

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: S K MOHANTY, WHOLE TIME MEMBER

ORDER

**Under Sections 11, 11(4) and 11B (1) of the Securities and Exchange Board of India
Act, 1992**

In respect of:

S. No.	Name of the Noticee	PAN
1.	Rajnikant Maganlal Mehta	BJVPM5064P
2.	Heena Kaushik Mehta	AVIPM9894K
3.	Pravin Mahendra Pagare	BMZPP3412P
4.	Kailash Kumar Lakhani	AEJPL9185Q
5.	Akriti Advisory Services Private Limited (now known as Jagruti Infra Developers Private Limited)	AAICA9057G
6.	Saroj Devi Lakhani	ABXPL5522C
7.	Abhisek Bhutra	AIYPB8751D
8.	Sarvottam Advisory Private Limited	AAMCS7291N
9.	Gita Devi Bhutra	AEFPB1709Q

In the matter of Surabhi Chemicals & Investments Ltd. (Now known as Superspace Infrastructure Ltd.)

(The aforesaid entities are hereinafter individually referred to by their respective names/Noticee nos. and collectively as "Noticees", unless the context specifies otherwise)

BACKGROUND

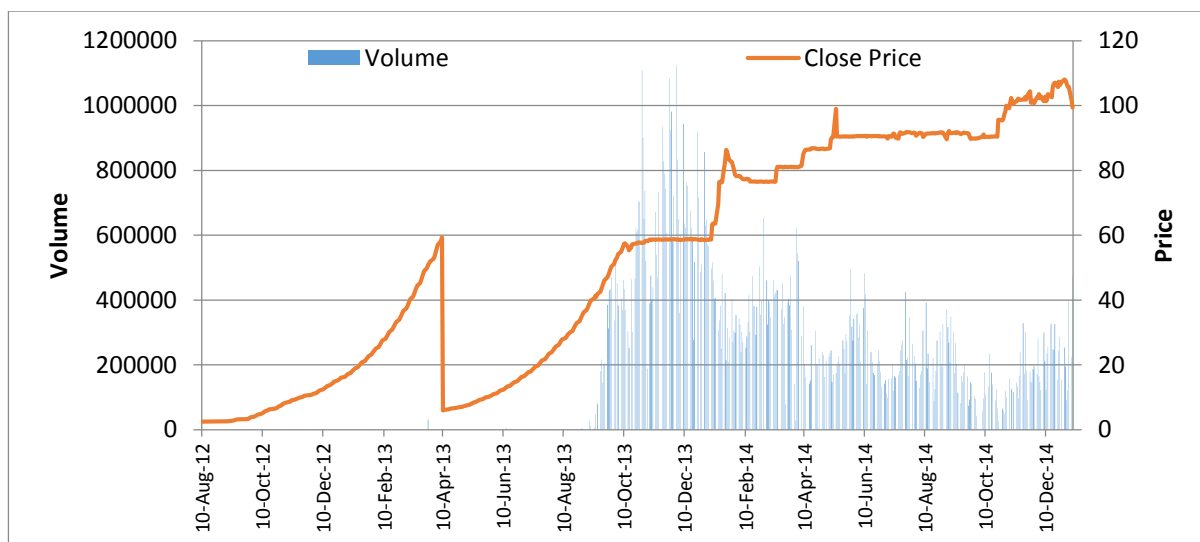
1. An investigation was conducted by Securities and Exchange Board of India (for convenience "SEBI") into the trading activities in the scrip of Surabhi Chemicals &

Investments Ltd. (now known as Superspace Infrastructure Ltd.) (for convenience "*Surabhi / Company*") for the period of August 01, 2012 to January 06, 2015 (for convenience "**Investigation Period**") for possible violation, if any, of the provisions of Securities and Exchange Board of India Act, 1992 (for convenience "*SEBI Act, 1992*") and rules and regulations made thereunder.

2. During the course of investigation, the price volume data in the scrip of the *Company* was analyzed. The period of investigation was divided into patches, however, for the purpose of the instant proceedings only two patches are relevant, wherein it was, *inter alia*, noticed that the price of the scrip of the *Company* was manipulated. The relevant periods were from August 10, 2012 to April 09, 2013 (*Patch-1*) and also from April 10, 2013 to September 04, 2013 (*Patch-2*). It was noticed that before the Investigation Period, there was no trading in the scrip for past one year and it was only on the day of start of the Investigation Period i.e. on August 01, 2012, the price of the scrip opened at ₹2.52 and then reached to a high of ₹59.35 on April 09, 2013. Subsequently, the scrip went through a stock split in the ratio of 10:1 after which the price of the scrip opened at ₹6 (unadjusted to split ₹60) on April 10, 2013 (start of *Patch-2*) and in 372 trades executed in the scrip of the *Company* on 102 trading days, the price of the scrip reached a level of ₹38.35 (unadjusted to split ₹383.50) on September 04, 2013. The scrip witnessed increase in volume as well as price thereafter and witnessed an intra-day high of ₹123 (unadjusted to split ₹1230) on December 02, 2014 before it closed at a price of ₹99.40 (unadjusted to split ₹994) on January 06, 2015.

3. Details of price volume information in the scrip of *Surabhi* during the Investigation Period are presented in the chart below:

Chart 1: Price-Volume Chart



4. Further, the detail of price volume movement in the scrip of *Surabhi* during the Investigation Period is tabulated below:

Table-1: Price-Volume movement in scrip of *Surabhi*

Dates		Open (₹)	Close (₹)	Low (Date) (₹)	High (Date) (₹)	Avg. no. of (shares) traded daily during the period.
10/08/12-09/04/2013 (Patch-1) Price rise- Pre Split	Price	2.52	59.35	2.52 (10 Aug 12)	59.35 (09 Apr 13)	287
	Vol.	100	30	0 (13 Aug 12)	31,620 (26 Mar 13)	
10/04/2013-04/09/2013 (Patch-2) Price rise - Post-split	Price	6.00	38.35	6.00(10 Apr 13)	38.35(04 Sep 13)	286
	Vol.	150	225	1(20 Aug 13)	5,730 (28 Aug 13)	

5. In the course of investigation conducted by SEBI, while analyzing the price and trade movement in the scrip of *Surabhi*, following facts, *inter alia*, came to light:

- It was noted that neither the financials nor the corporate announcements made by the *Company* supported such a significant price rise of scrip during *Patch-1* and *Patch-2* of the Investigation Period.

- b) It was revealed that the *Noticee nos. 1 to 3* are connected with each other and these three *Noticees* through their 73 sell trades during *Patch-1* of the Investigation Period have together contributed ₹33.18 to the positive Last Traded Price (for convenience “LTP”) which was 58.38% of the total market positive LTP in the scrip of *Surabhi* during the *Patch-1*. It was further unearthed from the trading pattern of these three *Noticees* that they were repeatedly placing sell orders for small order quantities across different trading days in the scrip of *Surabhi* when buy orders at prices higher than LTP and for large quantities were pending in the stock exchange’s system, which resulted into execution of trades at price higher than the LTP thereby contributing positive LTP in the scrip of the *Company*.
- c) Investigation further unearthed that *Noticee nos. 4 & 6* are connected entities; *Noticee nos. 5 & 8* are connected entities; and *Noticee nos. 7 & 9* are also connected to each other. Further, from the trading pattern exhibited by these 6 *Noticees* (*Noticee nos. 4 to 9*) in selling the shares of the *Company*, it was again revealed that during the *Patch-2* of the Investigation Period, despite availability of pending buy orders of large quantities of shares in the trading system, these 6 *Noticees* have released shares in smaller quantities at prices higher than the LTP. The total LTP contributions made by the sell trades of these 9 *Noticees* are tabulated hereunder:

Table-2: Noticee wise contribution in the scrip of Surabhi

Sr. No.	Noticee nos.	LTP (in ₹)	%age to total market positive LTP
1.	Noticee nos. 1 to 3 (Patch-1)	33.18	58.38%
2.	Noticee nos. 5 & 8 (Patch-2)	8.07	24.80%
3.	Noticee nos. 4 & 6 (Patch-2)	9.95	30.58%

4.	<i>Noticee nos. 7 & 9 (Patch-2)</i>	4.98	15.30%
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6. In view of aforementioned trading pattern coupled with contribution to the price rise in the scrip of the *Company* as noticed during investigation, it has been alleged that the *Noticee nos. 1 to 3* during the *Patch-1* and *Noticees no. 4 to 9* during the *Patch-2* of the Investigation Period have been instrumental in establishing a price higher than the LTP and have contributed to increase in scrip price with their unusual unfair, manipulative and fraudulent trades. It is thus alleged that these *Noticees* have manipulated the price of the scrip of *Surabhi* upwards and have created a misleading appearance of trading in the scrip by executing such fraudulent trades in small quantities. Such acts of the *Noticees* have been alleged to be in breach of provisions of Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2) (a), (e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (for convenience "*PFUTP Regulations, 2003*").

SHOW CAUSE NOTICE, HEARING AND REPLIES

7. The above findings of the investigation led to the issuance of a common Show Cause Notice dated April 04, 2018 (for convenience "*SCN*") to all the 9 *Noticees*, asking them to show cause as to why suitable direction(s) under Section 11(1), 11(4) & 11 (B) *SEBI Act, 1992* should not be issued against them for their alleged violations of provisions of *SEBI PFUTP Regulations, 2003*.

8. I note from the available records that the aforesaid SCN was duly served on all the *Noticees*, in response to which all of the *Noticees* have submitted their replies. I note from the reply submitted on behalf of *Noticee no. 2*, that she has expired on 05.01.2014 and in this regard, copy of death certificate issued by Health Department, Government of Maharashtra has been submitted to SEBI. I note that *Noticee nos. 4, 6, 7 and 9* had sought inspection of documents which was provided to them by SEBI on January 08, 2019. Subsequently, in compliance with the principle of natural justice, an opportunity of personal hearing was accorded to the *Noticees* intimating them the scheduled date of hearing as fixed on July 02, 2019. The hearing notices were duly

served on all the *Notices*, however, Authorized Representative (AR) for *Noticee nos. 7 and 9* only appeared before me on the said date and presented their case. Further, adjournment was sought by *Noticee nos. 1, 3, 5 and 8*. Accordingly, their request for adjournment was acceded to and another opportunity of personal hearing was granted to *Noticee nos. 1, 3, 4, 5, 6 and 8* on December 18, 2019, however, no one attended on behalf of any of the aforementioned *Notices* on the said date. Subsequently, another opportunity for personal hearing was scheduled on January 09, 2020, and that date the AR on behalf of only *Noticee nos. 4 and 6* appeared before me and made their submissions, while *Noticee nos. 5 and 8* sought adjournment for personal hearing. Accordingly, another opportunity of personal hearing was granted on to *Noticee nos. 5 and 8* on August 26, 2020, which was attended by their ARs. However, I note that no one appeared on behalf of *Noticee nos. 1 and 3* nor any further request for adjournment has been received on behalf of them. I am of the view that adequate number of opportunities of personal hearing have been provided to *Noticee nos. 1 and 3*, however, they have chosen to not appear before me for reasons best known to them. Therefore, matter is ripe enough to be proceeded and finalized based on merit and on the basis of material available on record, including the written replies to SCN already filed before SEBI on various dates as indicated below: -

