

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:

Sr. No.	Names of the Entities	PAN
1.	Skylight Distributors Private Limited	AAMCS8390J
2.	Suryamukhi Projects Private Limited	AAMCS5392J
3.	Mangalmayee Hirise Private Limited	AAFCM7962D
4.	Pushpanjali Commotrade Private Limited	AAECP9727C
5.	Subhshree Hirise Private Limited	AAMCS5112J
6.	Growfast Realtors Private Limited	AADCG3026G
7.	Vazhacholil Paul Xavier	ACHPV5614L
8.	Falgooni Naresh Kumar Shah	ABEPS5214M

(The entities mentioned above are individually known by their respective name or Noticee no. and collectively referred to as "Noticees")

In the matter of Nouveau Global Ventures Ltd.

Background:

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI") conducted an investigation into the trading in the scrip of Nouveau Global Ventures Ltd. (for convenience "*Nouveau/ Company*"), for the period of December 01, 2010 to March 28, 2013 (hereinafter referred to as "*Investigation Period*") for possible violation, if any, of the provisions of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "*SEBI Act, 1992*") and rules and regulations made thereunder.

2. Based on price-volume movements in the scrip of the *Company*, Investigation Period was divided in following three patches. However, I note that for the purpose of the instant proceedings, *Patch-1* and *Patch-3* are relevant.

Patch-1: December 01, 2010 to April 06, 2011

Patch-2: April 07, 2011 to December 10, 2012

Patch-3: December 11, 2012 to March 28, 2013

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

Patch-1 (December 01, 2010 to April 06, 2011)

- a) During *Patch-1* of the Investigation Period i.e. from December 01, 2010 to April 06, 2011, the price of the scrip of the *Company* moved from ₹128 to ₹203.25, witnessing an increase of ₹75.25 in the price of the scrip of the *Company*. Investigation revealed that during *Patch-1*, *Notices nos. 1 to 6* (for convenience “6 *Notices*”) have cumulatively executed 60 trades by acting as buyers and with those 60 trades *Notices nos. 1 to 6* have together contributed an amount of ₹187.65 towards the positive Last Traded Price (hereinafter referred to as “positive LTP”) which constituted 9.05% of the total market positive LTP in the scrip during *Patch-1* of the Investigation Period.
- b) Investigation also noticed that each of the buy orders for all the aforementioned 60 trades was placed only after the corresponding sell order was placed by the respective counterparty and despite the fact that the sell orders for larger quantities of the scrip were available in the system /market, the 6 *Notices* herein kept placing their buy orders only for small quantities ranging between 1-100 shares, on a repeated basis in each of their transactions, at prices higher than the LTP, and by following such trading pattern have contributed substantial rise in the price of the scrip of the *Company*.

- c) Based on their UCC details, off market transactions, physical share transfers, financial transactions and MCA data, Investigation further identified that the *Noticee no. 1 to 6* were connected to each other directly or indirectly through other entities.
- d) The trading pattern of the 6 *Noticees* revealed that they were acting in concert, and had placed the buy orders at a higher price than the LTP, which impacted the price of the scrip thereby contributing significantly to the price rise in the scrip, apart from creating misleading appearance of trading in the scrip in the minds of the other investors and market participants.

Patch-3 (December 11, 2012 to March 28, 2013)

- e) Upon examining the trades executed in the *Patch-3* of the Investigation Period, investigation noticed that the price of scrip opened at ₹30.90 and closed at ₹31.60. Though there was a net LTP increase of ₹0.70, it was noticed that total positive LTP in the scrip of the *Company* during the *Patch-3* of the Investigation Period was ₹535.10.
- f) The examination of trades executed during *Patch-3*, revealed that *Noticee no. 7* while executing 32 buy trades, had contributed to positive LTP of ₹48.25 which constituted 9.02% of total market positive LTP in the scrip of *Nouveau* during *Patch-3* of the Investigation Period. It was further unearthed that the buy orders for all the aforementioned 32 trades were placed by the *Noticee no. 7* only after the sell orders were placed by the respective counterparties and despite the fact that the sell orders for larger quantities of the scrip were available in the market, the *Noticee no. 7* had placed his buy orders for small quantities within a range of 1-50 shares only and each of his 32 trades was placed at prices higher than the LTP thereby causing substantial rise in the price of the scrip of the *Company*.
- g) Investigation further observed that the *Noticee no. 8* had also placed buy orders for small quantities in the scrip of the *Company* during *Patch-3* of the Investigation Period and through her 34 such buy trades, she contributed

₹26.755 to the positive LTP (5.00% of total market positive LTP) in the scrip of *Nouveau*. From the trading pattern of the aforesaid 34 trades, Investigation further revealed that the said buy orders for miniscule quantities ranging from 1-15 shares per order, were placed by *Noticee no. 8*, despite the fact that the corresponding sell orders were available for larger quantities in the stock exchange's trading system.

h) Based on the aforesaid findings, investigation found that *Noticee nos. 7 and 8*, were not acting as genuine buyers while executing trades in the scrip of the *Company* during *Patch-3* of the Investigation Period and had traded only to create a misleading appearance of trading in the scrip of *Nouveau*.

4. Keeping in view the aforesaid findings from the investigation, it has been alleged that the 60 trades executed by the 6 *Noticees* during *Patch-1* of the Investigation Period and the alleged 32 and 34 trades executed by the *Noticee no. 7 and Noticee no. 8* respectively during the *Patch-3* of the Investigation Period were not genuine trades and were manipulative in nature which have escalated the price of the scrip of the *Company* artificially in an unusual, abnormal and fraudulent manner, causing thereby a misleading appearance of trading in the scrip. Such acts of trading in the scrip by the *Noticees* were 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 (hereinafter referred to as "*PFUTP Regulations, 2003*").

Show Cause Notice and Reply

5. Pursuant to the aforesaid findings during the investigation, a common Show Cause Notice dated February 14, 2018 (hereinafter referred to as "*SCN*") was issued to all the *Noticees*, asking them to show cause as to why suitable direction under Section 11, 11(4) & 11 (B) *SEBI Act, 1992* shall not be issued against them for their alleged acts of violations of provisions of *PFUTP Regulations, 2003*.

