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**BEFORE THE ADJUDICATING OFFICER SECURITIES AND
EXCHANGE BOARD OF INDIA [ADJUDICATION ORDER
NO. Order/BD/AA/2020-21/9582-9585]**

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

In respect of

S. No.	Name of the Noticee	PAN
1.	Savitri Devi Agarwal	AAKPA5197L
2.	B M Agarwal	ABXPA3339G
3.	Deepak Gupta	AGDPG4480D
4.	Mukat Behari	AFOPB5611H

In the matter of Focus Industrial Resources Limited

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') conducted an investigation in the scrip of Focus Industrial Resources Ltd. (hereinafter referred to as '**FIRL / Company**') *inter-alia* to ascertain any possible violation of the provisions of SEBI Act, 1992 (hereinafter referred to as '**SEBI Act**') and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 (hereinafter referred to as '**PFUTP Regulations, 2003**') in the trading of certain entities during the period February 1, 2013 to July 30, 2013 (hereinafter referred to as '**Investigation Period**' / '**IP**').

2. Pursuant to investigation, it was observed by SEBI that a group of entities viz. Savitri Devi Agarwal, B M Agarwal, Mukat Behari and Deepak Gupta along with other connected entities created artificial volume in the scrip of FIRL by repeatedly transacting in off market and on market. In view of the same, it was observed that the said entities had violated the provisions of regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and (g) of PFUTP Regulations, 2003. It was also observed that Savitri Devi Agarwal manipulated the scrip price by New High Price (NHP) contribution. In view of the same, it was observed that Savitri Devi Agarwal had violated the provisions of regulations 3 (a), (b), (c), (d), 4 (1), 4 (2) (a) & (e) of PFUTP Regulations, 2003.
3. In view of the above, SEBI initiated adjudication proceedings against the above entities under the Section 15HA of the SEBI Act for the above-mentioned violations of PFUTP Regulations, 2003. The above entities are hereinafter collectively referred to as '**Noticees**'.

APPOINTMENT OF ADJUDICATING OFFICER

4. The undersigned was appointed as Adjudicating Officer, vide Order dated May 12, 2017 (communicated vide Order dated March 26, 2018) under Section 19 read with Sub-section (1) & (2) of Section 15-I of the SEBI Act and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as "**Adjudication Rules**") to inquire into and

adjudge the alleged violations committed by the Noticees under Section 15HA of SEBI Act.

SHOW CAUSE NOTICE, REPLY AND HEARING

5. A Show Cause Notice dated December 5, 2018 (hereinafter referred to as '**SCN**') was issued to the Noticees under Rule 4(1) of the Adjudication Rules to show-cause as to why an inquiry should not be initiated against the Noticees and why penalty should not be imposed upon the Noticees under Section 15HA of the SEBI Act for the violations alleged to have been committed by the Noticees.

6. I note that the SCN was duly served on the Noticees in terms of Rule 7 of the Adjudication Rules. Savitri Devi Agarwal, vide letter dated December 20, 2018, *inter alia* made the following submissions:

- *The 40,000 units of shares of FIRL were purchased from Natraj Capital & Credit Pvt. Ltd. On 05.04.2012 at Rs. 2.01 per unit, i.e., Rs. 80,400.*
- *The shares of FIRL were not delivered to me as I had not provided the broker the details of my D-Mat Account and with my consent the shares were with the broker as "Loan of shares from the purchaser". 30,000 shares were transferred to D-Mat Account of the purchaser on 26.04.2010 and 10,000 shares on 02.05.2013.*
- *The shares of FIRL were sold on following dates and their respective quantities:*

Units	Date of Sale	Sale Price
10,000	02/05/2013	7,67,331
30,000	26/04/2013	22,28,946
40,000		29,96,277

- *The shares were purchased offline as these were available at highly discounted rate of Rs. 2.01 per share. I have no relation with the promoters and the company*

Focus Industrial Resources Ltd. I am not involved in insider trading and fraudulent transactions.