Table-3: Details of reply filed by the *Notices*

Noticee No.	Date of Reply
<i>Noticee no. 1</i>	Letters dated April 23, 2018, June 01, 2018
<i>Noticee no. 2</i>	Letter dated April 23, 2018
<i>Noticee no. 3</i>	Letters dated April 23, 2018, June 01, 2018, 01 July, 2019
<i>Noticee no. 4</i>	Letters dated April 27, 2018, June 01, 2018, January 02, 2020, February 07, 2020, September 12, 2020
<i>Noticee no. 5</i>	Letters dated May 28, 2018, August 26, 2020, September 09, 2020, October 14, 2020

<i>Noticee no. 6</i>	Letters dated April 27, 2018 June 01, 2018, January 02, 2020, February 07, 2020, September 12, 2020
<i>Noticee no. 7</i>	Letters dated May 30, 2018, June 29, 2019, September 14, 2020
<i>Noticee no. 8</i>	Letters dated June 01, 2018, September 09, 2020, August 25, 2020, October 14, 2020
<i>Noticee no. 9</i>	Letters dated May 30, 2018, June 29, 2019, September 14, 2020

9. After perusing the written replies submitted by the *Noticees* (as indicated in the preceding table), I note that different *Noticees* have submitted various identical replies. For the sake of brevity, I am summarizing those identical replies / submissions as under:

Common submissions made by the *Noticees*

- a) The *Noticees* have traded in the scrip of *Surabhi* in the normal course of their trading based on their commercial sense. SEBI has ignored and overlooked various corporate announcements made by the *Company* during the Investigation Period and such announcements would have definitely impacted the price and volume in the shares of *Surabhi*.
- b) The sell orders were placed at the price based on the buy orders which were already pending in the stock exchange's system. A seller would sell shares at the highest buy order rates pending in the stock exchange's system. Therefore, no adverse inference can be drawn from such transactions. Further, none of the counterparties / buyers to their trades have been made party in the SCN by SEBI for any violations of SEBI *PFUTP Regulations, 2003*.
- c) Sell trades made by the *Noticees* are very miniscule as compared to the total number of shares traded in the scrip of *Company*. Therefore, with such small quantities, *Noticees* could not have manipulated the price of the scrip of *Surabhi*.

d) Inordinate delay in issuance of SCN has caused prejudice to the *Notices* while justifying their case. In this regard, reliance has been placed on the following judicial observations:

- Hon'ble SAT in the matter of *Ashok Shivpal Rupani & Ors. vs. SEBI* (DoD: 22.08.2019, Appeal no. 417 and 440 of 2018)
- Hon'ble SAT in the matter of *Ashlesh Gunvantbhai & Ors. vs. SEBI* (DoD: 31.01.2020, Appeal no. 169, 171, 172, 231, 264, 266 and 277-281 of 2019)

e) Certain *Notices* have referred to following judgements of Hon'ble Supreme Court while advancing arguments that there are no sufficient evidences to prove the violation of SEBI PFUTP Regulations, 2003:

- In the matter of *Varanasya Sanskrit Vidyalaya & Anr. vs Dr, Rajkishore Tripathi and Anr.*
- In the matter of *Bank of India Degala Surya Narayana* (AIR 1999 SC 2407)
- In the matter of *M.S. Bindra V Vol* (1998) 7 SCC
- In the matter of *Nandakishore Prasad vs. State of Bihar* (1978) 3 SCC 366
- In the matter of *Union of India vs. H.C. Goel* (AIR 1964 SC 364)
- In the matter of *L.D. Jaisinghani vs. Naraindas N. Punjabi* (1976) 1 SCC 354: AIR 1976 SC 373
- In the matter of *Razik Ram vs. J. S. Chauhan*- AIR 1975 SC 667; (1975) 4 SCC 769
- In the matter of *Gulab Dehand vs. Kudilal* (AIR 1966 SC 1734)

10. In addition to the above submissions, certain *Notices* have made additional arguments related to the allegations made in the SCN which are summarized as under:

Noticee nos. 4, 6, 7 and 9

- a) The *Notices* have sought the inspection of Investigation Report (IR), however, the same was not provided to the *Notices*. In this regard, the *Notices* have relied upon the following judgements:

- Hon'ble Supreme Court in matter of *S.L. Kapoor vs Jagmohan & Ors* (DoD:18/09/1980) Equivalent citations: 1981 AIR, 136, 1981 SCR (1) 746;
 - Hon'ble SAT in matter of *Vikas Gourihar Narnavar vs. SEBI* (Date of Decision: 15/06/2010 in Appeal no. 281 of 2009).
- b) *Noticees* have not executed any trades wherein they were counter party to each other's trade. Therefore, the allegation of connection is baseless having no relevance. *Noticees* have relied upon the observations of Hon'ble SAT in the following matters to further their contention:
- *Premchand Shah & Ors. vs. SEBI* (Date of Decision: 21/02/2011)
 - *Narendra Ganatra vs. SEBI* (Date of Decision: 29/07/2011)
 - *Smitaben N. Shah vs. SEBI* (Date of Decision 30/07/2010)
- c) When there were huge volumes in the scrip of the *Company*, the price of the scrip was increasing on those days also. Therefore, the allegation that the price of the scrip increased due to small quantities of sell orders is baseless.
- d) A charge of market manipulation is a very serious allegation which should be supported with higher degree of evidence. The present SCN has not been issued to the *Noticees* on the basis of any connection with the *Company* / its promoters / directors or counterparties to their trades. Further, it is not alleged in the SCN that the *Noticees* have been benefitted in any manner from such alleged manipulation.
- e) *Noticees* have relied upon the following judgements / rulings of Hon'ble SAT to further support their arguments:
- In the matter of *Vikas Ganshmal Bengani vs. WTM SEBI* (Date of Decision: 25.02.2010 in Appeal 225 of 2009);
 - In the matter of *KSL & Industries Ltd. vs. Chairman, SEBI* (Date of Decision: 30.09.2003, Appeal 9 of 2003)
 - In the matter of *Kapil Chatrabhuj Bhuptani vs. SEBI* (Date of Decision: 10.10.2013, Appeal 95 of 2013)

- In the matter of *HB Stockholdings vs. SEBI* (Date of Decision: 27.08.2013, Appeal 114 of 2012)
 - In the matter of *Jagruti Securitties Ltd. vs. SEBI* (Date of Decision: 27.10.2008)
 - In the matter of *Moneygrowth Investment and Consultants Pvt. Ltd. vs. SEBI* (Date of Decision: 27.08.2008)
 - In the matter of *M/s Nishith Shah (HUF) vs. SEBI* (Date of Decision: 16.01.2020, Appeal 97 of 2019)
 - In the matter of *Mukesh Kumar Sohanlalji Gupta vs. SEBI* (Date of Decision: 28.01.2020, Appeal 440 of 2019)
- f) *Noticee nos. 4 and 6* have relied upon following SEBI orders to support genuineness of their trading pattern / behaviour in the scrip of *Surabhi*:
- WTM Order May 31, 2019 in favour of *Amit Tilala in the matter of Essar (India) Ltd.*
 - AO Order February 24, 2020 in in favour of *Ms. Sushma Agarwal in the matter of Winsome Yarns Limited.*
 - AO Order March 06, 2020 in in favour of *Ms. Sangita Pramod Harlalka in the matter of Radford Global Ltd.*
 - AO Order March 23, 2020 in in favour of *Mr. Lokesh N Mistry in the matter of Alexander Stamps and Coin Limtied.*

Noticee no. 5 and 8

- g) Promoters of the *Noticee companies nos. 5 and 8* i.e. Mr. Dilip Doshi and Tapan Doshi had acquired the *Noticee companies no. 5 and 8* on February 28, 2013 and they had no knowledge about the bank accounts and trading accounts from where the alleged trades were executed and the despite the change in promoters of the company the authorised signatories of the aforesaid bank accounts and trading accounts remain unchanged. One Ms. Rupal Suryavanshi Vasant was the authorised signatory in the

aforementioned bank accounts and trading account of *Noticee no. 5* and had executed the alleged trades without the knowledge of current promoters of the *Noticee no. 5* and *8*. Similarly, one Mr. Kanchan Ramesh Mokal was the authorised signatory in the bank accounts and trading account of *Noticee no. 8* and had executed those alleged trades without the knowledge of the current promoters of the *Noticee no. 8*. *Noticee no. 5* and *8* have also filed an affidavit of their Chartered Accountant (Mr. Damodar Sarda) in support of the submissions that the trades were not executed under their instructions and consent and after 7 years, it is not possible to recollect the exact reasons for trading in the scrip. Nonetheless, nothing unusual is noticed in the trades so executed in the matter as the same were not executed with any intent to manipulate the price and no evidence of connection with counter party or with the promoter/director of the Company has been found mentioned in the SCN.

CONSIDERATION OF ISSUES AND FINDINGS:

11. Considering the findings of Investigation, the allegations levelled against the *Noticees* in the SCN based on such findings and the explanations offered by the *Noticees* through their written replies to the SCN, I find that the only issue that requires consideration is as follows:

Whether the acts of trading in the scrip of the Company by the Noticee nos. 1 to 3 during the Patch-1 and the Noticee nos. 4 to 9 during the Patch-2 of Investigation Period have resulted in violations of the provisions of Regulation 3 (a), (b), (c), (d) and Regulation 4 (1) and 4 (2) (a) and (e) of SEBI PFUTP Regulations, 2003?

12. Before proceeding to examine the aforesaid question on the basis of the facts of the matter, it would be proper to refer to the relevant provisions of the SEBI PFUTP Regulations, 2003 which have been allegedly breached by the *Noticees* and the same read as under: -

PFUTP Regulations, 2003

3. Prohibition of certain dealings in securities

No person shall directly or indirectly –

- a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;*
- (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;

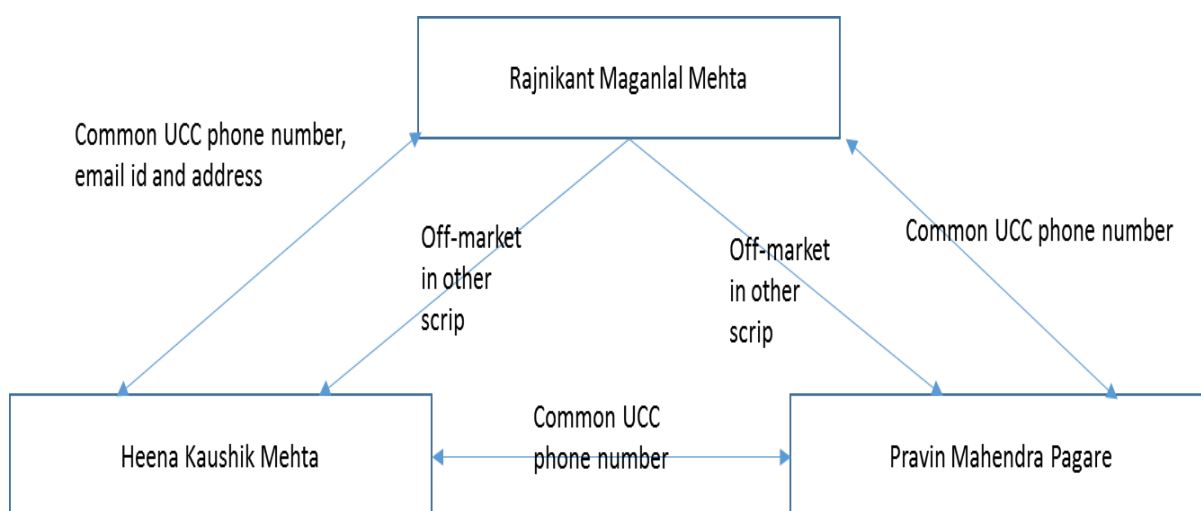
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(e) any act or omission amounting to manipulation of the price of a security;