6. I note from the available records that the afore-said SCN was duly served on the *Notices nos. 1, 4, 7 and 8* by post. I also note from the records that, in respect of remaining *Notices*, an attempt was made to physically deliver / affix the SCN on the last known address, however, the attempt failed as the owner of the respective premises did not allow to carry out the affixture. Therefore, the SCN on the *Notices nos. 2, 3, 5 and 6* was served through Newspaper Publication dated September 05, 2020 in the Kolkata edition of *Ananda Bazar Patrika*, *The Times of India* and *Dainik Jagran*. Subsequently, in compliance with the principle of natural justice, an opportunity of personal hearing was accorded to the *Notices* for which the date of hearing was fixed on June 17, 2020. However, considering the onset of COVID-19, it was thought in the interest of natural justice to grant another opportunity of hearing to the *Notices*. Accordingly, the next date of hearing was fixed on September 23, 2020 and the same was communicated to all the *Notices* through email dated August 21, 2020 and additionally, for *Notices nos. 1 to 6* through Newspaper Publication dated September 05, 2020 in the Kolkata edition of *Ananda Bazar Patrika*, *The Times of India* and *Dainik Jagran*. I further see from the records that *Noticee no. 8* vide email dated September 10, 2020 has requested for a copy of the annexures to the SCN and further vide, email dated September 12, 2020, has made written submissions. Subsequently, on the date of the scheduled hearing, only *Noticee nos. 7 and 8* appeared before me in person and made their submissions. I also note that certain queries / details were sought from *Noticee nos. 7 and 8* during the Personal hearing in response to which *Noticee no. 8* vide email dated November 24, 2020 has submitted such details. However, *Noticee no. 7* vide email dated November 19, 2020 has stated that he did not wish to submit any further details. With regard to the remaining *Notices viz: Notices nos. 1 to 6*, I find that sufficient opportunities for personal hearing have been provided to them and considering the fact that no request for any adjournment has been received from these 6 *Notices* so far, no useful purpose would be achieved by granting any more opportunity. Therefore, I deem it appropriate to proceed in the matter on the basis of materials available on record.

Submissions of the Noticees

7. As mentioned above only *Noticee no. 7* and *8* have made submissions before me during the personal hearing. During the course of personal hearing, *Noticee no. 7* had referred to his reply dated March 21, 2018 and also to his email dated March 21, 2018 that was submitted to SEBI for Adjudication proceedings initiated against him on similar charges for trading in scrip of *Nouveau*, requested me to consider the said documents as well, in connection with the instant proceedings. Accordingly, *Noticee no. 7* has shared those documents with me vide email dated September 23, 2020 for consideration which he had earlier submitted in connection with his adjudication proceedings. Further, *Noticee no. 8* vide emails dated September 12, 2020 and November 24, 2020 has made her submissions and furnished her trade details in the matter. On the basis of the submissions so far received from the *Noticee nos. 7 and 8* during their personal hearing and documents filed by them subsequently, I would highlight their main contentions as below:

Submission of Noticee no. 7

- a) The *Noticee* is not a regular trader in the securities market. He lost his job around September 2012 and thereafter started trading in a few scrips including *Nouveau*.
- b) With regard to the allegation of buying one share at a time on various occasions, such trades of buying small quantities (especially 01 share at a time) were executed in order to fetch higher price while selling the shares. Such act was done without knowing the implication of Indian Securities Law.
- c) While trading in the scrip of the *Company*, *Noticee* had incurred losses, which indicates that he had no intention to manipulate the price of the scrip.

Submission of Noticee no. 8

- d) *Noticee* claimed that she was an intra-day trader and had also sold various shares in the scrip of *Nouveau* on the same day and had squared off her position.

- e) The trades for 01 share every time at regular interval, were executed for the purpose of checking / refreshing the LTP on the trading screen, which is a common practice adopted by jobbers / arbitragers / intra-day traders across the securities market.

Consideration of Issues and Findings

8. Considering the findings of the Investigation, the allegations leveled against the *Noticees* in the SCN based on such findings, and the explanations offered by the *Noticees* to the allegations made in the SCN through their written and oral presentations before me, I find that in this case, the following issues require consideration:

- Issue 1: Whether the Noticee nos. 1 to 6 (6 Noticees) are connected entities and whether acts of the Noticee nos. 1 to 6 (6 Noticees) during Patch-1 of Investigation Period in the scrip of Nouveau 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?
- Issue 2: Whether the acts of the Noticee nos. 7 and 8 during the Patch-3 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?

Issue 1: Whether the Noticee nos. 1 to 6 (6 Noticees) are connected entities and whether acts of the Noticee nos. 1 to 6 (6 Noticees) during Patch-1 of Investigation Period in the scrip of Nouveau 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?

9. The SCN has alleged that the 6 *Noticees* were part of a group and have enjoyed connections with each other and the said *inter se* connection were based on common addresses, common phone numbers, common directorship and off market transfers of shares etc. Details of such connection enjoyed by the 6 *Noticees* (provided to all the *Noticees* through SCN) are tabulated below:

Table no. 1: Details of connection between Noticee nos. 1 to 6

Noticee No.	Name of Noticee	Basis of Connection
1	Skylight Distributors Private Limited	• Noticee nos. 1 and 4 share common address "3 Saklet Place Kolkata West Bengal 700072" • Noticee nos. 1 to 6 are sharing common phone number "22312534" • Pramod Ramdin Sharama (DIN-447070) is a director in Noticee nos. 1, 2, 3, 4 and 6. • Pulak Bagchi (DIN-2329661) is a director in Noticee nos. 1 to 6. • Ranjit Gupta (DIN-5308049) is a director in Noticee nos. 1, 2, and 4. • Had off-market transactions with Noticee no. 3 in the scrip of Nouveau during Investigation period.
2	Suryamukhi Projects Private Limited	• Noticee nos. 2, 3, 5, and 6 share common address "4a Madan Mohan Burman Street Kolkata West Bengal 700007" • Noticee nos. 1 to 6 are sharing common phone number "22312534" • Pramod Ramdin Sharama (DIN-447070) is director in Noticee nos. 1, 2, 3, 4 and 6. • Pulak Bagchi (DIN-2329661) is director in Noticee nos. 1 to 6. • Ranjit Gupta (DIN-5308049) is director in Noticee nos. 1, 2, and 4.
3	Mangalmayee Hirise Private Limited	• Noticee nos. 2, 3, 5, and 6 share common address "4a Madan Mohan Burman Street Kolkata West Bengal 700007" • Noticee nos. 1 to 6 share common phone number "22312534" • Pramod Ramdin Sharama (DIN-447070) is a director in Noticee nos. 1, 2, 3, 4 and 6. • Pulak Bagchi (DIN-2329661) is a director in Noticee nos. 1 to 6. • Had off-market transactions with Noticee no. 1 in the scrip of Nouveau during Investigation period.
4	Pushpanjali Commotrade Private Limited	• Noticee nos. 1 and 4 shares common address "3 Saklet Place Kolkata West Bengal 700072" • Noticee nos. 1 to 6 share common phone number "22312534" • Pramod Ramdin Sharama (DIN-447070) is a director in Noticee nos. 1, 2, 3, 4 and 6. • Pulak Bagchi (DIN-2329661) is a director in Noticee nos. 1 to 6. • Ranjit Gupta (DIN-5308049) is a director in Noticee nos. 1, 2, and 4.
5	Subhshree Hirise Private Limited	• Noticee nos. 2, 3, 5, and 6 share common address "4a Madan Mohan Burman Street Kolkata West Bengal 700007" • Noticee nos. 1 to 6 share common phone number "22312534" • Pulak Bagchi (DIN-2329661) is a director in Noticee nos. 1 to 6.
6	Growfast Realtors Private Limited	• Noticee nos. 2, 3, 5, and 6 share common address "4a Madan Mohan Burman Street Kolkata West Bengal 700007" • Noticee nos. 1 to 6 share common phone number "22312534" • Pramod Ramdin Sharama (DIN-447070) is a director in Noticee nos. 1, 2, 3, 4 and 6. • Pulak Bagchi (DIN-2329661) is a director in Noticee nos. 1 to 6.