7. B M Agarwal, vide letter dated December 20, 2018, *inter alia* made the following submissions:

- *The 45,000 units of shares of FIRL were purchased from Natraj Capital & Credit Pvt. Ltd. on 10.04.2012 at Rs. 2.01 per unit, i.e., Rs. 90,450.*
- *The shares of Focus Industrial Resources Ltd. Were sold on following dates and their respective quantities:*

<i>Units</i>	<i>Date of Sale</i>	<i>Sale Price</i>
<i>20,000</i>	<i>18/04/2013</i>	<i>12,63,200</i>
<i>25,000</i>	<i>06/05/2013</i>	<i>19,92,000</i>
<i>45,000</i>		<i>32,55,200</i>

- *The shares were purchased-offline as these were available at highly discounted rate of Rs. 2.01 per share. I have no relation with the promoters and the company Focus Industrial Resources Ltd. I am not involved in insider trading and fraudulent transactions.*

8. Thereafter, an opportunity of hearing was granted to Savitri Devi Agarwal, B M Agarwal and Deepak Gupta, vide hearing notice dated February 13, 2020. Savitri Devi Agarwal and B M Agarwal, vide their letters dated March 02, 2020, *inter alia* requested to adjourn the hearing scheduled in the matter. In view of the same, the said Noticees were granted an opportunity of hearing on March 23, 2020. However, the said hearings could not be held on the scheduled date.

9. Deepak Gupta, vide letter dated March 02, 2020, *inter alia* made the following submissions:

- *I am a bonafide investor and have dealt in scrip of FIRL in the normal course of my trading activity and the same was very much within my financial and risk bearing capacity. I had no intention or purpose to create artificial volume while dealing in scrip of FIRL, as alleged or otherwise.*
- *I had followed and complied with all the procedure and requirements of the capital market through my broker and stock exchanges. While dealing in shares of FIRL, I have always ensured that it is being done as per rules and regulations which govern capital market. I submit that I have dealt in scrip of FIRL in absolutely fair and transparent manner. I believe that there has been no grievance by any investor, broker, stock exchange or any other agency concerned in the matter.*

10. Vide the aforesaid letter, while denying the charges alleged in the SCN, Deepak

Gupta also sought certain additional documents. In this connection, Deepak Gupta was informed, vide letter dated March 16, 2020, that all the documents / records referred to and relevant in the SCN have been provided along with SCN.

Hon'ble SAT Order in the matter of Shruti Vora Vs SEBI, had decided that "*since the relied upon documents for issuance of SCN have been provided to the Noticee, there is no requirement to furnish all the documents which are in the possession of the A.O., which are not relied upon. The Hon'ble SAT also opined that the investigation report is not required to be supplied. Further, the Hon'ble*

SAT prima facie observed that the only object in making demand of supply of all documents by the Noticee, is to obstruct the proceedings, which does not find any merit and accordingly dismissed the Appeal filed by the Noticee".

Further, Deepak Gupta was granted an opportunity of hearing on March 26, 2020. However, the said hearing could not be held on the scheduled date.

11. Mukat Behari, vide email dated March 2, 2020, represented that he did not receive the SCN and accordingly sought a copy of the same. In view of the same, a copy of the SCN along with the annexures was provided to Mukat Behari vide letter dated March 06, 2020. He was also granted an opportunity of hearing on March 24, 2020, vide the said letter dated March 06, 2020. However, the said hearing could not be held on the scheduled date.

12. Thereafter, vide email dated October 01, 2020, the Noticees were granted an opportunity of hearing on October 13, 2020. However, the said Noticees failed to avail of the said hearing opportunity on October 13, 2020. Thereafter, the Noticees were granted a final opportunity of hearing on October 27, 2020, vide email and letter dated October 14, 2020. I note that Savitri Devi Agarwal and B M Agarwal did not submit any further reply and failed to avail of the hearing opportunity granted to them.