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Trades of Noticee nos. 1, 2 and 3 during the Patch-1

13. Before I proceed to deal with the trades of Noticee nos. 1 to 3 (for convenience “3 Noticees”), it is pertinent to note that the SCN has also alleged that these 3 Noticees were connected amongst each other. Details about connection amongst these 3 Noticees are given below:



14. From the above pictorial representation, I note that the 3 Noticees enjoyed sufficient commonalities & nexus so as to be held as connected to each other. As shown above, these 3 Noticees were sharing Common UCC phone number, email id and address. For instance, Noticee no.1 (Mr. Rajnikant Maganlal Mehta) shared Common UCC, phone number, email id and address with Noticee no. 2 (Ms. Heena Kaushik Mehta) and Common UCC, common phone number with Noticee no. 3 (Mr. Pravin Mahendra Pagare). Similarly, Noticee no. 2 and Noticee no. 3 are connected to each other on the basis of Common UCC and common phone number. The materials on record show that none of the 3 Noticees has produced any evidence or counter argument to refute the allegations of inter-connectedness amongst them. Therefore, in the absence of any materials contrary to the allegations, I find that the materials on record are sufficient to reasonably conclude that the 3 Noticees were connected amongst themselves.

15. During *Patch-1* of the Investigation Period, price of scrip of the *Company* opened at ₹2.52 on August 10, 2012, then reached a high of ₹59.35 on April 09, 2013 and then closed at price of ₹59.35 creating a market positive LTP of ₹56.83 with a total traded volume of 36156 shares. As pointed out earlier, the main allegation in the SCN is that by executing manipulative sell trades during the *Patch-1* of the Investigation Period, the 3 *Noticees* have contributed to the positive LTP in the scrip of *Surabhi*. Therefore, to find out as to whether the details of trades executed by the 3 *Noticees* during the *Patch-1* had impacted and contributed to the LTP of the scrip of *Surabhi* during the said *Patch-1* of the Investigation Period, the trades require to be examined are presented in the table below:

Table-4: Trading by Noticees nos. 1 to 3 during Patch-1

Sl. No	Noticee no.	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	Noticee no. 1	72	29	71	1-7	359	13.65	24.02%	400	41
2	Noticee no. 2	23	17	23	3-14	163	10.76	18.93%	200	37
3	Noticee no. 3	39	27	39	1-6	197	8.77	15.43%	200	3
	Total of Noticee no. 1 to 3	134	73				33.18	58.38%		
	Market Total						56.83			

16. As already established above, as these 3 *Noticees* were connected with each other, it is appropriate to examine their sell trades in totality. From the trades presented in above table, it is noted that during the *Patch-1* period of trading in the scrip of *Surabhi*, the 3 *Noticees* have cumulatively executed 134 trades and out of these 134 trades, the SCN alleges that through 73 trades they had contributed a total

positive LTP of ₹33.18 which constituted 58.38% of the total market positive LTP of ₹56.83 that was witnessed in the scrip during the said period i.e. *Patch-1*. I also observe from the SCN that such positive LTP of ₹33.18 was contributed by the group of 3 *Noticees* from their trading in only 423 shares which is just 1.17% of the total shares traded (36156 shares) in the scrip of *Surabhi* during the *Patch-1* of the Investigation Period. The aforesaid trading behavior wherein a group of 3 *Noticees* have contributed to more than 58% of total positive market LTP by executing less than approximately 1% of the total trades in the scrip of *Surabhi* during the said period, raises strong doubt about the intent and the trading pattern adopted by these 3 *Noticees*.

17. I further observe from the details as available on records that each of those 73 positive LTP contributing trades was the '*first trade*' executed on the respective trading days. Trade wise order details of the aforementioned 73 trades contributing to positive LTP are tabulated below:

Table-5: Order details of trades executed by *Noticees nos. 1 to 3 during Patch-1*

Sr. No	Trade Date	Seller Name	Buy Order Time	Sell Order Time	Buy Order Rate	Sell Order Rate	Trade Rate	LTP Diff	%LTP	Buy Qty	Sell Qty	Trade Qty
1	27-Nov-12	Rajnikant Maganlal Mehta	09:00:01	11:31:54	10.67	10.67	10.67	0.20	0.35%	200	4	4
2	29-Nov-12	Heena Kaushik Mehta	09:00:00	12:45:07	10.88	10.88	10.88	0.21	0.37%	1600	5	5
3	30-Nov-12	Pravin Mahendra Pagare	09:00:00	12:51:48	11.09	11.09	11.09	0.21	0.37%	1000	5	5
4	3-Dec-12	Rajnikant Maganlal Mehta	09:00:00	12:04:18	11.31	11.31	11.31	0.22	0.39%	2000	6	6
5	4-Dec-12	Rajnikant Maganlal Mehta	09:00:01	11:43:13	11.53	11.53	11.53	0.22	0.39%	500	5	5
6	5-Dec-12	Rajnikant Maganlal Mehta	09:00:00	10:14:52	11.76	11.76	11.76	0.23	0.40%	1000	6	6

7	6-Dec-12	Pravin Mahendra Pagare	09:00:00	12:55:25	11.99	11.99	11.99	0.23	0.40%	1000	5	5
8	7-Dec-12	Pravin Mahendra Pagare	09:00:00	15:27:46	12.22	12.22	12.22	0.23	0.40%	3000	5	5
9	10-Dec-12	Rajnikant Maganlal Mehta	09:00:00	11:56:56	12.46	12.46	12.46	0.24	0.42%	2990	5	5
10	11-Dec-12	Pravin Mahendra Pagare	09:00:00	12:37:39	12.70	12.70	12.70	0.24	0.42%	200	5	5
11	12-Dec-12	Pravin Mahendra Pagare	09:00:00	12:50:08	12.95	12.95	12.95	0.25	0.44%	1000	6	6
12	13-Dec-12	Pravin Mahendra Pagare	09:00:00	12:43:28	13.20	13.20	13.20	0.25	0.44%	100	6	6
13	14-Dec-12	Pravin Mahendra Pagare	09:00:00	12:44:16	13.46	13.46	13.46	0.26	0.46%	1000	6	6
14	17-Dec-12	Rajnikant Maganlal Mehta	09:00:00	12:11:20	13.72	13.72	13.72	0.26	0.46%	500	5	5
15	18-Dec-12	Pravin Mahendra Pagare	09:00:00	13:07:26	13.99	13.99	13.99	0.27	0.48%	1000	5	5
16	19-Dec-12	Pravin Mahendra Pagare	09:00:00	11:49:29	14.26	14.26	14.26	0.27	0.48%	12	6	6
17	20-Dec-12	Rajnikant Maganlal Mehta	09:00:00	12:37:39	14.54	14.54	14.54	0.28	0.49%	1000	5	5
18	21-Dec-12	Pravin Mahendra Pagare	09:00:00	12:25:51	14.83	14.83	14.83	0.29	0.51%	1000	6	6
19	24-Dec-12	Rajnikant Maganlal Mehta	09:00:00	12:51:16	15.12	15.12	15.12	0.29	0.51%	1000	5	5
20	26-Dec-12	Pravin Mahendra Pagare	09:00:00	11:04:52	15.42	15.42	15.42	0.30	0.53%	5000	5	5
21	27-Dec-12	Pravin Mahendra Pagare	09:00:00	12:35:35	15.72	15.72	15.72	0.30	0.53%	2000	5	5
22	28-Dec-12	Rajnikant Maganlal Mehta	09:00:01	12:26:05	16.03	16.03	16.03	0.31	0.55%	5000	6	6

23	1-Jan-13	Pravin Mahendra Pagare	09:00:00	12:03:35	16.35	16.35	16.35	0.32	0.56%	2000	5	5
24	2-Jan-13	Pravin Mahendra Pagare	09:00:00	13:04:36	16.65	16.65	16.65	0.30	0.53%	1000	5	5
25	3-Jan-13	Pravin Mahendra Pagare	09:00:00	10:33:16	16.95	16.95	16.95	0.30	0.53%	100	6	6
26	4-Jan-13	Rajnikant Maganlal Mehta	09:00:01	12:52:49	17.25	17.25	17.25	0.30	0.53%	100	6	6
27	7-Jan-13	Rajnikant Maganlal Mehta	09:00:00	11:11:10	17.55	17.55	17.55	0.30	0.53%	500	5	5
28	8-Jan-13	Pravin Mahendra Pagare	09:00:00	11:47:14	17.90	17.90	17.90	0.35	0.62%	2000	4	4
29	9-Jan-13	Pravin Mahendra Pagare	09:00:00	12:55:22	18.25	18.25	18.25	0.35	0.62%	1000	5	5
30	10-Jan-13	Rajnikant Maganlal Mehta	09:00:00	11:27:29	18.60	18.60	18.60	0.35	0.62%	500	6	6
31	11-Jan-13	Pravin Mahendra Pagare	09:00:00	12:48:04	18.95	18.95	18.95	0.35	0.62%	2000	6	6
32	14-Jan-13	Rajnikant Maganlal Mehta	09:00:01	11:57:35	19.30	19.30	19.30	0.35	0.62%	5000	5	5
33	15-Jan-13	Pravin Mahendra Pagare	09:00:00	12:32:57	19.65	19.65	19.65	0.35	0.62%	400	5	5
34	16-Jan-13	Rajnikant Maganlal Mehta	09:00:00	11:22:20	20.00	20.00	20.00	0.35	0.62%	1000	6	6
35	17-Jan-13	Pravin Mahendra Pagare	09:00:00	12:16:13	20.40	20.40	20.40	0.40	0.70%	5000	6	6
36	18-Jan-13	Pravin Mahendra Pagare	09:00:00	11:43:31	20.80	20.80	20.80	0.40	0.70%	5000	6	6
37	21-Jan-13	Pravin Mahendra Pagare	09:00:00	13:23:26	21.20	21.20	21.20	0.40	0.70%	1000	6	6
38	22-Jan-13	Rajnikant Maganlal Mehta	09:00:00	12:14:43	21.60	21.60	21.60	0.40	0.70%	1000	5	5