10. I note from the table no. 1 above that the 6 *Noticees* enjoyed direct connections with each other. For instance, as per the UCC details available on record, I note that *Noticee nos. 2, 3, 5 and 6* shared a common address at "4A Madan Mohan Burman Street Kolkata West Bengal 700007". Similarly, *Noticee no. 1 and 4* shared common address at "3 Saklet Place Kolkata West Bengal 700072". I also observe from the UCC details that the 6 *Noticees* are connected to each other by way of a common phone number i.e. "22312534". I further note that the 6 *Noticees* also enjoyed connection with each other on the basis of common directorship. For instance, 6 *Noticees* have a common Director namely, *Pulak Bagchi (DIN-2329661)*. Further, one *Pramod Ramdin Sharama (DIN-447070)* was a common Director in *Noticee no. 1, 2, 3, 4 and 6*. Similarly, one *Ranjit Gupta (DIN-5308049)* was a common director in *Noticee no. 1, 2, and 4*. As per the materials available on record, I note that *Noticee nos. 1 and 3* had off-market transfers of shares in the scrip of the *Company* during the Investigation Period. Also, from the records available before me and furnished to the *Noticees* as annexures to the SCN, I note that other than the direct connection, these 6 *Noticees* were also connected to each other indirectly (by having direct connection with the common entities), which again indicates a strong connection between the 6 *Noticees*.

11. As already noted above, none of the 6 *Noticees* has filed any reply to the SCNs and they have even preferred to abstain from attending personal hearing, for the reasons best known to them. At this juncture, I find it apt to refer to and rely on the observation of the Hon'ble Securities Appellate Tribunal (for convenience "SAT") in the case of *Sanjay Kumar Tayal & Others v SEBI (Appeal No. 68 of 2013- DoD-11.02.2014)*, wherein the Hon'ble SAT has observed that—".....As rightly contended by Mr. Rustomjee, learned senior counsel for respondents, appellants have neither filed reply to show cause notices issued to them nor have 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.....".

12. Keeping in view the afore-said judicial observation, looking at the close connections that existed amongst *Noticees nos. 1 to 6* and in the absence of any material contrary to the allegations, I find that the materials on record are sufficient enough to reasonably conclude that the 6 *Noticees* were enjoying close connections among themselves and belonged to a common group of trades in the instant case.

13. I note that in the SCN, the acts of the *Noticees* of indulging in manipulative and unfair trades by contributing to positive LTP in the scrip of *Nouveau* through their abnormal trading patterns as displayed repeatedly over the period, have been alleged to be in violations of various provisions of *PFUTP Regulations, 2003*. Therefore, before moving forward on this issue, it would be proper to visit the afore-stated regulatory provisions alleged as to have been violated in the SCN. The said provisions are produced hereunder for ready reference:

Regulation 3 of SEBI (PFUTP) Regulations, 2003: - Prohibition of certain dealings in securities

3. No person shall directly or indirectly –

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

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

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

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

Regulation 4 of SEBI (PFUTP) Regulations, 2003: - Prohibition of manipulative, fraudulent and unfair trade practices

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

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

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

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

14. Moving on to the allegations made in the SCN on the trade related aspects, I note that during the *Patch-1* of the Investigation Period (December 01, 2010 to April 06, 2011), the price of the scrip of the *Company* moved from ₹128 to ₹203.25, thereby registering an increase of ₹75.25 in the scrip price in which a total market positive LTP of ₹2072.45 was witnessed in the scrip during the said *Patch-1*. I note that the SCN has alleged that by executing 60 manipulative trades and resorting to unfair buy trades, the 6 *Noticee* have cumulatively contributed a sum of ₹187.65 to the positive LTP in the scrip of *Nouveau* during *Patch-1* of the Investigation Period. Therefore, to begin with, the impact of such trades on the LTP of the scrip during *Patch-1* of the Investigation Period need to be examined first. Details of the trades executed by the 6 *Noticees* in the alleged 60 trades during the *Patch-1* of the Investigation Period and the impact of the same on the LTP in the scrip are tabulated below:

Table no. 2: Details of contribution to LTP by 6 *Noticees* in 60 alleged trades

Noticee no.	Number of trades	Traded Quantity in	Total Buy Order Quantity	Total Sell Order Quantity	LTP Impact (₹)	LTP Impact (%)
Skylight Distributors Private Limited (<i>Noticee no. 1</i>)	31	448	473	8598	101.00	4.87%
Suryamukhi Projects Private Limited (<i>Noticee no. 2</i>)	14	267	351	11729	42.15	2.03%

Mangalmayee Hirise Private Limited (<i>Noticee no.3</i>)	8	46	46	1440	22.35	1.07%
Pushpanjali Commotrade Private Limited (<i>Noticee no.4</i>)	1	30	55	300	5.00	0.24%
Subhshree Hirise Private Limited (<i>Noticee no. 5</i>)	4	62	77	550	16.15	0.77%
Growfast Realtors Private Limited (<i>Noticee no.6</i>)	2	51	51	120	1.00	0.04%
Total	60	904	1053	22737	187.65	9.05%
Market Total	4165	3415573			2072.45	100%