13. Deepak Gupta, vide letter dated October 14, 2020, *inter alia* made the following submissions in the matter:

- *I have no connection or relationship with the alleged suspected entities as mentioned in the SCN or with Natraj Capital and Credit Pvt Ltd.*
- *Merely and solely because I purchased shares of a company in off-market, it cannot be presumed or presupposed that I have a nexus, link or relationship with the said entity. I would like to submit that off market transactions are not illegal per se.*
- *It is well-settled law that the taint of 'fraud' cannot be attached or charged on preponderance of probability. In fact, compelling evidence should be brought on record for a person/entity to be held liable for 'fraud'.*

- *I have dealt in shares of Focus within my financial and risk bearing capacity. I had purchased shares of Focus in off-market.*
- *My transactions in Focus were at the then prevailing market price and I fail to understand as to how my transactions are termed to be 'fraudulent' in nature. In my humble opinion, the volume and price of Focus was not affected due to my dealings in the said scrip.*
- *All the trade and post trade activities were all carried out on the trading cum clearing & settlement mechanism of the exchange. At no point of time I was aware of counterparty with which my transactions got matched. Undisputedly, in case of screen-based trading, the automated system itself matches orders on a price-time priority basis and thus it is not possible for anybody to have access over identity of counter party. Since counter party identity is not displayed; one can never have any choice with whom it wants to deal or not to deal.*
- *While dealing in shares of Focus, I had followed and complied with all the procedure and requirements as statutorily required.*
- *I submit that no action has ever been taken against me in past in respect of my dealing in securities market.*
- *To the best of my knowledge there is no investors' complaint on my dealings in Focus shares.*

14. On the scheduled date of hearing on October 27, 2020, Advocate Meit Shah appeared as the Authorised Representative ('AR') on behalf of Deepak Gupta and reiterated the submissions made by Deepak Gupta in his letter dated October 14, 2020.

15. Mukat Behari, vide email dated October 24, 2020, requested to postpone the hearing. In view of the same, Mukat Behari was granted a final opportunity of hearing on November 13, 2020, vide email dated November 05, 2020. Shri Sitaram Agrawal appeared for hearing through the Webex Video Call on

November 13, 2020 as the AR of Mukat Behari. During the hearing, the AR made oral submissions in the matter. Further, the AR stated that he will submit written submissions in the matter by November 16, 2020. Thereafter, vide email dated November 13, 2020, the AR *inter alia* made the following submissions:

- *In the said notice allegation put on my client being indulged in unfair trade practice is not valid as my client have not any managerial financial relation with 245 groups involved in off market and including 74 companies of Natraj group.*
- *My client purchased 63000 shares of Focus Industrial Resources Ltd. on 16/07/2002 from NATRAJ CAPITAL & CREDIT PVT. LTD. on open market.*
- *NATRAJ CAPITAL & CREDIT PVT. LTD. was a private limited company registered with ROC New Delhi. My client have no any direct and indirect relationship with the said company. He had neither directorship nor any shareholding in the said company.*
- *After holding of shares for 11 years my client availed good opportunity of profit and sold same through brokers M/s. Globe Capital Market Ltd.*
- *Details of sales is as under:-*
45000 shares on 28/03/2013 @63/- per shares and 18000 shares @ 58.95/- per shares and on 03/04/2013
- *It is clear from above 2 transactions of sales transaction made by my client not in any planned way (price reduced by 7% just in gap of 4 to 5 days).*
- *My client is businessmen not involved in any unfair practices, made this investment to avail the chances of profit only. I would like to draw your attention to the fact that he does not hold any DIN till date so no question arise regarding any involvement in 245 companies mention in the notice .*

- *My client had made the transaction genuinely.*

16. I note that Savitri Devi Agarwal and B M Agarwal did not avail the hearing opportunities granted to them. I am of the view that principles of natural justice have been complied with in the present matter since sufficient opportunities have been provided to the said Noticees to appear for hearing, which they have failed to avail of. In view of the above, I now proceed further in the matter on merits after considering the available records and the submissions made by the Noticees.

CONSIDERATION OF ISSUES AND FINDINGS

17. I have carefully perused the charges levelled against the Noticees, their reply and the documents / material available on record. The issues that arise for consideration in the present case are :

- (a) Whether the Noticees have violated regulations 3(a), (b), (c), (d), 4(1), 4(2(a), (e) and (g) of PFUTP Regulations, 2003.
- (b) Do the violations, if any, attract monetary penalty, as applicable, under Sections 15HA of the SEBI Act?
- (c) If so, what would be the quantum of monetary penalty that can be imposed on the Noticee after taking into consideration the factors mentioned in section 15J of the SEBI Act?

18. Before proceeding further, I would like to refer to the relevant provisions of the PFUTP Regulations as below:

Regulation 3: - 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: - 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;

.....

(g) entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security;..