39	23-Jan-13	Pravin Mahendra Pagare	09:00:00	10:54:23	22.00	22.00	22.00	0.40	0.70%	100	4	4
40	24-Jan-13	Pravin Mahendra Pagare	09:00:00	12:09:13	22.40	22.40	22.40	0.40	0.70%	1000	5	5
41	25-Jan-13	Pravin Mahendra Pagare	09:00:00	11:32:01	22.80	22.80	22.80	0.40	0.70%	1000	5	5
42	28-Jan-13	Pravin Mahendra Pagare	09:00:00	11:37:51	23.25	23.25	23.25	0.45	0.79%	500	5	5
43	29-Jan-13	Rajnikant Maganlal Mehta	09:00:00	11:36:15	23.70	23.70	23.70	0.45	0.79%	500	5	5
44	30-Jan-13	Heena Kaushik Mehta	09:00:00	13:13:30	24.15	24.15	24.15	0.45	0.79%	5000	10	10
45	31-Jan-13	Rajnikant Maganlal Mehta	09:00:00	11:22:17	24.60	24.60	24.60	0.45	0.79%	1000	6	6
46	1-Feb-13	Rajnikant Maganlal Mehta	09:00:01	12:36:48	25.05	25.05	25.05	0.45	0.79%	5000	5	5
47	4-Feb-13	Heena Kaushik Mehta	09:00:00	12:00:06	25.55	25.55	25.55	0.50	0.88%	5000	9	9
48	5-Feb-13	Pravin Mahendra Pagare	09:00:00	11:05:18	26.05	26.05	26.05	0.50	0.88%	500	5	5
49	6-Feb-13	Rajnikant Maganlal Mehta	09:00:00	13:59:13	26.55	26.55	26.55	0.50	0.88%	1000	5	5
50	7-Feb-13	Rajnikant Maganlal Mehta	09:00:00	12:56:39	27.05	27.05	27.05	0.50	0.88%	900	4	4
51	8-Feb-13	Heena Kaushik Mehta	09:00:00	14:40:53	27.55	27.55	27.55	0.50	0.88%	500	8	8
52	11-Feb-13	Heena Kaushik Mehta	09:00:00	13:46:15	28.10	28.10	28.10	0.55	0.97%	5000	11	11
53	12-Feb-13	Heena Kaushik Mehta	09:00:00	11:40:37	28.65	28.65	28.65	0.55	0.97%	5000	12	12
54	13-Feb-13	Heena Kaushik Mehta	09:00:00	11:10:44	29.20	29.20	29.20	0.55	0.97%	500	13	13
55	14-Feb-13	Heena Kaushik Mehta	09:00:00	11:50:06	29.75	29.75	29.75	0.55	0.97%	500	14	14
56	21-Feb-13	Heena Kaushik Mehta	09:00:00	12:13:33	32.70	32.70	32.70	0.60	1.06%	500	9	9
57	26-Feb-13	Heena Kaushik Mehta	09:00:00	11:43:53	34.65	34.65	34.65	0.65	1.14%	500	5	5
58	27-Feb-13	Heena Kaushik Mehta	09:00:00	11:08:34	35.30	35.30	35.30	0.65	1.14%	200	5	5

59	28-Feb-13	Heena Kaushik Mehta	09:00:00	10:49:14	36.00	36.00	36.00	0.70	1.23%	100	3	3
60	1-Mar-13	Rajnikant Maganlal Mehta	09:00:00	12:56:42	36.70	36.70	36.70	0.70	1.23%	100	4	4
61	5-Mar-13	Rajnikant Maganlal Mehta	09:00:00	11:48:41	38.10	38.10	38.10	0.70	1.23%	500	5	5
62	6-Mar-13	Rajnikant Maganlal Mehta	09:00:00	15:19:44	38.85	38.85	38.85	0.75	1.32%	15	4	4
63	7-Mar-13	Heena Kaushik Mehta	09:00:00	11:12:39	39.60	39.60	39.60	0.75	1.32%	250	4	4
64	8-Mar-13	Rajnikant Maganlal Mehta	09:00:01	11:35:17	40.35	40.35	40.35	0.75	1.32%	250	4	4
65	11-Mar-13	Rajnikant Maganlal Mehta	09:00:01	11:22:30	41.15	41.15	41.15	0.80	1.41%	15	7	7
66	12-Mar-13	Rajnikant Maganlal Mehta	09:00:01	11:06:40	41.95	41.95	41.95	0.80	1.41%	200	4	4
67	13-Mar-13	Rajnikant Maganlal Mehta	09:00:01	10:54:56	42.75	42.75	42.75	0.80	1.41%	5000	3	3
68	14-Mar-13	Rajnikant Maganlal Mehta	09:00:01	11:12:32	43.60	43.60	43.60	0.85	1.50%	300	7	7
69	15-Mar-13	Rajnikant Maganlal Mehta	09:00:00	11:38:00	44.45	44.45	44.45	0.85	1.50%	200	6	6
70	18-Mar-13	Heena Kaushik Mehta	09:00:01	15:16:34	45.30	45.30	45.30	0.85	1.50%	200	7	7
71	19-Mar-13	Heena Kaushik Mehta	09:00:01	14:51:11	46.20	46.20	46.20	0.90	1.58%	100	5	5
72	20-Mar-13	Heena Kaushik Mehta	09:00:01	11:42:10	47.10	47.10	47.10	0.90	1.58%	200	6	6
73	21-Mar-13	Heena Kaushik Mehta	09:00:00	11:46:48	48.00	48.00	48.00	0.90	1.58%	200	5	5
		Total						33.18	58.38%			423

18. It is observed from the table no. 5 presented above that all of the 73 trades of the 3 Noticees which contributed to positive LTP in the scrip of Surabhi during Patch-1 of the Investigation Period, were placed by the 3 Noticees after the buy orders of the day remained pending on the system for hours together and finally got matched with the sell orders after hours, as soon as one of the 3 Noticees placed his sell order. For

instance, in the above table no. 5 at sr. no. 8, the buy order was placed at 09:00:00, but said buy order got executed after a duration of more than 6 hours (06:27:46) when a sell order was placed by *Noticee no. 3* (Mr. Pravin Mahendra Pagare) at a price of ₹12.22 which was ₹0.23 (0.4%) higher than LTP. Similarly, at sr. no. 62 in table no. 5 above, the buy order was placed at 09:00:00 on 06.03.2013 at a price of ₹38.85, but got executed into a trade after a duration of more than 6 hours (06:19:44) when a sell order was placed by *Noticee no. 1* (Mr. Rajnikant Maganlal Mehta) at a price of ₹38.85 which was ₹0.75 (1.32%) higher than LTP. It clearly shows that but for those sell orders placed by the 3 *Noticees* for miniscule number of shares, those corresponding pending buy orders on their own, would not have been able to make any positive contribution to the LTP of the scrip. In fact, in absence of those sell orders of small quantities placed by the 3 *Noticees*, no transaction would have fructified and no positive LTP would have been formed.

19. As already mentioned above that all the 73 trades executed by the 3 *Noticees* that are alleged to have contributed to positive LTP in the scrip of *Surabhi* were *first trades* of their respective trading days. I also note from table no. 5 that none of the alleged trades of the 3 *Noticees* were executed on the same trading day. Though the 3 *Noticees* have tried to rebut the alleged connections among each other, however, none of them has been able to explain that strange co-incidence in which all of them are found to have observed and followed a common and unique trading pattern, wherein all the 3 *Noticees* have executed sell orders in the scrip and that too of miniscule quantities and have placed their sell orders long hours after the buy orders were placed, in a manner apparently to match those pending buy orders. There were only a few instances when these *Noticees* have offered to sell shares in double digit. It is also a very strange coincidence to observe that despite constant rise in the price of the scrip, none to the 3 *Noticees* has ever indulged in buying the said shares as a prudent investor would think of doing in the case of a scrip that witnesses consistent price rise. The table above portrays a clear-cut picture of the identical pattern of trading adopted by the 3 *Noticees* on different days by taking turns on different trading days

to only sell the shares in miniscule quantities one after another, which makes it quite glaring that there was apparently a unity of *malafide* intention amongst the 3 *Noticees* to increase the price of the scrip of *Surabhi* higher and higher through every single trade that each of them was executing during *Patch-1* of the Investigation Period.

20. As stated above, from the trading pattern followed by the above 3 *Noticees*, one thing can be held with conviction that their trades had no element of being categorised as trades executed in the normal course of trading. It cannot be held to be a mere co-incidence that the 3 *Noticees* who were related through common UCC, common mobile number and off market transactions, have adopted identical trading pattern in the scrip and were never found to have traded together on the same day. The uniqueness of the trading pattern and commonalities in the pattern coupled with the facts that all the 3 *Noticees* had only limited shares, indulged in only sell trades signifies sufficiently that their intent was only to distort the market mechanism by contributing to the price rise in the scrip, which was backed by no market fundamental or supporting financial strength to attract any significant trading volumes during the said period. Under the circumstances, it becomes glaring that the series of trades in small quantities executed by the aforesaid three *Noticees* were aimed at fraudulently creating misleading appearances of trading in the scrip and to contribute positive LTP to the scrip hence, such trades have to be held as fraudulent, unfair and manipulative which have contributed a significant 58.38% rise to the price of the scrip during the period.

21. As regard to the trading in *Patch-2* are concerned, I note that during *Patch-2*, price of scrip opened at ₹6.00 on April 10, 2013 and reached a high of ₹38.35 on September 04, 2013 and closed at price of ₹38.35 on September 04, 2013 with a net LTP contribution of ₹32.35 and a market positive LTP of ₹32.54 with a total traded volume of 29130 shares. SCN has alleged that the *Noticees* no. 4 to 9 (for convenience “6 *Noticees*”) through their sell trades have contributed to positive LTP in the scrip of *Surabhi*. Before moving on to examining the trading pattern of these 6 *Noticees*, I note

that the SCN has alleged connection between *Noticee nos. 4 & 6, 5 & 8 and 7 & 9*. The details of connection unearthed by the Investigation and as alleged in the SCN are tabulated below:

Table-6: Connection details of Noticee nos. 4 to 9

Noticee Group	Basis of Connection
<i>Noticee no. 4 and 6</i>	Common UCC address and Common UCC Phone Number
<i>Noticee no. 5 and 8</i>	Common UCC Phone Number and Common Directorship
<i>Noticee no. 7 and 9</i>	Common UCC address and Common UCC Phone Number

22. I note from the submissions of the *Noticee nos. 4 to 9*, that none of these *Noticees* has disputed the aforesaid *inter se* connection, rather the *Noticee no. 4 and 6* have submitted that they share blood relationship of son and mother respectively. Considering the above, I find that material available on record are sufficient to reasonably conclude the *Noticee nos. 4 & 6, 5 & 8 and 7 & 9* enjoyed close *inter se* connection as alleged in the SCN.