15. It is noticed from the trade details of the aforesaid 6 *Noticees* as depicted in the table no. 2 above, that the 6 *Noticees*, through their alleged trades in the scrip of *Nouveau* during *Patch-1* of the Investigation Period, have contributed a positive LTP of ₹187.65 (9.05% of total market positive LTP) in the scrip of *Nouveau*. I further note that such contribution of positive LTP in the price of the scrip of *Nouveau* by the 6 *Noticees* referred to above was generated out of only 904 shares a mere (0.026% of the total market volume) traded out of a total number of 3415573 shares traded during the *Patch-1* of the Investigation Period. Further, those 904 shares were traded in 60 trades which constituted just 1.44% of the total trades (4165) executed in the scrip during the *Patch-1* of the Investigation Period. Thus, it is apparent that the *Noticees* have been able to contribute substantially to the rise in the price of the scrip of the *Company*, through such low volume and such less number of trades executed by them during the *Patch-1* of the Investigation Period. The aforesaid trading data which shows that the 6 *Noticees* have contributed to more than 9% of the total positive market LTP from less than 0.1% of the total market volume during the said period in the scrip of the *Company*, raises a compelling suspicion on the intent of the 6 *Noticees* got instigated from the very trading pattern adopted by these 6 *Noticees* during the said period.

16. The SCN has also alleged that the 6 *Noticees* were knowingly placing the buy orders for small quantity of shares in each of their trades despite the fact that the sell orders placed by the counterparties in the stock exchange's system were available for

relatively larger quantities. In this regard, to further evaluate the impact of the alleged trades executed by the 6 *Noticees*, it is important to observe the order placing pattern noticed in those 60 trades, the details of which are given below:

Table no. 3: Details of buy orders and corresponding sale orders of alleged 60 trades

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

17. From the table no. 3 above, I note that the buy orders for the alleged 60 trades were placed by the 6 *Noticees* for very small quantities (in the range of 1 to 100 shares) whereas the corresponding pending sell orders already available in the stock exchange's system for matching were for large quantities (in the range of 5 to 6500 shares). The aggregate total of the pending sell order quantities (22737 shares) for these 60 trades was approx. 21.59 times higher than the total number of buy order quantities (1053 shares) placed by the 6 *Noticees*. I further note that out of the 60 trades, in 30 trades the buy order quantities placed by the 6 *Noticees* was only 01 share on each of such order placed. The 6 *Noticees* have offered no explanation or justification behind such peculiar act of purchasing only 01 share in each of the 30 trades out of the 60 trades executed by them. Even if it is considered that the 6 *Noticees* were genuinely interested in purchasing the share of *Nouveau*, no rationale has been advanced to justify such a trading pattern of purchasing only 01 share every time on various occasions and that too at a price higher than the LTP, despite the fact that offer for large quantities of shares of *Nouveau* were available in the market to meet their genuine need to purchase the shares of the *Company*.

18. I also observe from the trade logs of the alleged 60 trades (annexure 2 of the SCN) that the respective buy orders with respect to all the 60 trades were placed by the 6 *Notices* after the respective sell orders were first placed in the stock exchange's system by the counter parties to those 60 trades. It is also pertinent to mention here that the sell orders which were already available and pending in the stock exchange system, would not have been able to make any manipulative impact on the price of the scrip on their own, had the 6 *Notices* not placed those buy orders in the miniscule quantities only to match matching the sell prices offered in those pending sell orders. Even, in certain instances, it is seen that the 6 *Notices* have placed their buy orders at a price higher than the price of the sell order already pending for execution in the system. Undoubtedly, in the absence of the buy orders for small quantities placed by the 6 *Notices*, no transaction would have ever fructified on those trading days and no positive LTP would have been formed. The manipulative intent of the 6 *Notices* gets further exposed from the fact that instead of buying relatively larger quantities of shares when large quantities of sell orders were already available in the trading system, the 6 *Notices* were buying small/miniscule number of shares (mostly 01 share at a time) which shows that they had no real enthusiasm to buy the scrip of *Nouveau* or to invest in the scrip of the said *Company*. The sequencing of buy & sell orders and the unique trading pattern adopted in these trades *prima facie* demonstrate that the 6 *Notices* have placed their buy orders not on business prudence as genuine investors but with a fraudulent intent to inflate the price of the scrip of the *Company*, by way of their successive contributions to market positive LTP through repeated LTP contributing trades in the scrip of the *Company*.

19. From the foregoing discussions and analysis of trading pattern displayed by the 6 *Notices*, I find that through such an abnormal trading behavior as highlighted above, all the 6 *Notices* have indulged in executing very unusual patterns of trades to deliberately manipulate the price of the scrip. Their trading pattern of buying very few shares (mostly 01 share at a time) in each trade on a number of occasions and their decision to place buy orders in a manner that they get matched with the existing

sell orders available in the stock exchange system for prices higher than the LTP, manifest their ill-intent that they were not interested in buying the stock like prudent trades in the securities market and instead, their trading behavior clearly unravels their malicious intention to trade only to distort the market equilibrium so far as the price and volume of the scrip of *Nouveau* is concerned.

20. Keeping in view the afore-stated apparently malicious trading pattern exhibited by the 6 *Noticees* and my observations thereon in the foregoing paragraphs, it may be relevant here 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."

21. As already noted in the preceding paragraphs of this Order that despite service of the SCN and affording opportunity of personal hearing, the 6 *Noticees* have failed to submit any reply to the SCN and did not appear for the personal hearing on various dates to explain the rationale behind executing such trades. Therefore, I would like to rely on the observations of the Hon'ble SAT in the matter of *Classic Credit Ltd. vs. SEBI* (Appeal No. 68 of 2003, DoD-08/12/2006) that ".....the appellants did

not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show-cause notice were admitted by them."

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

Issue 2: Whether the acts of the Noticee nos. 7 and 8 during the Patch-3 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?