19. I note that it was alleged in the SCN that Savitri Devi Agarwal, B M Agarwal, Mukat Behari and Deepak Gupta along with connected entities had indulged in creation of artificial volume through transfer of shares via off market transactions and on market sale of the said shares. SEBI observed during investigation that a large number of entities are connected through off market transactions during the investigation period. The off-market transfers and on market sale of the said shares between these entities occurred in a repeated manner and resulted in volume / price manipulation.

20. I note from the available records that the entities were connected on the basis of off market transactions, KYC, MCA details and bank statements. Among the said connected entities, the following groups were observed:

- (i) Natraj Group: It was observed that Natraj Capital & Credit Pvt Ltd. ('Natraj') had transferred shares in off market to 72 entities and received shares from 2 entities. There was one entity which was common. Therefore, in total Natraj entered into off market transactions with 73 entities. This forms a group of 74

entities including Natraj. All the group entities have traded on market during the IP.

- (ii) Parmanand Yadav Group: It was observed that Parmanand Yadav (Prop. of M/s. Roxtech Services) had transferred shares in off market to 128 entities and received shares from 9 entities. There was one entity which was common. Therefore, in total Parmanand Yadav entered into off market transactions with 136 entities. This forms a group of 137 entities including Parmanand Yadav. Out of these 137 entities, 131 entities have traded on market during the IP.
- (iii) Connection between Natraj Group and Parmanand Yadav Group: One entity viz., Prem Chand had transferred shares in off market to Parmanand Yadav as well as Placido Marketing Private Limited, which is a Natraj Group entity. Prem Chand has been included in the list of 137 entities of Parmanand Yadav Group.
- (iv) Connection with promoters: There were 6 promoter entities who were involved in off market transactions during the IP. Further, 5 of those promoters have entered into off market transactions with Natraj group entities. Only two of the above promoters have traded during the IP.
- (v) Other entities: Additionally, there were 28 entities who were involved in off market transactions with above group entities or with the entities who had off market transactions with group entities. Out of 28 entities, 26 entities had traded during the IP.

(vi) Other connections: 6 promoter entities and Pawansut Holdings Limited (Pradeep Kumar Jindal is the common director in Pawansut Holdings Limited and the company) also have traded in the scrip.

21. In view of the above, I note that the details of the connected entities are as below:

Table 1

S. No.	Particulars	No. of entities involved in off market	No. of entities traded in the market
1.	Natraj group	74	74
2.	Parmanand Yadav group	137	131
3.	Promoter Group	6	2
4.	Other entities on the basis of off market transfers	28	26
5.	Entities connected to promoters and traded in the secondary market.	NA	7
6.	Total number of entities	245	240

22. I note from the investigation report that the following *inter-se* relationship among the Noticees was also observed on the basis of Off market transfers:

Table 2

S. No.	PAN	Name	Connection details	Group
1	ABXPA3339G	B M AGARWAL	Off market transactions with Natraj	Natraj group
2	AGDPG4480D	DEEPAK GUPTA	Off market transactions with Natraj	Natraj group
3	AFOPB5611H	MUKAT BEHARI	Off market transactions with Natraj	Natraj group
4	AAKPA5197L	SAVITRI DEVI AGARWAL	Off market transactions with Natraj	Natraj group

23. I note from the replies of the Noticees that they have *inter alia* stated that they had no connection with the counterparty of their off-market transactions. In this regard, I note that that in an off-market transfer, the buyer buys from a specific seller and not just place an order with the broker for an online trade. I note that in the case of off-market transfer of shares, only when the buyer and seller are

known to each other and the buyer knows about the holding of such shares by the seller, they can negotiate the price and quantity of shares. In view of the above, I note that it can be reasonably concluded that these counterparties in the off-market transfers knew each other and thus, are connected to each other through off-market transfers.

24. In view of the above and the fact that the off-market transactions were done is an admitted position, I conclude that the said off-market transactions are established connections and thereby the Noticees thus connected are treated as working in unison.