23. Having found the *inter se* connection, it is appropriate to move on to the alleged manipulative trades of the aforesaid 6 *Noticees*. In this respect, it is pertinent to look at the details of such trades executed by them and the impact of their trades on the LTP of scrip of *Surabhi* during the *Patch-2* of the Investigation Period. Details of the above referred trades are presented in the table below for easy reference and consideration:

Table-7: LTP details of trades of by Noticee nos. 4 to 9 during Patch-2

Noticee Name and no.	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
Kailash Kumar Lakhani (<i>Noticee no. 4</i>)	19	13	19	5-55	426	5.43	16.69%

Akriti Advisory Services Private Limited (Noticee no. 5)	68	15	68	2-75	1321	5.04	15.49%
Saroj Devi Lakhani (Noticee no. 6)	22	10	22	2-50	335	4.52	13.89%
Abhisek Bhutra (Noticee no. 7)	19	12	19	5-50	350	4.11	12.63%
Sarvottam Advisory Private Limited (Noticee no. 8)	42	9	42	5-70	778	3.03	9.31%
Gita Devi Bhutra (Noticee no. 9)	3	3	3	10-50	85	0.87	2.67%

24. From the details mentioned in the table no. 7 above, it is noted that in terms of allegations made in the SCN, Noticee nos. 4 to 9 through their sell trades have contributed to positive LTP in the scrip of *Surabhi*. With regard to trades executed by Noticee nos. 5 and 8, I note from table no. 7 that these two Noticees have together executed 110 sell trades during the Patch-2 of the Investigation Period and out of 110 such trades, 24 trades of these two Noticees have caused positive LTP in the scrip of *Surabhi*. I further note that Noticee no. 5 and 8, through such 24 sell trades together have allegedly contributed ₹8.07 to total market positive LTP resulting into contributing 24.80% of the total market positive LTP in the scrip of *Company* during Patch-2 of the Investigation Period. It is pertinent to note here that through these 24 trades which resulted into positive LTP, Noticee nos. 5 and 8 have together traded in only 640 shares, which is 2.19% of the total shares traded (29130) during Patch-2 of the Investigation Period. The trading pattern of Noticee nos. 5 and 8, wherein by trading in approximately 2% shares of the total market volume in the scrip of *Surabhi*, they have contributed to approximately 25% of the total positive LTP in the scrip, *prima facie*, creates a suspicion about the said trading pattern of these two Noticees.

25. Similarly, from the trades executed by *Noticee nos. 7 and 9*, I note that the SCN has alleged that *Noticee no. 7* and *Noticee no. 9* together have executed 22 trades in the scrip of the *Company* during *Patch-2* of the Investigation Period and in 15 of such 22 trades, they have contributed to positive LTP of ₹4.98 in the price of the scrip of *Surabhi*. It is pertinent to note that by executing trades for only 330 shares, which is only 1.13% of total number of shares (29130 shares) traded in the scrip of *Surabhi* during the relevant Investigation Period, *Noticee nos. 7 and 9* together have contributed to 15.30% of positive LTP in the price of the scrip of the *Company*. With regards to the trades executed by the *Noticee no. 4 and 6*, I note that in the SCN, *Noticee no. 4* and *Noticee no. 6* have been alleged to have placed sell orders for small quantities in the scrip of the *Company* repeatedly at a price higher than LTP during *Patch-2*. Here, two *Noticees* (*Noticee no. 4* and *Noticee no. 6*) through their 23 sell trades in the scrip of the *Company* have contributed to LTP of ₹9.95 (30.58% of the total market positive LTP) in price of the scrip of the *Company*. Such 23 trades executed by the *Noticee no. 4* and *Noticee no. 6* have resulted in sale of 538 shares, which were just 1.84% of the total market volume in the scrip of *Surabhi* during *Patch-2* of the Investigation Period.

26. SCN has further alleged that all alleged 62 sell trades (24 trades executed by *Noticee nos. 5 and 8*, 15 trades by *Noticee nos. 7 and 9* and 23 trades by *Noticee nos. 4 and 6*) were *first trades* of the respective trading days. It has also been alleged that these 6 *Noticees* were repeatedly placing sell orders for small order quantities in the scrip of *Surabhi* across different trading days when buy order at prices higher than LTP, for large quantities in the scrip were pending in the stock exchange's system. Therefore, in order to further analyze these trades, it is imperative to see the trade details of those alleged such 62 trades executed by the 6 *Noticees* which are tabulated below:

**Table-8: Trade details of trades executed by 6 Noticees (Noticee nos. 4 to 9) during
Patch-2**

TRADE DATE	Noticee no.	Buy Order Time	Sell Order Time	Buy Order Rate	Sell Order Rate	Trade Rate	LTP Diff	%LTP	Buy Order QTY	Sell Order QTY	Trade QTY
16/04/2013	Noticee no. 5	09:30:00	10:07:29	6.4	6.4	6.4	0.1	0.31%	1000	20	20
08/05/2013	Noticee no. 5	12:30:02	12:33:36	7.92	7.92	7.92	0.15	0.46%	12000	25	25
11/05/2013	Noticee no. 5	11:30:00	11:34:25	8.39	8.39	8.39	0.16	0.49%	999	50	50
13/05/2013	Noticee no. 8	10:30:00	10:36:52	8.55	8.55	8.55	0.16	0.49%	999	20	20
16/05/2013	Noticee no. 5	10:30:13	11:01:11	9.06	9.06	9.06	0.17	0.52%	200	20	20
03/06/2013	Noticee no. 5	11:30:00	11:39:20	11.2	11.2	11.2	0.21	0.65%	10000	75	75
04/06/2013	Noticee no. 5	12:30:01	12:42:55	11.42	11.42	11.42	0.22	0.68%	10000	75	75
05/06/2013	Noticee no. 8	12:30:01	12:56:21	11.64	11.64	11.64	0.22	0.68%	300	50	50
06/06/2013	Noticee no. 8	13:30:00	13:37:43	11.87	11.87	11.87	0.23	0.71%	1000	50	50
07/06/2013	Noticee no. 5	12:30:00	12:50:25	12.1	12.1	12.1	0.23	0.71%	300	50	50
10/06/2013	Noticee no. 4	10:30:01	10:34:08	12.34	12.34	12.34	0.24	0.74%	300	25	25
11/06/2013	Noticee no. 4	10:30:00	10:51:45	12.58	12.58	12.58	0.24	0.74%	500	40	40
12/06/2013	Noticee no. 7	10:30:01	10:42:35	12.83	12.83	12.83	0.25	0.77%	100	50	50
14/06/2013	Noticee no. 8	11:30:00	12:13:26	13.34	13.34	13.34	0.26	0.80%	3000	25	25
17/06/2013	Noticee no. 8	11:30:00	12:06:13	13.6	13.6	13.6	0.26	0.80%	3000	40	40
18/06/2013	Noticee no. 9	10:30:00	11:04:28	13.87	13.87	13.87	0.27	0.83%	3000	25	25
19/06/2013	Noticee no. 4	11:30:00	11:50:52	14.14	14.14	14.14	0.27	0.83%	3000	55	55
20/06/2013	Noticee no. 4	10:30:00	10:33:20	14.42	14.42	14.42	0.28	0.86%	3000	35	35
21/06/2013	Noticee no. 6	10:30:00	10:58:24	14.7	14.7	14.7	0.28	0.86%	3000	25	25
24/06/2013	Noticee no. 6	10:30:00	10:57:51	14.99	14.99	14.99	0.29	0.89%	3000	35	35
25/06/2013	Noticee no. 9	10:30:00	10:33:56	15.28	15.28	15.28	0.29	0.89%	3000	50	50
26/06/2013	Noticee no. 7	10:30:00	11:04:20	15.58	15.58	15.58	0.3	0.92%	3000	25	25
27/06/2013	Noticee no. 7	11:30:00	11:40:37	15.89	15.89	15.89	0.31	0.95%	3000	15	15
28/06/2013	Noticee no. 9	10:30:00	11:12:19	16.2	16.2	16.2	0.31	0.95%	3000	10	10
01/07/2013	Noticee no. 6	09:30:00	09:36:43	16.5	16.5	16.5	0.3	0.92%	3000	8	8
02/07/2013	Noticee no. 4	10:30:02	10:38:59	16.8	16.8	16.8	0.3	0.92%	18500	10	10
03/07/2013	Noticee no. 7	10:30:00	10:31:05	17.1	17.1	17.1	0.3	0.92%	3000	10	10
04/07/2013	Noticee no. 7	09:30:00	09:51:34	17.4	17.4	17.4	0.3	0.92%	3000	15	15
05/07/2013	Noticee no. 4	10:30:00	10:57:00	17.7	17.7	17.7	0.3	0.92%	3000	15	15
08/07/2013	Noticee no. 7	10:30:00	11:04:36	18.05	18.05	18.05	0.35	1.08%	3000	15	15
09/07/2013	Noticee no. 4	12:30:00	12:42:54	18.4	18.4	18.4	0.35	1.08%	3000	10	10
10/07/2013	Noticee no. 7	12:30:00	12:30:27	18.75	18.75	18.75	0.35	1.08%	3000	10	10
11/07/2013	Noticee no. 6	11:30:00	11:59:16	19.1	19.1	19.1	0.35	1.08%	3000	6	6
12/07/2013	Noticee no. 7	11:30:01	12:03:19	19.45	19.45	19.45	0.35	1.08%	18500	25	25

15/07/2013	Noticee no. 8	11:30:00	11:57:43	19.8	19.8	19.8	0.35	1.08%	3000	10	10
16/07/2013	Noticee no. 7	11:30:00	12:02:26	20.15	20.15	20.15	0.35	1.08%	3000	10	10
17/07/2013	Noticee no. 7	10:30:00	10:45:49	20.55	20.55	20.55	0.4	1.23%	3000	15	15
18/07/2013	Noticee no. 6	12:30:00	12:34:17	20.95	20.95	20.95	0.4	1.23%	3000	8	8
19/07/2013	Noticee no. 7	10:30:00	10:49:52	21.35	21.35	21.35	0.4	1.23%	3000	30	30
22/07/2013	Noticee no. 5	12:30:00	12:31:44	21.75	21.75	21.75	0.4	1.23%	3000	10	10
23/07/2013	Noticee no. 5	09:30:00	09:49:14	22.15	22.15	22.15	0.4	1.23%	3000	10	10
24/07/2013	Noticee no. 5	10:30:00	10:31:45	22.55	22.55	22.55	0.4	1.23%	3000	10	10
25/07/2013	Noticee no. 5	10:30:00	10:51:27	23	23	23	0.45	1.38%	3000	10	10
26/07/2013	Noticee no. 5	11:30:00	11:31:16	23.45	23.45	23.45	0.45	1.38%	3000	10	10
29/07/2013	Noticee no. 4	10:30:00	10:33:08	23.9	23.9	23.9	0.45	1.38%	3000	15	15
30/07/2013	Noticee no. 7	10:30:00	11:13:14	24.35	24.35	24.35	0.45	1.38%	3000	25	25
01/08/2013	Noticee no. 8	11:30:00	11:33:32	25.25	25.25	25.25	0.45	1.38%	1500	25	25
02/08/2013	Noticee no. 4	11:30:00	11:31:02	25.75	25.75	25.75	0.5	1.54%	1000	10	10
06/08/2013	Noticee no. 6	11:30:00	11:34:07	26.75	26.75	26.75	0.5	1.54%	1500	25	25
07/08/2013	Noticee no. 6	11:30:00	12:03:13	27.25	27.25	27.25	0.5	1.54%	440	16	16
08/08/2013	Noticee no. 4	14:30:00	14:31:07	27.75	27.75	27.75	0.5	1.54%	1500	15	15
12/08/2013	Noticee no. 6	14:30:00	14:47:51	28.3	28.3	28.3	0.55	1.69%	1500	50	50
13/08/2013	Noticee no. 8	09:30:00	09:34:29	28.85	28.85	28.85	0.55	1.69%	1500	10	10
14/08/2013	Noticee no. 8	09:30:00	09:50:36	29.4	29.4	29.4	0.55	1.69%	1500	10	10
16/08/2013	Noticee no. 5	09:30:00	09:46:41	29.95	29.95	29.95	0.55	1.69%	1500	10	10
19/08/2013	Noticee no. 5	09:30:00	09:44:11	30.5	30.5	30.5	0.55	1.69%	1500	10	10
21/08/2013	Noticee no. 5	09:30:00	09:59:02	31.7	31.7	31.7	0.6	1.84%	1500	15	15
23/08/2013	Noticee no. 4	09:30:00	09:45:57	32.9	32.9	32.9	0.6	1.84%	1336	50	50
26/08/2013	Noticee no. 6	09:30:00	09:59:24	33.55	33.55	33.55	0.65	2.00%	1116	5	5
29/08/2013	Noticee no. 4	11:30:16	11:33:37	35.5	35.5	35.5	0.65	2.00%	5000	15	15
30/08/2013	Noticee no. 6	11:30:00	12:11:56	36.2	36.2	36.2	0.7	2.15%	500	40	40
04/09/2013	Noticee no. 4	10:30:38	10:34:55	38.35	38.35	38.35	0.75	2.30%	5000	25	25