23. I note that during *Patch-3* of the Investigation Period, the price of scrip of the *Company* opened at ₹30.90 and closed at ₹31.60. Though there was a net LTP increase of only ₹0.70, it was noticed that total positive LTP created in the scrip of the *Company* during the *Patch-3* of the Investigation Period was as high as ₹535.10. As pointed out earlier, the main allegation against the *Noticee nos. 7 and 8* in the SCN is that by executing manipulative buy trades, the aforesaid two *Noticees* have contributed to

the positive LTP in the scrip of *Nouveau* during *Patch-3* of the Investigation Period. Therefore, to begin with, the details of the total trades executed in the scrip during the *Patch -3*, total trades executed by the *Noticee nos. 7 and 8* and the impact of their trades on the LTP of scrip of the *Company* during the said period need to be examined from the table below:

Table no. 4: Total trades executed vis-à-vis trades executed by *Noticee nos. 7 and 8*

Buyer Name	All trades			LTP Diff. > 0			LTP Diff. < 0			LTP Diff. = 0		% of Positive LTP to Total Market Positive LTP
	LTP impact	QTY traded	No of trades	LTP impact	QTY traded	No of trades	LTP impact	QTY traded	No of trades	QTY traded	No of trades	
Vazhacholli Paul Xavier (Noticee no. 7)	48.20	2725	52	49.60	497	34	-1.40	31	4	2197	14	9.27%
Falgooni Naresh Kumar Shah (Noticee no. 8)	17.45	3887	88	30.55	1159	39	-13.10	1037	28	1691	21	5.71%
Market Total	0.70	1353965	5465	535.10	356591	1307	-534.40	338747	1314	658627	2844	100.00%

24. From the table no. 4 above, I note that during the *Patch-3* of the Investigation Period, *Noticee no. 7* through his buy trades had contributed ₹49.60, which was 9.27% of the total market positive LTP in the scrip of the *Company*. I further note that SCN has alleged that *Noticee no. 7* by repeatedly placing buy orders for small quantities through his 32 buy trades, has contributed to positive LTP of ₹48.25 which constituted 9.02% of the total market positive LTP contributed to the price of the scrip of the *Company* during *Patch-3* of the Investigation Period. In order to further deal with trading pattern of those alleged 32 trades of *Noticee no. 7*, it is pertinent to examine such trades in greater details as given below:

Table no. 5: Details of alleged 32 trades executed by *Noticee no. 7*

Sr. No	Trade details				Buy order details			Corresponding pending sell order details		LTP Impact (₹)
	Date	Number	Traded Quantity	Trade Price	Quantity	Price (₹)	LTP at the time of buy order	Quantity	Price (₹)	
1	31/01/2013	1056	10	36.00	10	37.00	35.00	700	36.00	1.00
2	01/02/2013	1068	30	33.85	30	33.85	32.30	100	33.85	1.55
3	11/02/2013	1015	20	33.35	20	33.35	33.30	200	33.35	0.05
4		1019	15	33.35	15	33.35	33.25	140	33.35	0.10

Sr. No	Trade details				Buy order details			Corresponding pending sell order details		LTP Impact (₹)
	Date	Number	Traded Quantity	Trade Price	Quantity	Price (₹)	LTP at the time of buy order	Quantity	Price (₹)	
5	21/02/2013	1031	50	41.00	50	41.00	40.60	500	41.00	0.40
6		1033	25	41.00	25	41.00	39.25	500	41.00	1.75
7		1043	1	40.50	1	40.50	39.35	100	40.50	1.15
8	27/02/2013	1024	1	36.60	1	36.60	34.10	100	36.60	2.50
9		1043	1	34.95	1	34.95	34.10	10	34.95	0.85
10		1044	1	36.75	1	36.75	34.95	22	36.75	1.80
11		1049	1	36.65	1	36.65	34.25	200	36.65	2.40
12		1053	1	36.40	1	36.40	34.05	98	36.40	2.35
13		1057	1	36.00	1	36.00	34.00	25	36.00	2.00
14		1001	1	37.95	1	38.00	34.00	200	37.95	3.95
15	28/02/2013	1034	1	36.40	1	36.40	34.10	40	36.40	2.30
16		1041	1	34.25	1	36.00	34.10	100	34.25	0.15
17	01/03/2013	1005	1	37.85	1	37.85	34.10	500	37.85	3.75
18		1009	1	37.85	1	37.85	35.00	500	37.85	2.85
19		1012	1	36.95	1	36.95	35.00	500	36.95	1.95
20		1020	1	36.45	1	36.75	34.10	300	36.45	2.35
21		1037	9	35.45	9	35.45	34.15	300	35.45	1.30
22		1047	5	34.40	5	34.40	34.00	50	34.40	0.40
23	05/03/2013	1017	20	34.50	20	34.50	34.25	500	34.50	0.25
24		1021	10	34.75	10	34.75	34.15	100	34.75	0.60
25		1035	4	34.00	4	34.00	33.95	200	34.00	0.05
26	08/03/2013	1037	10	39.95	10	39.95	39.50	50	39.95	0.45
27	11/03/2013	1001	1	38.90	1	38.90	37.00	921	38.90	1.90
28		1025	1	38.00	1	38.00	37.50	10	38.00	0.50
29	12/03/2013	1027	1	37.50	1	37.50	36.05	200	37.50	1.45

Sr. No	Trade details				Buy order details			Corresponding pending sell order details		LTP Impact (₹)
	Date	Number	Traded Quantity	Trade Price	Quantity	Price (₹)	LTP at the time of buy order	Quantity	Price (₹)	
30		1048	10	36.50	10	36.65	35.35	900	36.50	1.15
31		1054	10	34.80	10	34.80	34.75	4000	34.80	0.05
32	18/03/2013	1001	1	37.70	1	37.70	32.75	250	37.70	4.95
Total					246			12316		48.25

25. From a combined reading of the table no. 4 and 5 of this Order, I find that the positive LTP of ₹48.25 as alleged in the SCN was contributed by the *Noticee no. 7* from his trading in only 246 shares of the *Company* which was just about 0.018% of the total number of shares traded (1353965 shares) in the scrip of the *Company* during the said *Patch-3* of the Investigation Period. Similarly, the number of trades (32 trades) executed by *Noticee no. 7* to contribute to positive LTP of 9.02% (₹48.25) were just 0.58% of the total number of trades executed (5465 trades) in the scrip of the *Company* during the entire *Patch-3* of the Investigation Period. Such a trading pattern exhibited by the *Noticee no. 7* raises a strong suspicion about the true intention of the *Noticee* as the trades executed by him are seen to have artificially pushed up the price of the scrip of *Nouveau* higher than the LTP through every single successive trade that he executed during the said period.