TRADING BY CONNECTED ENTITIES:

25. I note from the investigation report that the market volume during the IP in the scrip of FIRL was 1,12,93,300 shares and there were 236 buyers and 536 sellers. Out of this, 28 connected entities bought 97,89,029 shares (86.68% of the market volume) and 221 connected entities sold 85,83,558 shares (76.01% to the market volume). The trading of the connected entities who contributed to more than 1% of buy volume/sell volume to the market is given below:

Buy side:

Table 3

S.No.	Pan No	Name of the connected entity	Buy Qty	% of buy to the market buy	Weighted Average buy price (Rs.)
1.	AABCT5830B	Tushar India Private Limited	19,60,311	17.36	57.51
2.	AAACR1129G	Delware Polymers Private Limited	13,52,850	11.98	70.79
3.	AAACK8837C	Kesri Industrial Lab Pvt Ltd	13,39,984	11.87	58.20
4.	AXNPC3713G	Prem Chand	8,72,105	7.72	55.55
5.	AAACN2928D	Natraj Capital & Credit Pvt Ltd	5,69,556	5.04	64.99
6.	AADCN3085E	Nanon Distributors Private Limited	5,61,599	4.97	67.87
7.	AAACU5891J	Utkrishta Exports Private Limited	4,94,365	4.38	62.26

S.No.	Pan No	Name of the connected entity	Buy Qty	% of buy to the market buy	Weighted Average buy price (Rs.)
8.	AIRPY0807E	Yogesh Trading Company (Prop. Shashi Yadav)	4,67,173	4.14	64.61
9.	AIMPY3580D	Roxtech Securities Services (Prop. Parmanand Yadav)	4,68,099	4.14	61.01
10.	AAHCA4664Q	Alfa Netsol Private Limited	3,11,898	2.76	75.11
11.	AIGPS4315L	Navi Kiran Enterprises (Prop. Rakesh Kumar Sharma)	3,23,549	2.86	57.84
12.	AEEPJ6955K	Mamta Jindal	2,04,153	1.81	59.81
13.	AAECD3064A	Delphina Distributors Private Limited	2,01,622	1.79	59.74
14.	AAGCP6892C	Placido Marketing Private Limited	2,07,425	1.84	54.99
15.	AARCS7045M	Susane Traders Private Limited	1,34,300	1.19	59.85
		Top connected entities (15)	94,68,989	83.85	61.83
		Other connected entities (13)	3,20,040	2.83	57.36
		Total of connected entities (28)	97,89,029	86.68	61.68
		Remaining entities in the market (208)	15,04,271	13.32	61.15
		Total Market (236)	1,12,93,300	100.00	61.61

Sell side:

Table 4

S.No.	Pan No	Name of the connected entity	Sell Qty	% of sell to the market sell	Weighted Average sell price (Rs.)
1.	AGVPP3374K	Neetaben Jayantibhai Patel	4,25,000	3.76	55.66
2.	ACSPJ6904A	Sajan Kumar Jain	4,01,626	3.56	60.82
3.	AAYPJ3951B	Anand Kumar Jain	3,14,693	2.79	50.46
4.	AANHS9519P	Satender Kumar Jain And Sons Huf	2,88,000	2.55	75.94
5.	AEQPJ5780G	Chetan Jain	2,85,000	2.52	80.08
6.	AAGPJ6737K	Shobha Jain	2,85,000	2.52	61.66
7.	AAHPJ8609H	Satender Kumar Jain	2,76,051	2.44	61.03
8.	ABIPR7993J	Anil Kumar Rastogi	2,25,000	1.99	63.59
9.	ADWPN0425F	Naveen Kumar	2,00,000	1.77	57.79
10.	ADIPK6787D	Dinesh Rathore	1,79,780	1.59	64.68
		Top connected entities (10)	28,80,150	25.50	62.70
		Other connected entities (211)	57,03,408	50.51	65.11
		Total of connected entities (221)	85,83,558	76.01	64.3
		Remaining entities in the market (315)	27,09,742	23.99	53.1
		Total Market (536)	1,12,93,300	100.00	61.61

26. From the above tables, I observe that on the buy side, 15 connected entities contributed to more than 1% of market volume and their total contribution to market was 83.85%. On sell side, 10 connected entities contributed to more than 1% of market volume and their total contribution to market was 25.50%. I further

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note that out of 85,83,558 shares sold by connected entities 78,21,347 shares were bought by connected entities only. Therefore, I note that the trading volume in the scrip was majorly through the trading by connected entities among themselves.