27. It is observed from the table no. 8 presented above that all of the 62 trades of the 6 Noticees which contributed to positive LTP in the scrip of Surabhi during Patch-2 of the Investigation Period, were placed by these 6 Noticees only after the respective buy orders were placed in the stock exchange system. I further note that all the aforesaid 62 trades were *first trades* of those respective days. It is also noted from the records that despite huge buy orders being available in the stock exchange's trading system, these 6 Noticees chose to sell a very small quantities of shares in each of their trades. For instance, while placing the alleged 24 sell orders by Noticee nos. 5 & 8 for

640 shares, corresponding buy orders for 69,798 shares were already pending in stock exchange's system at the respective expected prices as desired by *Noticee nos. 5 & 8*. In case of *Noticee nos. 7 & 9*, while executing their 15 sell trades for 330 shares cumulatively, the corresponding purchase demands were 57600 shares by the respective buyers (with whom the trades got executed) at the prices desired by the *Noticees*. Similar pattern is noticed from the alleged 23 sell trades executed by the *Noticee nos. 4 & 6*, wherein there were in total a demand for 68192 quantities of shares already existing in the system for purchases by the respective buyers out of which, the two *Noticees* (*Noticee nos. 4 & 6*) picked up only 538 shares to buy through 23 trades executed by them. The afore-stated trading pattern reveal the intent of the 6 *Noticees* whereby the said *Noticees* apparently placed their sell orders for smaller quantities only to mark the price of the scrip higher and not to enter into any genuine sell transactions as a genuine investor of the Securities Market. It is also seen that these 6 *Noticees* have taken turns amongst them while executing trades and have executed one transaction at a time on different trading days which resulted in continuous increase in the price of the share of the *Company*. It is observed that out of those alleged 62 trades, the 6 *Noticees* have not placed any orders or executed any trades together on the same day. On the contrary, the trading pattern shows that they have acted apparently under a pre-conceived scheme and have placed order turn by turn on different days.

28. Selling stock of a company at a price higher than the preceding day's closing price would not *ipso facto* make an entity liable for wrong doing since a prudent seller would always prefer to sell at a higher price, however, the very unusual way of placing sell orders in such a fashion as narrated above , only with an intention to match with the pending buy orders and by approaching the market in a concerted manner by taking turns on different trading days to execute such orders, render the acts or trades executed by the aforesaid 6 *Noticees* as unfair trades having a dominant element of manipulation of price of the scrip of *Surabhi*. It also shows that the above stated 6 *Noticees* have placed their orders with a view to distort the market

mechanism and not as prudent investors, who would have otherwise tried to deal in the scrip with a motive to either consolidate their holding or to make profit through their *bonafide* trades executed in normal course of trading in the market. However, the strange way of placing sell orders over a period thereby offering miniscule quantities of shares in each trade and causing artificial rise in the price of the scrip cannot be viewed as normal and fair way of dealing in securities, more particularly, in the absence of explanations from the 6 *Notices*, who have not even furnished any explanation to justify the rationale behind dealing in the scrip of a Company having no fundamentals at all.

29. It is also observed from the trading details that though the price of the scrip was rising, the 6 *Notices* have not placed any sell order first, to exhibit their intent to sell the scrip as genuine investors. They have rather entered into the market with their sell orders of miniscule quantities only to match the price of already existing buy orders in the system. Therefore, in the absence of any plausible explanation justifying their action of selling the stock in such miniscule quantities and always executing the first trade of the day, the trades executed by these 6 *Notices* in such an unusual manner cannot be held as trades executed in a fair manner by any genuine investors of securities market in the normal course of trading in securities.

30. As mentioned at paragraph 9 of this Order, various *Notices* have argued and submitted their replies on almost similar lines. I note that all the *Notices* have taken a common plea that SEBI has ignored and overlooked various corporate announcements made by the *Company* during the Investigation Period and such announcements would have had definite impact on the price and volume in the shares of *Surabhi*. It is therefore important to look at all the major corporate announcements made by the *Company* during the Investigation Period. I find that the *Company* made announcements for payment of interim dividend, purchase of land, taking up infrastructure project and awarding of infrastructure project to contractor. Details of such announcements are given below:

Table-9: Major Corporate Announcements by the Company during the Investigation Period

S. No.	Date and Time	Announcement/ News
1	14/02/2013	Surabhi bags its first infrastructure project worth ₹1042 Lacs venturing in to infrastructure sector
2	26/02/2013	Board approves Sub-Division of Equity Shares
3	25/03/2013	Board declares Interim Dividend, ₹0.10 for each share of face value ₹10 per share
4	30/04/2013	Surabhi awarded work order to M S Engineers for Construction of Commercial Units in Malad, Mumbai. The duration of work order is 15 months and consideration is ₹200 lacs
5	06/05/2013	Surabhi enters in to agreement to acquire 1223.61 Sq. Mtrs. Land at Nagpur. The total consideration for said land is ₹527.20 lacs and Company proposed to construct residential and commercial units on the same.

31. As already mentioned at paragraph 2 of this Order, the price of the scrip of the Company increased from ₹2.52 to ₹1230 (adjusted for split) during the period from August 2012 to December 2014. Though, there was increase in the price of the scrip after each of the corporate announcements, but the trading volume in the scrip remained low. It is also pertinent to note that the financials of the Company were in no way supporting such price rise during the Investigation Period. Details of the financials of the Company are tabulated below:

Table-10: Financials of the Company in ₹crores

Particulars	Year Ended		
	2012-13	2013-14	2014-15
Sales	3.88	1.76	3.25
Other Income	0.00	0.00	0.00
Total Sales	3.88	1.76	3.25
Profit /Loss after Tax	0.83	0.80	0.57

32. As can be seen from the table no. 10 above, the sales revenue of the *Company* was even less than ₹9 crores cumulatively for 3 Financial Years and cumulative profit after tax for those corresponding 3 years was approximately ₹2 crores. Therefore, considering the weak fundamentals highlighted by financial reports of the *Company*, such unrealistic, spectacular and sustained price rise in the scrip from ₹2.52 to ₹1230 (adjusted for split) during the period from August 2012 to December 2014 can no way be justified by abovementioned announcements.

33. I also note that various *Notices* in their submissions have advanced an argument that the buy orders were already available in the trading system of the exchange at a price higher than the LTP and the *Notices* have only placed their sell orders at the same price to match the buy orders and therefore, have contended that their acts *per se* are not manipulative and fraudulent. I agree with the submissions of the *Notices* to the extent that the buy orders were already available in the system at a price higher than the LTP much before the *Notices* have placed the sell orders. However, what is pertinent to note here is that, each of the aforementioned alleged trades executed by the afore mentioned 9 *Notices*, was the *first trade* of those respective trading days and could be executed only because the *Notices* chased those buy orders with their sell orders of small quantities of shares but for which those trades would not have been executed. Despite the fact that the buyers have placed their buy orders much ahead of the sell orders at a price higher than LTP, I note that there was no seller in the scrip with whom such buy orders could have matched on those days. Therefore, such arguments of the *Notices* deserve to be rejected. The justification so advanced by the *Notices* are also not tenable for their strange acts of placing sell orders for miniscule quantities on a continuous basis even though the counterparty pending buy orders were available in the system for large quantities. The peculiar pattern of trading strategy adopted by the *Notices* certainly give rise to a belief as if the *Notices* were well aware of further demands in the scrip and therefore, despite confronting buy orders for larger quantities, have decided to offer shares in doses of smaller quantities over a long period. The observations made above

where none of the seller *Notices* was seen to have placed orders on the same day together with another *Noticee(s)* further exposes their intent and motive behind the placing of such sell orders.

34. I also note that certain *Notices* have contended that it is natural to seek a better price of the shares and that their act of selling the shares at higher price should not be treated as manipulative and unfair. In this regard, I would like to rely on the observations of the Hon'ble SAT in the matter of *Kalpna Dharmesh Chheda and Ors. Vs. SEBI and Ors. (DoD: February 25, 2020)*, in which the Hon'ble Tribunal had, inter alia, observed that *"though generally it can be stated that selling at a price higher than the LTP particularly when buy orders are available al 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."* Considering the foregoing observations which are aptly applicable in the present case, I reject the aforesaid contention of the *Notices* as it does not deserve further consideration.

35. I also note that most of the *Notices* have argued that no counterparty / buyer corresponding to their sell trades has been issued any notice by SEBI, therefore, the instant proceedings deserves to be disposed of by exonerating them on parity. At the outset, in my considered view the instant proceedings require me to ascertain, on the basis of facts and other materials available on record, as to whether or not, the alleged trades of the *Notices* are fair, normal and non-manipulative in nature. Further, it is trite law to state that in the quasi-judicial proceedings, the adjudicator is bound within the realms of the Show Cause Notice presented before him for adjudication. In the instant case, after examining the role of the counterparty buyers, if SEBI has found it not necessary to proceed against them, the same logic cannot ipso facto, be extended to the *Notices* who were primarily sellers. As regards the plea of

discrimination contended by *Noticees*, it is noted that in the matter of *Systematix Shares & Stocks India Limited vs. SEBI* (DoD: 23/04/2012, Appeal no. 21 of 2012), the Hon'ble SAT also had the occasion to deal with a similar argument of the appellant contending that the Board should have proceeded against all wrong doers and the action against the appellant and a few entities alone was discriminatory. In the said matter, the Hon'ble SAT observed that "*We cannot subscribe to this view since the Board has set its own benchmark in selecting cases or action and, in any case, the appellant cannot plead himself innocent or his trades as lawful.*" Therefore, instead of trying to distract my attention to others to whom SCN has not been issued, the *Noticees* ought to discharge their onus by justifying their trades within the bounds of market prudence before seeking shelter under such a plea. SEBI's action of not proceeding against other entities would no way take away the acts of fraudulent trade practice indulged in by the *Noticees* who, by repeatedly executing those sell trades of small quantities of shares over and above the LTP on a continuous basis, have contributed to the price rise in the scrip of *Surabhi*, which did not have any strong market fundamentals to entice trading by normal informed investors on such a continuous basis. Considering the foregoing, I reject this contention of the *Noticees* and do not find it necessary to further deal with such a contention.