26. I further note that the SCN has alleged that the *Noticee no. 7* while contributing to the price rise in the scrip of the *Company* has placed buy orders for very small quantities despite the fact that the sell orders already pending in the stock exchange's system were for huge quantities. In this regard, I note from table no. 5 above, that the *Noticee no. 7* has placed buy orders for very small quantities ranging from 01-50 shares (mostly 01 share) in each of his alleged buy trades on various occasions, although the pending corresponding sell orders were available for larger quantities (in range of 10-4000 shares). Thus by placing buy order for miniscule quantities of his 32 trades, the *Noticee no. 7* has allegedly caused contribution of positive LTP of ₹48.25 in the price of scrip of the *Company*. It is thus noted that the total pending sell order

quantity (12316 shares) for these 32 trades was approx. 50 times higher than the buy order quantity (246 shares) placed by the *Noticee no. 7*. The order placing pattern for these 32 trades is depicted below:

Table no. 6: Order placing pattern for alleged 32 trades executed by *Noticee no. 7*

Buy order Quantity	Range of corresponding pending sell orders quantity	QTY traded	No of trades	Total Buy order quantity	Total sell order quantity	LTP impact	% of Positive LTP to Total Market Positive LTP (₹ 535.10)
1	10-921	18	18	18	4076	39.15	7.32%
4	200	4	1	4	200	0.05	0.01%
5	50	5	1	5	50	0.40	0.07%
9	300	9	1	9	300	1.30	0.24%
10	50-4000	50	5	50	5750	3.25	0.61%
15	140	15	1	15	140	0.10	0.02%
20	200-500	40	2	40	700	0.30	0.06%
25	500	25	1	25	500	1.75	0.33%
30	100	30	1	30	100	1.55	0.29%
50	500	50	1	50	500	0.40	0.07%
Total		246	32	246	12316	48.25	9.02%

27. I note from the trade logs annexed to the SCN that the buy orders for all the 32 trades were placed by the *Noticee no. 7* only after the respective sell orders were placed in the stock exchange's system. It is also undisputed that the sell orders already available and pending in the stock exchange system, would not have been able to make any manipulative impact on the price of the scrip on their own, if the *Noticee no. 7* had not placed those buy orders in the miniscule quantities only to change and match the sell prices offered in the pending sell orders. The *Noticee no. 7* has contended that he was buying one share at a time on various occasions, in order to fetch higher price. In this regard, in my considered opinion, the normal business prudence demands that buyers always intend to buy at lowest possible price whereas a seller always wants to sell at the highest possible price. However, the trading pattern adopted by *Noticee no. 7* as exhibited above, defies such a common sense and commonly accepted business prudence thereby raising a *bonafide* suspicion about the true intentions behind executing such trades. In fact, the admission made by the *Noticee no. 7* that he was placing the buy orders to increase the price of the scrip so that he can fetch good price while selling the scrip is itself a confession that he was trying to manipulate the price of the scrip of *Nouveau*. Further, the pleadings of ignorance of the law while executing the transactions

cannot be an excuse worth considering so as to exonerate the *Noticee* from the charges levelled against him in the SCN.

28. *Noticee no. 7* has also submitted that while trading in the scrip of the *Company* he had incurred losses, which indicates that he had no intention to manipulate the price of the scrip. First of all, in my opinion, placing orders and executing trades on a frequent basis and contributing majorly to the price rise in the scrip even at the cost of sustaining personal losses, would not be viewed as *bonafide* trades executed prudently in the normal course of trading in securities. The argument of incurring loss while dealing in the scrip of *Nouveau* would rather go against the *Noticee*. It is but natural that the *Noticee* or any person is bound to incur loss when he/she indulges in executing buy trades on repeated basis, by placing buy orders higher than the LTP. Therefore, the trading pattern and conduct of the *Noticee no. 7* do not support the arguments advanced by him. It has not been explained as to how on each time his trades got executed higher than the ongoing LTP. Even on various instances (sr. no. 1, 14, 16, 20 and 30 at table no. 5 of this Order) the *Noticee no. 7* is seen to have placed buy orders at a price higher than the corresponding sell orders prices (which were already higher than the LTP) making it apparent that he wished to buy at prices even higher than the price being offered by the sellers. For instance, at Sr. No. 1 at table no. 5, the LTP in the scrip at the time of buy order was ₹35, the corresponding sell order for 700 quantities of shares was available at ₹36, however the *Noticee no. 7* placed his buy order for only of 10 shares at ₹37, which resulted into matching of buy-sell orders and executing of the trade for 10 shares at a price of ₹37 and contributing to ₹1 of positive LTP in the scrip of the *Company*. The extra exuberance displayed by the *Noticee no. 7* to acquire the scrip at higher price in most of his successive trades far away from LTP, is not justified also for the reason that he indulged in buying negligible quantities of shares. The malicious intent of *Noticee no. 7* further becomes explicit when confronted with his trade details and the way he has conducted his trades in the scrip as highlighted above. I note from the records that on most of the occasions, *Noticee no. 7* has placed his buy orders above the LTP making it obvious that he wanted to match the price of the pending sell order. The submissions of the *Noticee no. 7* that he had purchased the shares at a higher price to

garner maximum profit in the scrip of *Nouveau* are not substantiated by any justifiable explanation or by his actual trading behavior or by any evidence put forth by the *Noticee no. 7* in support of his contentions. While placing his buy orders, the *Noticee no. 7* has never chosen to wait to watch the movement of the price so as to place his order accordingly, and instead, on most of the occasions, his trading behavior of matching the pending sell orders so as to create a new higher LTP was approximately is guided by his *malafide* intention to distort the established market mechanism and to contribute to the LTP in a continuous basis so as to induce innocent investors by creating such a misleading appearance of trades in the scrip of *Nouveau* generated out of such manipulative trades executed by the *Noticee*.

29. After observing the trading pattern of *Noticee no. 7*, as discussed above, I find it apt to rely upon the observations of Hon'ble SAT, in the matter of *Mrs Kalpana Dharmesh Chheda vs. SEBI* (Appeal no. 454 of 2019 decided on February 25, 2020), wherein the Hon'ble Tribunal has, *inter alia* held that "*looking at the pattern of trading done by the appellants and the fact that the appellants have derived considerable financial benefit through that particular scheme or nature of trading we are of the view that the trading pattern adopted by the appellants is of a manipulative and unfair nature and would squarely fall within the ambit of the PFUTP Regulations. The pattern of trade clearly establishes this as it is on 49 occasions that the appellants sold 1 to 5 shares, mostly one share, when in fact the buy orders available in the system was much higher. This behavior cannot be justified in terms of normal rational expectations of a seller.*"

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

31. While dealing with trades of the *Noticee nos. 1 to 6* in the preceding paragraphs of this Order, I have already highlighted and relied upon the relevant judgments / decisions of Hon'ble SAT on the issue of artificial trades / manipulative trades. Therefore, relying on the aforesaid judgments and on the basis of the discussion in the foregoing paragraphs, I find that the alleged trading behavior of the *Noticee no. 7* in the shares of *Nouveau* with an inherent motive to manipulate the price of the scrip, can't by any means be held to be trades executed by a prudent investor in the normal course of trading. The trading behavior of the *Noticee no. 7* has certainly been very unusual and apparently lacks honesty of intent of a genuine investor of Securities Market. Instead, the pattern of trades adopted by the *Noticee no. 7* to place orders always at a higher price than the LTP, clearly establish that his trades were executed with only a manipulative design to push up the price. Therefore, I have no hesitation to conclude that the *Noticee no. 7* has executed those alleged 32 trades in the scrip of the *Company* during the *Patch-3* of the Investigation Period, with the intention to manipulate the market or to defeat its mechanism in a fraudulent manner and thereby has violated the provisions of Regulation 3 (a) (b) (c) (d) read with Regulation 4 (1) 4 (2) (a) and (g) of SEBI (PFUTP) Regulations, 2003.