VOLUME CREATION BY CONNECTED ENTITIES THROUGH OFF MARKET AND ON MARKET TRANSACTIONS:

27. When the shares transferred to counter party come back to the transferor, there is no change of ownership of the security and this creates artificial volume in the market. During the IP, from the analysis of off market transactions and trading in the scrip, it was observed that the connected entities in total created artificial volume of 54,56,292 shares, i.e., 48.31% to the market volume. In this respect, I note that Natraj Capital & Credit Pvt. Ltd. had transferred shares in off market to various entities including Savitri Devi Agarwal, B M Agarwal, Mukat Behari & Deepak Gupta and purchased those shares on market from them either directly or through entities connected to it. This created artificial volume in the scrip as there is no change of ownership due to transactions by Natraj Capital & Credit Pvt Ltd. and its connected entities. I note that Natraj Capital & Credit Pvt. Ltd. had transferred 29,59,900 shares to 72 entities in off market during the IP. Out of these 72 entities, 69 entities sold back the shares on market, mostly to Natraj Capital & Credit Pvt Ltd and its 3 connected entities, namely Kesri Industrial Lab Private Ltd., Tushar India Private Limited and Placido Marketing Private Ltd. I note from available records that Natraj Capital & Credit Pvt Ltd. and its connected

entities created artificial volume of 26,49,957 shares, i.e., 23.46% to the market volume through off market and on market reversal of trades.

28. The details regarding receipt of shares in off market and subsequent sale of shares on market by 69 entities to Natraj Capital & Credit Pvt Ltd and its connected entities are tabulated below:

Table 5

S.No.	Name of the entity to whom entity to whom shares transferred by Natraj	PAN	No. of instances of receipt of shares from Natraj in off market	Total no. of shares received from Natraj in off market	No. of shares sold on market to Natraj / its connected entities	Reversed quantity	Artificial volume creation by entity as % of total artificial volume i.e 1,12,93,300 shares	Artificial volume creation by entity as % of total artificial volume i.e 26,49,957 shares
A	B	C	D	E	F	G	H	I
1	Neetaben Jayantibhai Patel	AGVPP3374K	15	4,25,000	4,25,000	4,25,000	3.76	16.04
2	Deepak Gupta	AGDPG4480D	4	67,000	67,000	67,000	0.59	2.53
3	Jeetendra Kumar Agarwal	AALPA2576Q	3	85,000	84,835	84,835	0.75	3.20
4	Archana Mathur	AEAPM7470G	3	66,000	66,000	66,000	0.58	2.49
5	Sanjay Mathur	AEAPM7471H	3	66,000	56,000	56,000	0.5	2.11
6	Renu Aggarwal	AEFPG1199B	3	65,000	55,000	55,000	0.49	2.08
7	Naveen Kumar	ADWPN0425F	2	2,00,000	1,99,950	1,99,950	1.77	7.55
8	Smriti Mahajan	BCXPM2395A	2	99,000	77,450	77,450	0.69	2.92
9	Mukat Behari	AFOPB5611H	2	63,000	61,800	61,800	0.55	2.33
10	Narender Kumar Gupta	AAFPG5298P	2	48,000	48,000	48,000	0.43	1.81
11	Akhilesh Poddar	ANTPP3340A	2	45,000	45,000	45,000	0.4	1.70
12	B M Agarwal	ABXPA3339G	2	45,000	44,950	44,950	0.4	1.70
13	Savitri Devi Agarwal	AAKPA5197L	2	40,000	40,000	40,000	0.35	1.51
14	Aman Gupta	AESPG2810A	2	39,000	39,000	39,000	0.35	1.47
15	Shobha Bansal	ANQPB1332F	2	39,500	39,000	39,000	0.35	1.47
16	Suleman Sadru Merchant	BIVPM7456G	2	32,000	32,000	32,000	0.28	1.21
17	Rohit Jain	AAEPJ0058M	4	27,500	16,454	16,454	0.15	0.62
18	Sanjay Kumar	AOKPK0458A	2	21,500	21,500	21,500	0.19	0.81
19	Govindrao Panditrao Saraf	AQLPS0701P	2	20,000	20,000	20,000	0.18	0.75
20	Baljeet Kaur	AAMPK0641B	2	16,700	16,700	16,700	0.15	0.63
21	Shyam Sunder Agrawal	AAWHS0090Q	2	7,500	7,500	7,500	0.07	0.28
22	Sandeep Goyal	ABEPG4609C	1	1,00,000	99,000	99,000	0.88	3.74