36. I note that some of the *Noticees* have contested on the ground of delay in initiating the present proceedings after a gap of 6-7 years from the date of the execution of those alleged trades and to support their objections they have placed reliance on observations of Hon'ble SAT in the matter of *Ashok Shivopal Rupani vs. SEBI* (*supra*) and *Ashlesh Gunvantbhai vs. SEBI* (*supra*). Before going into the observations of Hon'ble Tribunal in the afore-stated matter, it is pertinent to mention here that there is no provision under *SEBI Act, 1992*, which prescribes a time limit for taking cognizance of the alleged breach of provisions of *SEBI Act, 1992* and rules and regulations made thereunder. Further, after perusing the observations of Hon'ble SAT in the afore-stated matter, I note that the facts of the aforementioned matter are completely different from the instant matter. The matter of *Ashok Shivopal Rupani*

(supra), *inter alia*, pertains to the failure of disclosure required to be made under insider and takeover related provision, whereas in the instant matter, *Noticees* have been charged with fraud under the SEBI PFUTP Regulations, 2003. Similarly, in the matter of *Ashlesh Gunvantbhai vs. SEBI* (supra), Hon'ble SAT had noted that "*alleged irregularities was noticed by SEBI in August 2011 and immediately thereafter investigation was launched for the period January 4, 2010 to January 10, 2011. Based on the investigation a show cause notice was issued on November 20, 2017. Thus, there is a delay of 7 years in the issuance of the show cause notice*". However, in the instant proceedings, I note from the records that investigation was initiated pursuant to receipt of various references during the period February 2015 – November 2016 from the Director of Income Tax (Investigation) and after completion of the fact finding exercise, a SCN was issued in the instant matter in April 2018. Further, it is trite law that in order to ascertain as to whether there has been actually any delay in the matter, the date when the violation came to the notice of the SEBI would be the relevant point and not the date of violation. Whether a delay in a particular case is justified or not depends on the facts and circumstances of that case. In this regard, reference and reliance is placed upon the following observations of Hon'ble SAT in the case of *Ravi Mohan & Ors. vs. SEBI* (SAT Appeal No. 97 of 2014, DoD 16/12/2015): -

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

adjudication order is passed after a lapse of several years from the date of issuing notice....."

In view of the aforesaid facts and judicial observations, I find that the contention of the *Noticees* with respect to delay in initiating action against them is misconceived and misplaced on facts as well as on law, hence not maintainable.

37. With regard to the contention of *Noticees* that their alleged sell trades are very miniscule as compared to the total number of shares traded in the scrip of *Company* and therefore, with such small quantities, *Noticees* could not have manipulated the price of the scrip of *Surabhi*, I note that though the individual contribution to positive LTP in the scrip of *Surabhi* may be small but the cumulative impact of all such small individual contributions together, has resulted in large amount of contribution to total market positive LTP in the scrip during the respective patches. For instance, *Noticee nos. 1 to 3* through their alleged trades have contributed to 58.38% of total market positive in the scrip of *Surabhi* in *Patch-1* of the investigation Period. Similarly, *Noticee nos. 4 & 6, 5 & 8 and 7 & 9* through their alleged sell trades have contributed to 30.58%, 24.80% and 15.30% of the total market positive LTP in the scrip of *Surabhi* during *Patch-2* of the investigation Period. I would also like to rely on the observations of the Hon'ble SAT in the matter of *Giriraj Kumar Gupta HUF Vs. SEBI* (DoD: February 25, 2020), in which the Hon'ble Tribunal have, inter alia, observed that "*Having heard the learned counsel for the parties, we are of the considered view that the impugned transactions, in the facts and circumstances of the matter, would fall in the realm of violations of PFUTP Regulations. Individual argument that each entity's trade is miniscule and only on a few days alone etc. is not sufficient to rebut the findings in the impugned order.*" The observations of the Hon'ble SAT are squarely applicable in the instant proceedings wherein, each of the *Noticees* has contributed to the positive LTP of the scrip but has not been able to provide any strong rationale for such unconventional trades of miniscule quantities. Therefore, the said contention of the *Noticees* require no further consideration and hence, is rejected.

38. Looking at the trading pattern as highlighted in detail in the foregoing paragraphs, it is alleged that there was no *bona fide* intention on the part of these 9 *Noticees* during the Investigation Period, to sell their shareholdings and they have traded on the exchange only to artificially mark up the price higher than LTP and to manipulate the price of the scrip of *Surabhi*. I note that the majority of the *Noticees* have taken a plea that it is a natural practice to seek a better value for their shares, therefore, as and when the *Noticees* observed the price of share was rising, it was desirable for them to sell the shares at a higher price. However, on an analysis of the trade data presented in the above mentioned tables, one peculiar trading pattern that was noticed is that all the alleged trades of 9 *Noticees* during the *Patch-1* and *Patch-2* which have resulted into contribution of positive LTP in the scrip of *Surabhi*, were executed on different trading days which means, none of the 9 *Noticees* has traded jointly with any other *Noticee* on the same day. Further, despite the fact that the buyers were willing to buy higher quantities, none of the 9 *Noticees* sold all or even a sizeable portion of the quantity that they possessed in a single trade. The way the 9 *Noticees* have been taking turns to place their LTP contributing sell orders on different trading days clearly smacks of a manipulative trading pattern whereby the 9 *Noticees* appear to have traded in one scrip with a pre-meditated mindset of sustaining the price rise of the scrip of *Company* continuously over a long period of time by way of contributing to the LTP of the scrip, turn by turn, on different trading days without coming together to the market on any given day. Such a trading pattern followed by the 9 *Noticees* apparently with an illicit motive to inflate the price of the scrip by trading in the scrip one at a time and only once in a trading day, strongly refutes the explanations of the *Noticees* that since they possessed small quantities of shares of the *Company*, they preferred to sell small quantities in tranches, to fetch better price. The trading pattern demonstrated by the *Noticees* rather exposes the wicked design in the minds of the *Noticees* who have optionally utilised their respective possessions of the scrip of the *Company* in small quantities by trading one at a time and once in a day, so as to keep the price of the scrip inflated over a long period of time. Considering

the foregoing, I reject this contention of the Noticees in *limine* as the same does not deserve further attention.

39. The *Noticees* have also advanced an argument suggesting that the allegations made against them in the SCN require stricter proof of evidence and their nexus with the *Company* or the counterparty to their trades has to be established, which is absent in the present case. Various judgments of Hon'ble Supreme Court have also been cited by the *Noticees* to support their argument. I have gone through the said the judgments which, in my view, have no bearing with the matter in hand. In fact, I note that none of the cited matters pertains to the concerns / issue of securities market. Notwithstanding the above, it is important to note that the issue of degree of proof with respect to violations in securities market has been dealt with in detail by Hon'ble Apex Court of India in the matter of *SEBI vs. Kishore R. Ajmera* [(2016) 6 SCC 368]. In the said case, Hon'ble Supreme Court has, *inter alia*, observed the following:

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

40. Therefore, the Hon'ble Apex Court while laying down the principle relating to evidentiary value has observed that in the absence of direct evidences, the attendant facts and circumstances which surround the allegations levelled (against the *Noticees*) may also form an inference towards proof of culpability. The Hon'ble Apex Court, in the said matter, while appreciating the purpose of *SEBI Act, 1992* and the regulations

framed thereunder, have observed that measures under the said enactments/regulations are taken to pre-empt manipulative trading and to contain the impermissible conduct so as to boost the investors' confidence in securities market. The Hon'ble Supreme Court, in yet another matter of *Kanaiyalal Baldev Bhai Patel vs. SEBI* (2017) 15 SCC 1, while analyzing the import of Regulation 2 (c) of SEBI PFUTP Regulations, 2003 have observed that irrespective of the fact that an act is done in a deceitful manner, if such an act or omission has an effect of inducing another person to act in a manner, in which he would not have acted had such inducement not been there, such act will constitute a fraudulent act. Thus, I have no doubt in holding that, in the present case, the trading conduct on part of all the *Noticees*, which have been found to be fraudulent and manipulative, was designed to induce the investors in securities market, since a misleading picture of trading in the scrip of *Surabhi* at a higher price, has been painted by their acts and trading behavior.

41. Having dealt with the arguments advanced by the *Noticees* in response to the SCN in the preceding paragraphs, I find that the *Noticee nos. 1 and 3*, by preferring not to appear before me in person nor even to make any written submission before me, have indicated that they have no argument in their defense to offer to dispute the allegations made in the SCN. In this regard, the observation of Hon'ble SAT in the matter of *Sanjay Kumar Tayal & Ors. vs. SEBI* (in appeal No. 68/2013) decided on February 11, 2014, is relevant and same is referred to hereunder: -

" 29. We see no merit in above contentions. 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....." .

42. Further, it has been submitted on behalf of the *Noticee nos. 5 and 8* that one Ms. Rupal Suryavanshi Vasant and one Mr. Kanchan Ramesh Mokal were the authorized signatory in the bank accounts and trading accounts of *Noticee companies nos. 5 and 8*

respectively, from where the alleged trades were executed and the present promoters, who acquired the majority stakes in the two *Notices* (*Notice nos. 5 and 8*) in the year 2013 were not aware about such trading. The *Notice companies* have furnished a certificate from their Chartered Accountant Mr. Damodar Sarda in support of the above submission, wherein Mr. Damodar Sarda has stated on affidavit that the present promoters were not aware of the alleged trades. I have gone through the reply as well as the affidavit furnished by the *Notice nos. 5 and 8* to claim their ignorance of the alleged trades. Having gone through the same, I find the above submission as an afterthought exercise, lacking in any substance as the alleged trades were admittedly executed through the accounts of the two *Notices* and were executed after the new promoters had already acquired those companies. The attempt of the *Notices companies* to project some other entities behind the said fraudulent activities and trades would not come to their rescue in the absence of initiation of any credible action against the said entities who were according to them responsible for executing those manipulative trades from their trading accounts. Therefore, the said claims without any follow up punitive action on the part of these two corporate *Notices* sounds hollow, and cannot be entertained for want of corroborative evidence.