32. With regard to the allegations levied against the *Noticee no. 8* in the SCN, I note that akin to *Noticee no. 7*, she had also placed buy orders for small quantities in the scrip of the *Company* during *Patch-3* of the Investigation Period and through her 34 buy trades, she has contributed to positive LTP of ₹26.75 which constitutes 5.00% of total market positive LTP in the scrip of *Nouveau*. Details of alleged 34 trades executed by *Noticee no. 8* which have resulted in positive LTP contribution in the scrip of *Nouveau* during *Patch-3* are tabulated below:

Table no. 7: Details of alleged 34 trades executed by *Noticee no. 8*

Sr. No.	Trade details				Buy order details			Corresponding pending sell order details		LTP Impact (₹)	% of Positive LTP to Total Market Positive LTP (₹ 535.10)
	Date	Number	Traded Quantity	Trade Price	Quantity	Price (₹)	LTP at the time of buy order	Quantity	Price (₹)		
1	22/01/2013	1052	5	36.55	5	36.55	34.50	1900	36.55	2.05	0.38%
2		1056	2	34.50	2	34.50	34.45	1900	34.50	0.05	0.01%
3		1060	4	36.00	4	36.00	34.45	500	36.00	1.55	0.29%
4		1065	2	35.50	2	35.50	34.50	1900	35.50	1.00	0.19%
5		1073	2	33.55	2	33.55	33.45	2500	33.55	0.10	0.02%
6		1078	5	35.00	5	35.10	33.50	250	35.00	1.50	0.28%
7		1081	5	33.65	5	33.65	33.50	1900	33.65	0.15	0.03%
8		1083	2	33.65	2	33.65	33.55	1900	33.65	0.10	0.02%
9		1086	10	33.75	10	33.75	33.65	900	33.75	0.10	0.02%
10		1089	1	33.75	1	33.75	33.70	900	33.75	0.05	0.01%
11		1092	1	33.75	1	33.75	33.65	900	33.75	0.10	0.02%
12		1099	10	35.50	10	36.00	33.75	25	35.50	1.75	0.33%
13		1101	5	36.50	5	36.50	35.00	199	36.50	1.50	0.28%
14		1106	1	33.75	1	33.75	33.70	900	33.75	0.05	0.01%
15		1108	2	33.90	2	33.90	33.75	900	33.90	0.15	0.03%
16		1111	1	33.90	1	33.90	33.85	900	33.90	0.05	0.01%
17		1113	10	35.50	10	35.50	33.85	25	35.50	1.65	0.31%
18		1118	1	35.50	1	36.00	35.00	25	35.50	0.50	0.09%
19		1120	14	35.50	15	35.50	35.10	25	35.50	0.40	0.07%
20		1122	5	36.45	5	36.45	35.50	500	36.45	0.95	0.18%
21		1138	2	35.40	2	36.00	33.50	25	35.40	1.90	0.36%
22		1141	1	35.40	1	36.00	35.40	25	35.40	0.40	0.07%
23		1145	2	33.50	2	33.50	33.45	900	33.50	0.05	0.01%
24		1151	10	33.90	10	35.00	32.95	50	33.90	0.95	0.18%
25		1152	10	35.45	10	35.60	33.90	199	35.45	1.55	0.29%
26		1154	5	33.90	5	33.90	33.00	40	33.90	0.90	0.17%
22/01/2013 Total					119			20188		19.50	3.64%
27	23/01/2013	1007	1	34.45	1	34.45	33.50	150	34.45	0.95	0.18%
28		1011	4	34.45	4	34.45	33.55	150	34.45	0.90	0.17%
29		1023	2	34.05	2	34.05	33.00	251	34.05	1.05	0.20%
30		1034	1	32.80	1	32.80	32.00	100	32.80	0.80	0.15%
23/01/2013 Total					8			651		3.70	0.69%
31	18/03/2013	1046	10	33.00	10	36.00	31.00	200	33.00	2.00	0.37%
32		1062	5	31.75	5	31.75	31.00	490	31.75	0.75	0.14%
33		1065	8	31.65	8	31.65	31.00	85	31.65	0.65	0.12%
34		1066	2	31.80	2	31.80	31.65	500	31.80	0.15	0.03%
18/03/2013 Total					25			1275		3.55	0.66%
Grand Total					152			22114		26.75	5.00%

33. It is noteworthy that the positive LTP of ₹26.75 as alleged in the SCN, was contributed by the *Noticee no. 8* from her 34 buy trades which was just 0.001% of the total number of trades (1353965 shares) executed in the scrip of the *Company* during the said *Patch-3* of the Investigation Period. Similarly, the number of trades (34trades)

executed by *Noticee no. 8* to contribute to positive LTP of 5.00% (₹26.75) were just 0.62% of the total number of trades executed (5465 trades) in the scrip of the *Company* during the entire *Patch-3* of the Investigation Period. Such trading pattern exhibited by the *Noticee no. 7* raises a strong suspicion about the real intention of the *Noticee* as the trades executed by her are found to have artificially pushed up the price of the scrip higher than the LTP in every single trade that she executed during the said period. From the analysis of the trading pattern of the aforesaid 34 trades, I note that buy orders for very miniscule quantities ranging from 1-15 shares per order, were placed by *Noticee no. 8*, even though the, corresponding sell orders already available in the trading system were for larger quantities (ranging from 25-2500 shares) per order. However, the *Noticee* has chosen to place buy order for very miniscule quantities in each of her successive trades in her desire to only match the prices of the pending sell orders, which allegedly have resulted into the contribution of positive LTP of ₹26.75 in the price of scrip of *Nouveau*. The order placing pattern of the *Noticee* for these 34 trades has been highlighted further below:

Table no. 8: Order placing pattern for alleged 34 trades executed by *Noticee no. 8*