S.No.	Name of the entity to whom entity to whom shares transferred by Natraj	PAN	No. of instances of receipt of shares from Natraj in off market	Total no. of shares received from Natraj in off market	No. of shares sold on market to Natraj / its connected entities	Reversed quantity	Artificial volume creation by entity as % of total artificial volume i.e 1,12,93,300 shares	Artificial volume creation by entity as % of total artificial volume i.e 26,49,957 shares
A	B	C	D	E	F	G	H	I
23	Ravinder Gugnani	ABWPG6401A	1	70,000	60,000	60,000	0.53	2.26
24	Aman Gupta	APZPG3258A	1	60,000	59,000	59,000	0.52	2.23
25	Rita Malik	AAIPM0936B	1	75,000	56,000	56,000	0.5	2.11
26	Simmi Jain	AAIPJ1311M	1	50,000	50,000	50,000	0.44	1.89
27	Umesh Mohan Purdhani	AAVPM9658F	1	50,000	50,000	50,000	0.44	1.89
28	Rajesh Jain	AAAPJ2858D	1	50,000	50,000	50,000	0.44	1.89
29	Suresh Pareek Huf . .	AAWHS1613M	1	50,000	45,995	45,995	0.41	1.74
30	Arun Narula	AAGPN3431Q	1	45,000	45,000	45,000	0.4	1.70
31	Kalpna Purdhani	ABBP8314L	1	50,000	44,998	44,998	0.4	1.70
32	Anita Narula	AAGPN0916L	1	40,000	40,000	40,000	0.35	1.51
33	Amita Poddar	ADJPP6311P	1	35,000	35,000	35,000	0.31	1.32
34	Sunil Kumar Agrawal	AABHS5521H	1	30,000	30,000	30,000	0.27	1.13
35	Kusum Gupta	AAKPG3952H	1	30,000	30,000	30,000	0.27	1.13
36	B M Agarwal (Huf)	AAEBH2816H	1	30,000	29,398	29,398	0.26	1.11
37	Vivek Kumar Rai	AJLPR3244H	1	25,000	25,000	25,000	0.22	0.94
38	Rajni Katta	ALNPK9223F	1	25,000	25,000	25,000	0.22	0.94
39	Satinder Pal Singh	AKMPS7281B	1	24,500	24,500	24,500	0.22	0.92
40	Nandni Pandey	AOCPP3517K	1	20,000	20,000	20,000	0.18	0.75
41	Sanjeev Gupta	AHCPG7326A	1	20,000	20,000	20,000	0.18	0.75
42	Sanjeev Kumar Katta	ADMPK7769B	1	20,000	20,000	20,000	0.18	0.75
43	J K Agarwal (Huf)	AADHJ6767N	1	20,000	20,000	20,000	0.18	0.75
44	Santosh Kumar Jain	AAOPJ5879L	1	20,000	20,000	20,000	0.18	0.75
45	Bhawana Khandelwal	AEYPG4186M	1	20,000	19,926	19,926	0.18	0.75
46	Uttam Chand Jain	AAAHU7158M	1	20,000	19,701	19,701	0.17	0.74
47	Satish Chander Chugh	ABKPC0506G	1	20,000	19,600	19,600	0.17	0.74
48	Dhan Raj	AARPR7841K	1	18,000	18,000	18,000	0.16	0.68
49	Alka Govind Saraf	ADMPS2634K	1	17,000	17,000	17,000	0.15	0.64
50	Manju Bala	ABIPB1601M	1	16,500	16,500	16,500	0.15	0.62
51	Anil Agarwal Huf .	AAJHA1229G	1	15,000	15,000	15,000	0.13	0.57
52	Pooran Mal Agrawal	ADLPA9874A	1	15,000	15,000	15,000	0.13	0.57
53	Rinku Garg	AGJPG0333K	1	12,500	12,500	12,500	0.11	0.47
54	Geeta Tandon	AEMPT6304E	1	12,000	11,500	11,500	0.1	0.43
55	Lalit Mohan Gupta Huf	AACHL0847G	1	10,500	10,500	10,500	0.09	0.40
56	Mahesh Kumar Kedia	AAVPK3510E	1	10,000	10,000	10,000	0.09	0.38
57	Abhishek Gupta	AHTPG5849B	1	30,000	10,000	10,000	0.09	0.38
58	Vishnu Kishore Katta	AEEP5514P	1	10,000	10,000	10,000	0.09	0.38