43. Now moving on to additional arguments advanced by *Notice nos. 4, 6, 7 and 9* which were not part of the submissions of the other *Notices*, I deem it fit to deal with them separately. *Notice nos. 4, 6, 7 and 9* have contended that they have not executed any trades wherein they were counter party to each other's trade. In this regard, reliance is placed by the *Notice nos. 4, 6, 7 and 9* on the decisions of Hon'ble SAT in the matters of *Premchand Shah & Ors. vs. SEBI (supra)*, *Narendra Ganatra vs. SEBI (supra)* and *Smitaben N. Shah vs. SEBI (supra)* wherein observations have been made pertaining to the fraudulent and manipulative trades. In this respect, having gone through the aforesaid decisions, I am of the view that the facts & circumstances and the respective observations made in the above referred decisions are factually distinguishable, hence the proposition of law made therein is not applicable in the instant case. For instance, in *Smitaben N. Shah*, the allegation made was against cornering of shares in

collusions with the counter party by way of a structured and synchronized trading, which in turn requires higher degree of connection. Similarly, in the matter of *Narendra Ganatra*, the Hon'ble SAT has given its observations on reversal trades executed by the appellant through different brokers using different client codes thereby artificially raising the price of the scrip, which is completely different from the instant proceedings, wherein the *Noticees* by taking turns on different trading days have sold miniscule quantities of shares from their own trading accounts to mark up the price of the scrip of *Surabhi*. The materials available on record including the peculiar trading pattern of the *Noticee nos. 4, 6, 7 and 9* [by taking turns on different trading days and executing *first trade* of the day etc.] is sufficient enough to prove the malafide intention of these *Noticees*. Further, as already stated in the preceding paragraphs, *Noticee no. 4 and 6* are connected by blood relationship with each other and *Noticee no. 7 and 9* are connected by blood relationship with each other, which is a strong enough connection between themselves.

44. Further, *Noticee nos. 4, 6, 7 and 9* have submitted that they are entitled to a copy of the entire Investigation Report (IR), based on which the SCN has been issued, non-furnishing of which is in violation of principles of natural justice. In this regard, it needs to be clarified that all the relevant information which have been relied upon from the IR, have already been provided in the SCN and therefore, the contention of the *Noticee* is not acceptable. I note that *Notices'* have *inter alia*, relied upon observations of Hon'ble SAT in the matter of *Vikas Gourihar Narnavar vs. SEBI* (DoD: 15/06/2010). After perusing the said judgment, I find the contentions put forth by the *Notices* are not applicable in the instant case, since in the above referred matter, the trade logs and other relevant information from the investigation report which were relied upon while issuing the show cause notice were not provided to the appellants. However, I note from the SCN in the instant proceedings that all the relevant trade logs and other information have either been incorporated in the SCN or annexed to the SCN. In my view, the findings of the Hon'ble Tribunal in the matter

of *Anant R. Sathe vs. SEBI* (Appeal no. 150/2020 – Date of decision July 17, 2020) are relevant which are reproduced herein below for the purposes of reference:

“7. Having heard the learned counsel for the parties, we are of the opinion that the controversy involved in the present appeal is squarely covered by the decision of this Tribunal in Shruti Vora’s (supra) wherein the Tribunal held that:

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

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

*9. In **Natwar Singh vs. Director of Enforcement and Another (2010) 13 SCC 255** the Supreme Court held that the fundamental principle remains that nothing should be used against the person which has not been brought to his notice. If relevant material is not disclosed to a party, there is prima-facie unfairness irrespective of whether the material in question arose before, during or after the hearing. The Supreme Court further held that the law is fairly well settled, namely that if prejudicial allegations are to be made against a person, he must be given particulars of that before hearing so that he could prepare his defence.*

*10. In the light of the aforesaid, the request of the Appellant for supply of documents which are in possession of the authority is misconceived and cannot be accepted.
.....”*

45. Considering the above noted observations and the fact that Noticee nos. 4, 6, 7 and 9 have already been provided with the trade logs for their respective trades as requested by them and all other relevant documents relied upon in the SCN, their arguments regarding non-supply of documents including IR, is merely an

afterthought attempt just to delay the instant proceedings without any justifiable reasons and hence, deserve to be rejected.

46. The *Noticee nos. 4, 6, 7 and 9* have relied upon the findings of the Hon'ble SAT in various matters relating to the price manipulation in Indian securities market. Both the *Noticees* have also referred to certain SEBI orders to advance and buttress their arguments. In this respect, having gone through the said decisions, I am of the view that the observations made in the above referred decisions are factually distinguishable hence, are not applicable to the facts of the instant proceedings involving these *Noticees*, as can be deciphered from the summary presentation of facts of some of those cases in the table as under:

Sr. No.	Matter	Facts of the matter and respective observations of Hon'ble SAT	How the facts are different from instant proceedings
1	<i>Vikas Ganshmal Bengani vs. WTM SEBI</i> (Date of Decision: 25.02.2010 in Appeal 225 of 2019)	In the referred matter Hon'ble SAT noted that the company made some operational losses during the year 2000-01 and 2002 which showed a declining trend and has turned into profit from the year 2002-03.	In the instant matter, as mentioned at the table no. 10 of this Order, the <i>Company</i> witnessed continuous downward trend in the profits earned, which clearly does not support the price rise.
2	<i>KSL & Industries Ltd. vs. Chairman, SEBI</i> (Date of Decision: 30.09.2003, Appeal 9 of 2003)	Hon'ble SAT has, <i>inter alia</i> , noted that " <i>A wild allegation of market manipulation, in particular the charge of fraudulent action unsupported with convincing evidence is not to be sustained</i> "	In the instant matter, evidence pertaining to connection amongst <i>Noticee nos. 4 and 6</i> is available on record. Further, the trading pattern of selling in miniscule quantities, approaching market on different trading days by taking turns ,

			etc. furthers the <i>malafide</i> intention of the <i>Noticees</i> .
3	<i>Kapil Chatrabhuj Bhuptani vs. SEBI</i> (Date of Decision: 10.10.2013, Appeal 95 of 2013)	Matter pertains to Synchronised trading, wherein the appellant had contributed 0.89% of synchronized trade to total market volume.	The instant matter pertains to contribution to positive LTP, wherein the <i>Noticee nos. 4 & 6</i> have cumulatively contributed to 30.58% of positive LTP by trading in just 2538 shares (1.84% of total market volume).
4	<i>HB Stockholdings vs. SEBI</i> (Date of Decision: 27.08.2013, Appeal 114 of 2012)	Hon'ble SAT has given observations regarding proving connivance with the counterparties in case of charge of synchronized trading.	

47. With regard to the reliance by the *Noticees*, in the matter of *Nishith Shah (HUF) vs. SEBI* (Date of Decision: 16.01.2020, Appeal 97 of 2019), I note that Hon'ble SAT in the said matter has observed that "*Allegation that the appellant has contributed to the LTP cannot be upheld in the absence of any collusion with the buyer or promoter/director of the Company*". The *Noticees* have contended that similarly in the absence of any collusion with the counter party, or connection with promoter/director of the company, the charge of manipulation would not sustain. I have gone through the observations made by Hon'ble SAT in the *Nishith Shah (supra)* matter and find that the said observations would not be of any assistance to the *Noticees*. The SCN in the instant matter does not proceed and make any allegations of collusion with counter party, hence absence of establishment of any connection would *ipso facto* not render the charge as incomplete. The SCN herein rather proceeds to allege the unusual trading pattern adopted by the respective *Noticees* religiously on continuous basis thereby

causing artificial price rise in the scrip which has been conclusively established in the preceding paragraphs of this Order based on the evidences and explanations furnished by the *Noticees*, hence reliance on the observations of Hon'ble SAT in the matter of *Nishith Shah (supra)* is not squarely applicable to the facts and allegations made against the *Noticees* in the present proceedings.

48. Keeping in view the afore-stated unusual and price manipulative trading pattern exhibited by the 9 *Noticees*, it may be relevant to note that Hon'ble SAT, in the matter of *Ketan Parekh v. SEBI* (Appeal No. 2 of 2004 decided on 14.07.2006) had an occasion to deal with the propriety of non-genuine trades and have made the following observations:

".....Any transaction executed with the intention to defeat the market mechanism whether negotiated or not would be illegal. Whether a transaction has been executed with the intention to manipulate the market or defeat its mechanism will depend upon the intention of the parties which could be inferred from the attending circumstances because direct evidence in such cases may not be available. The nature of the transaction executed, the frequency with which such transactions are undertaken, the value of the transactions, whether they involve circular trading and whether there is real change of beneficial ownership, the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn.

49. In the light of the aforesaid observations of the Hon'ble SAT and Hon'ble Supreme Court of India, and after considering the trading pattern, and the manner and frequency with which such trades were executed by the 9 *Noticees*, it constrains me to hold that the *Noticee no.1 to 9* were not acting as genuine sellers and had no bona fide intention to trade in the scrip of *Surabhi*. I therefore hold that the trading behavior of *Noticee no. 1 to 9 vis-à-vis* the scrip of *Surabhi* has been glaringly ill

motivated, fraudulent and was intended towards manipulating the price of the shares of *Surabhi* is in violation of Regulations 3 (a), (b), (c), (d) and 4 (1), 4 (2) (a), (e) of SEBI PFUTP Regulations, 2003.

50. Considering the fact that the *Noticee no. 2* has expired, as observed at paragraph 8 of this Order, the instant proceeding stands abated against the *Noticee no. 2* and accordingly, the SCN issued against the *Noticee no. 2* is disposed of.

51. The trading pattern exhibited by the remaining *Noticees* i.e. *Noticee no. 1, 3, 4, 5, 6, 7, 8 and 9* in the scrip of *Surabhi* amounts to gross market-abuse and was clearly aimed at misleading the investors of Securities Market about the trading in the said scrip. Such trades tantamount to misuse of the Securities Market platform in breach of enshrined principles of transparency and integrity of Securities Market. Therefore, such deliberate violations require to be dealt with preserving and protecting the integrity of the Securities Market.

DIRECTIONS

52. In view of the above discussions and findings with respect to the violations of provisions of SEBI PFUTP Regulations, 2003 by the *Noticees* as found established, I in exercise of powers conferred upon me under Sections 11(1),11(4),11B(1) read with Section 19 of the *SEBI Act, 1992*, in order to protect the interest of investors and the integrity of the Securities Market and to meet the ends of justice, hereby restrain the *Noticees no. 1, 3, 4, 5, 6, 7, 8 and 9* from accessing the Securities Market and further prohibit them from buying, selling or otherwise dealing in securities, directly or indirectly in any manner, for the period as directed below.

Name of the <i>Noticee</i>	(Period in years / months)
Rajnikant Maganlal Mehta	01 year
Pravin Mahendra Pagare	01 year
Kailash Kumar Lakhani	06 months

Akriti Advisory Services Private Limited (now known as Jagruti Infra Developers Private Limited)	06 months
Saroj Devi Lakhani	06 months
Abhisek Bhutra	06 months
Sarvottam Advisory Private Limited	06 months
Gita Devi Bhutra	06 months

53. It is clarified that during the period of restraint, the existing holding of securities of the aforesaid *Notices* including units of mutual funds, shall remain frozen.

54. It is clarified that obligation of the aforementioned *Notices*, in respect of settlement of securities, if any, purchased or sold in the cash segment of the recognized stock exchange(s), as existing on the date of this Order, can take place irrespective of the restraint/prohibition imposed by this Order, in respect of pending transactions, if any. Further, all open positions, if any, of the aforesaid *Notices* in the F&O segment of the stock exchange, are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.

55. In light of my observations noted at paragraph 50 of this Order, proceeding against *Notice no. 2* is disposed of without any direction.

56. The Order shall come into force with the immediate effect.

57. A copy of this Order shall be forwarded to all the *Notices*, all the recognized Stock Exchange, depositories and registrar and transfer agents for ensuring compliance with the above directions.

-Sd-

DATE: JANUARY 27, 2021

PLACE: MUMBAI

S. K. MOHANTY

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA