Noticee no. 1)	09:15:57	12:56:24	34.5	34.5	34.5	0.65	200	20
14/01/2014	Kamal M Tibrewala (Noticee no. 5)	09:15:00	11:13:18	35.15	35.15	35.15	0.65	800	50
15/01/2014	Santosh Kumar SatyanarayanPodar (Noticee no. 4)	09:00:01	12:02:46	35.85	35.85	35.85	0.7	200	25
16/01/2014	Kamal M Tibrewala (Noticee no. 5)	09:00:01	12:19:27	36.55	36.55	36.55	0.7	200	25
21/01/2014	Kamal M Tibrewala (Noticee no. 5)	09:00:01	09:53:39	37.95	37.95	37.95	0.7	100	25
24/01/2014	AkashSukhdev Swami (Noticee No. 3)	09:00:01	09:55:30	40.2	40.2	40.2	0.75	200	50
27/01/2014	AniruddhParashar (Noticee no. 1)	09:00:01	10:18:00	41	41	41	0.8	500	25
28/01/2014	Santosh Kumar SatyanarayanPodar (Noticee no. 4)	09:00:01	10:12:35	41.8	41.8	41.8	0.8	700	50
29/01/2014	Kamal M Tibrewala (Noticee no. 5)	09:00:01	11:06:35	42.6	42.6	42.6	0.8	3000	50
30/01/2014	AkashSukhdev Swami (Noticee no. 3)	09:00:01	11:36:54	43.45	43.45	43.45	0.85	5000	25
31/01/2014	Kamal M Tibrewala (Noticee no. 5)	09:00:01	10:22:20	44.3	44.3	44.3	0.85	250	25
03/02/2014	AkashSukhdev Swami (Noticee no. 3)	09:00:00	11:22:20	45.15	45.15	45.15	0.85	500	50
05/02/2014	Kamal M Tibrewala (Noticee no. 5)	09:00:01	11:52:04	46.95	46.95	46.95	0.9	500	50
06/02/2014	Santosh Kumar SatyanarayanPodar (Noticee no. 4)	09:00:01	10:49:42	47.85	47.85	47.85	0.9	500	25
07/02/2014	Kamal M Tibrewala (Noticee no. 5)	09:00:00	10:47:44	48.8	48.8	48.8	0.95	2000	25

10/02/2014	AniruddhParashar (Noticee no. 1)	09:00:0 1	10:44:1 1	49.75	49.75	49.75	0.95	2000	25
11/02/2014	Santosh Kumar SatyanarayanPodar (Noticee no. 4)	09:00:0 1	11:02:4 4	50.7	50.7	50.7	0.95	500	25
12/02/2014	Kamal M Tibrewala (Noticee no. 5)	09:00:0 1	11:36:4 6	51.7	51.7	51.7	1	500	25
14/02/2014	AkashSukhdev Swami (Noticee no. 3)	09:00:0 1	11:57:5 2	53.75	53.75	53.75	1.05	500	5
17/02/2014	Santosh Kumar SatyanarayanPodar (Noticee no. 4)	09:00:0 0	10:31:3 4	54.8	54.8	54.8	1.05	100	25
19/02/2014	Rakesh Saini (Noticee no. 2)	09:00:0 0	10:45:1 4	56.95	56.95	56.95	1.1	100	5
20/02/2014	Kamal M Tibrewala (Noticee no. 5)	09:00:0 1	09:57:0 2	58.05	58.05	58.05	1.1	100	30
21/02/2014	AniruddhParashar (Noticee no. 1)	09:00:0 1	10:05:3 0	59.2	59.2	59.2	1.15	100	25
24/02/2014	AkashSukhdev Swami (Noticee no. 3)	09:00:0 0	11:47:2 2	60.35	60.35	60.35	1.15	100	25
25/02/2014	Kamal M Tibrewala (Noticee no. 5)	09:00:0 1	09:51:3 7	61.55	61.55	61.55	1.2	200	10
26/02/2014	Santosh Kumar SatyanarayanPodar (Noticee no. 4)	09:00:0 0	10:04:5 2	62.75	62.75	62.75	1.2	10	15
28/02/2014	Rakesh Saini (Noticee no. 2)	09:00:0 2	10:03:0 0	64	64	64	1.25	100	20
03/03/2014	Kamal M Tibrewala (Noticee no. 5)	09:00:0 1	09:59:5 7	65.25	65.25	65.25	1.25	100	15
04/03/2014	AniruddhParashar (Noticee no. 1)	09:00:0 2	11:33:1 7	66.55	66.55	66.55	1.3	100	10
05/03/2014	Rakesh Saini (Noticee no. 2)	09:00:0 1	11:40:3 2	67.85	67.85	67.85	1.3	10	10
06/03/2014	Kamal M Tibrewala (Noticee no. 5)	09:00:0 1	10:46:5 8	69.2	69.2	69.2	1.35	100	15
07/03/2014	SantoshKumarSatyanarayanPodar (Noticee no. 4)	09:00:0 1	10:18:2 5	70.55	70.55	70.55	1.35	100	25
10/03/2014	Kamal M Tibrewala (Noticee no. 5)	09:00:0 1	09:49:0 1	71.95	71.95	71.95	1.4	100	15
11/03/2014	Rakesh Saini (Noticee no. 2)	09:00:0 1	10:12:0 6	73.35	73.35	73.35	1.4	25	25
12/03/2014	AniruddhParashar (Noticee no. 1)	09:00:0 1	10:20:1 3	74.8	74.8	74.8	1.45	100	20
13/03/2014	AkashSukhdev Swami (Noticee no. 3)	09:00:0 1	11:46:1 8	76.25	76.25	76.25	1.45	25	25
14/03/2014	Kamal M Tibrewala (Noticee no. 5)	09:00:0 1	09:41:1 3	77.75	77.75	77.75	1.5	100	25
18/03/2014	Rakesh Saini (Noticee no. 2)	09:00:0 1	10:32:0 0	79.3	79.3	79.3	1.55	500	25
	Total						40.3 0		

54. The scrip of MJTL was trading in PCAS during the period of May 13, 2013 to January 10, 2014 and subsequently, it came out of PCAS and traded in normal segment of the exchange. Therefore, after January 10, 2013, an order once placed was not

purged from the system as there were no hourly auction sessions any more, as was happening during PCAS.

55. As can be observed from the aforesaid details above, the sell orders placed by the Noticees 1 to 5 always chased and matched the price of the already available buy orders and on the days where any one of the Noticees 1 to 5 was selling the shares of MJTL, it was rarely seen that any other seller was present in the market. Further, all the aforesaid Noticees, viz., Noticees 1 to 5 were holding adequate number of shares and despite the demand of the shares from buyer side being always for larger quantities, (up to 5000) only small quantities of shares have been offered by these five Noticees in each of their trades.

56. Thus, the facts surrounding the trading activity in the scrip as well as the overall conduct of the Noticees 1 to 5 during Patch-2 were identical, as during Patch-1 of the investigation period. Although the Noticee 5 has executed trades only during Patch-2 of the investigation period, he has been found to be connected to all other Noticees and also to the Company based on the directorship with Ridhi, which had unexplained financial transactions with MJTL during relevant time.

57. I further note that the allegations against the Noticees who have traded during Patch-2 and the submissions made and arguments advanced by these Noticees in response to the said allegations are almost identical to those pertaining to the trades executed by the Noticees during Patch-1 of the investigation. Further, it is pertinent to mention here that the Noticees 1, 2, 3 and 4 who have been alleged to have executed manipulative trades in Patch-2 have also been alleged for their trades during Patch-1 of the investigation period.

58. I observe that the trades executed by the Noticees 1 to 5 during Patch-2 of the investigation period were manipulative and fraudulent and due to such manipulation, the trades executed by them have caused to increase the price of the

scrip of MJTL by ₹ 40.30. Therefore, as rightly alleged in the SCN, I hold that the acts of manipulative trades executed by the Noticees 1, 2, 3, 4 and 5 have resulted in violation of regulation 3(a), (b), (c) & (d), and regulation 4(1), 4(2)(a) & (e) of PFUTP Regulations.

59. The Hon'ble Supreme Court of India in the matter of SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC) held that - *"In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant..."*.

60. In view of the above, I am convinced that it is a fit case for imposition of monetary penalty on the Noticee under the provisions of Section 15HA of the SEBI Act, which reads as under:

SEBI Act

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.

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

Factors to be taken into account while adjudging quantum of penalty.

15J. While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or 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.

62 I note that the available records do not mention the specific profits made by the Noticee or loss suffered by the investors due to price manipulation committed by the Noticee in the instant case. However, I cannot ignore the gravity of violations involved in the matter. Having established that the Noticees had contributed in creation of new positive LTP, such trades are certainly in the nature of causing adverse impact in disturbing the equilibrium of fair market mechanism. I also note that Whole Time Member, SEBI has passed an order in respect of all the Noticees dated July 29, 2020 restraining all the Noticees from accessing the securities market and prohibiting them from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, for a period of 1 year from the date of the order.

ORDER

63 Having considered all the facts and circumstances of the case, the material available on record, the submissions made by the Noticees and also the factors mentioned in 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 AO Rules, I hereby impose a penalty under the provisions of Section 15HA of the SEBI Act in the following manner:

Noticee No.	Name	Penalty
1	Aniruddh Parashar	Rs. 5,00,000/- (Rupees Five Lakh only)
2	Rakesh Ramsingh Saini	Rs. 5,00,000/- (Rupees Five Lakh only)
3	Akash Sukhdev Swami	Rs. 5,00,000/- (Rupees

		Five Lakh only)
4	Santoshkumar Satyanarayan Podar	Rs. 5,00,000/- (Rupees Five Lakh only)
5	Kamal M Tibrewala	Rs. 5,00,000/- (Rupees Five Lakh only)
6	Subhash D Bhatiwada	Rs. 5,00,000/- (Rupees Five Lakh only)
7	Avinash Kumar Ardawatia	Rs. 5,00,000/- (Rupees Five Lakh only)
8	Surendra Kumar Tiwari	Rs. 5,00,000/- (Rupees Five Lakh only)
9	Sanjay Kumar Poddar HUF	Rs. 5,00,000/- (Rupees Five Lakh only)

I am of the view that the said penalty is commensurate with the lapse/omission on the part of the Noticees.

64. The Noticees shall remit / pay the said total amount of penalty within 45 days of receipt of this order in either of the way, such as by following the path at SEBI website www.sebi.gov.in, ENFORCEMENT > Orders > Orders of AO > PAY NOW; OR by using the web 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.

65. The said confirmation of e-payment made in the format as given in table below should be sent to "The Division Chief, EFD1-DRA- 3, Securities and Exchange Board of India, SEBI Bhavan II, Plot no. C- 7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051" and also to e-mail id:- tad@sebi.gov.in

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)	

66. 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.
67. In terms of the provisions of Rule 6 of the Adjudication Rules, copies of this order are being sent to the Noticees and also to the Securities and Exchange Board of India, Mumbai.

Place: Mumbai
Date: November 6, 2020

Dr. ANITHA ANOOP
ADJUDICATING OFFICER