Buy order Quantity	Range of corresponding pending sell orders quantity	No of trades	QTY traded	Total Buy order quantity	Total sell order quantity	LTP impact	% of Positive LTP to Total Market Positive LTP (₹ 535.10)
1	25-900	8	8	8	3900	2.90	0.54%
2	25-2500	9	18	18	10776	4.55	0.85%
4	150-500	2	8	8	650	2.45	0.46%
5	40-1900	7	35	35	5279	7.80	1.46%
8	85	1	8	8	85	0.65	0.12%
10	25-900	6	60	60	1399	8.00	1.50%
15	25	1	14	15	25	0.40	0.07%
Total		34	151	152	22114	26.75	5.00%

34. I observe from the table no. 8 above that the aggregating total number of pending sell order quantities (22141 shares) which marked those alleged 34 trades in terms of price was approximately 145 times higher than the buy order quantities of only 152 shares placed by the *Noticee no. 8* in all of those 34 trades. As already mentioned above, the buy orders for all the 34 trades were placed by the *Noticee no. 8* only after the respective sell orders were placed in the stock exchange's system. Even

on various instances (sr. no. 6, 12, 18, 21, 22, 24, 25 and 31 at table no. 7 of this Order) the *Noticee no. 8* is found to have placed buy orders at a price higher than the corresponding sell orders prices (which were already higher than the LTP) making it clear that the *Noticee* intended to buy at prices even higher than the prices offered by the respective seller. I note that my findings on such an abnormal trading pattern wherein buy orders for miniscule quantities were placed despite the corresponding sell orders for larger quantities already being available in the stock exchange's system, in the context of the similar trading pattern of *Noticee no. 7*, are prima facie applicable to the alleged trades of *Noticee no. 8*. Therefore, for the sake of brevity, I am not reiterating my findings and observations already recorded in earlier parts of this Order.

35. Moving on the contentions of the *Noticee no. 8*, I note that the main plea taken by the *Noticee no. 8* during her personal hearing was that SEBI has ignored the fact that she had executed *intra-day* trades in the scrip of *Nouveau*, wherein sell trades were also executed by the *Noticee* during the *Patch-3* of the Investigation Period. She had argued that during the *intra-day* trades, she had squared off the buy positions during the same trading day or very next trading day. In order to delve into the said contention, it is important to look at the details of the trading pattern of the *Noticee no. 8* in the scrip of *Nouveau* as observed during the *Patch-3* of the Investigation Period. Details of such trades are tabulated below:

Table no. 9: Intra-day trades of the *Noticee no. 8*

Date	Buy Quantity	Number of Buy Trades	Sell Quantity	Number of Sell Trades	Difference between buy and Sell quantity	Carry Forward Quantity
22/01/2013	2261	68	1761	13	500	500
23/01/2013	13	6	500	6	0	0
04/02/2013	587	8	587	23	0	0
18/03/2013	1026	6	1026	4	0	0

36. I note from the submissions of the *Noticee no. 8* and from the table no. 9 above (which have also been confirmed from the trade logs available on record) that the *Noticee no. 8* was on most of the days, squaring off her buy positions by executing sell trades in the *intra-day* trades, except for 22.01.2013, on which day the carry forward buy trades were squared off in the next trading day i.e. on 23.01.2013. For instance, on 18.03.2013, *Noticee no. 8* purchased 1026 quantity of shares of *Nouveau* through 6 buy trades and sold similar quantity of shares (1026) of *Nouveau* on the same day through 4 sell trades. I note that on 22.01.2013, the *Noticee no. 8* had purchased 2261 shares of the *Company* and had sold 1761 shares of the *Company* during the *intra-day* trading and the remaining 500 shares were sold on 23.01.2013 apart from purchasing shares on 23.01.2013.

37. The submissions made by the *Noticee no. 8* alongwith the *intra-day* trading pattern followed by her as narrated above have been carefully considered. There is no dispute over the fact that the *Noticee no. 8* was an *intra-day* trader in the scrip of the *Company* during the relevant time. It may not be appropriate to fully rule out her explanations in so far as the justification she has provided for trading in single shares and at higher LTPs during her *intra-day* activities. The submissions are not devoid of factual merit that in course of trading as an *intra-day* trader, she had taken both buy and sell sides of the trade during the alleged trading days. Further, I cannot ignore the fact that as per the market practice generally adopted by jobbers / arbitragers / *intra-day* traders, to verify the ongoing LTP in a particular scrip, often orders of miniscule quantities are placed by them.

38. Based on the above, it can be safely concluded that the buy orders by *Noticee no. 8* which resulted into the alleged trades in the scrip of *Nouveau* were placed in course of performing the *intra-day* trades. Considering the above discussed *intra-day* trading pattern followed by her and the fact that she was not having any connection with the other *Noticees* in the instant proceedings, I find force in the submissions and explanations offered by the *Noticee no. 8* that the execution of the alleged buy trades

was accidental, unintentional and consequential to the trading practice normally followed for intra-day activities. Therefore, I hold that the act, conduct and trading behavior of *Noticee no. 8* may not fall strictly within the ambit of regulations 3 (a), (b), (c), (d), 4 (1), 4 (2) (a) and 4 (2) (e) of the *PFUTP Regulations 2003*, however, considering the volume of her trades and the *modus operandi* followed by her while trading in the scrip of the *Company* which possessed the potentiality to threat market integrity and distort the price discovery mechanism in the said scrip, justice would be met by warning the *Noticee no. 8* to be extremely careful in future and observe due diligence to remain compliant with law and procedure while trading in the securities market.

Directions:

39. In view of the above, having found that the charges levelled against all the *Notices* (except *Noticee no. 8*) in the SCN stand established, also considering the specific role played by each of the *Notices* while executing manipulative trades in the scrip of *Nouveau*, the volume of trades executed and percentage of contribution to the LTP by the each of the *Notices* and their impact on the price of the scrip of *Nouveau*, I, in exercise of the powers conferred upon me under section 19 read with sections 11(1), 11(4) and 11B 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; restrain the *Notices* (except *Noticee no. 8*) from accessing the securities market and further prohibit 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 as provided in the table below:

Table no. 10

Names of the <i>Notices</i>	Period
<i>Noticee no. 1 to 6</i>	1 year
<i>Noticee no. 7</i>	06 months

40. During the period of restraint, the existing holding of securities including the holding of units of mutual funds of the *Notices* (mentioned at table no. 10 of this Order) shall remain frozen.

41. It is clarified that obligation of the *Notices* (mentioned at table no. 10 of this Order), 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* (mentioned at table no. 10 of this order) in the F&O segment of the stock exchange, are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.

42. Proceedings against Noticee no. 8 is disposed of in terms of the observations recorded at paragraph 38 of this Order.

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

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

-Sd-

Date: March 19, 2021

Place: Mumbai

**S. K. MOHANTY
WHOLE TIME MEMBER**