S.No.	Name of the entity to whom entity to whom shares transferred by Natraj	PAN	No. of instances of receipt of shares from Natraj in off market	Total no. of shares received from Natraj in off market	No. of shares sold on market to Natraj / its connected entities	Reversed quantity	Artificial volume creation by entity as % of total artificial volume i.e 1,12,93,300 shares	Artificial volume creation by entity as % of total artificial volume i.e 26,49,957 shares
A	B	C	D	E	F	G	H	I
59	Sanjeev Tandon	ACRPT9160B	1	12,000	9,200	9,200	0.08	0.35
60	Lalit Mohan Gupta	AGGPG2329C	1	8,500	8,500	8,500	0.08	0.32
61	Virendra Kumar Gupta	AUKPG8619B	1	8,500	8,500	8,500	0.08	0.32
62	Sarita Gupta	AELPG6229E	1	8,500	8,500	8,500	0.08	0.32
63	Neeta Gupta	AGGPG2330K	1	8,500	8,500	8,500	0.08	0.32
64	Savita Varshney	ADGPV6058A	1	8,500	8,400	8,400	0.07	0.32
65	Prith Pal Singh Gambhir	AAAGPG5329Q	1	7,700	7,700	7,700	0.07	0.29
66	Rajendra Prasad Guenka	AAQPG6697K	1	7,000	7,000	7,000	0.06	0.26
67	Ajay Chugh	AAJHA4323B	1	10,000	7,000	7,000	0.06	0.26
68	Dinesh Kumar Goenka	ADGPG5396Q	1	7,000	7,000	7,000	0.06	0.26
69	Alok Rai	AGHPR3927Q	1	18,000	2,400	2,400	0.02	0.09
	Total		111	27,87,900	26,49,957	26,49,957	23.46	100.00

29.I note that Natraj Capital & Credit Pvt Ltd in 111 instances transferred 27,87,900 shares to 69 connected entities. The 69 entities had sold the shares of FIRL on-market and the same were purchased by Natraj Capital & Credit Pvt Ltd / its connected entities. The said reversal of shares on market created artificial volume of 26,49,957 shares i.e 23.46% to the market volume. For illustration, I note that Deepak Gupta had received 67,000 shares through 4 off market transfers on two dates viz. April 18, 2013 and May 10, 2013 from Natraj Capital & Credit Pvt Ltd. Subsequently, Deepak Gupta had sold these shares on various dates on-market as below to Natraj Capital & Credit Pvt Ltd. and its connected entities:

Table 6

S. No.	Date of sale of shares on market	No. of shares sold.	Name of the buyer (Natraj Capital & Credit Pvt Ltd / its connected entities)
1	22.04.2013	10000	Kesri Industrial Lab Pvt Ltd
2	13.05.2013	5000	Kesri Industrial Lab Pvt Ltd
3	13.05.2013	5000	Tushar India Private Limited
4	13.05.2013	5000	Kesri Industrial Lab Pvt Ltd
5	13.05.2013	5000	Tushar India Private Limited
6	23.04.2013	5000	Tushar India Private Limited
7	23.04.2013	5000	Kesri Industrial Lab Pvt Ltd
8	23.04.2013	5000	Natraj Capital & Credit Pvt Ltd
9	22.04.2013	5000	Kesri Industrial Lab Pvt Ltd
10	22.04.2013	5000	Kesri Industrial Lab Pvt Ltd
11	22.04.2013	5000	Kesri Industrial Lab Pvt Ltd
12	22.04.2013	5000	Natraj Capital & Credit Pvt Ltd
13	25.04.2013	2000	Kesri Industrial Lab Pvt Ltd
	Total	67,000	

30. From the above, it can be observed that Natraj Capital & Credit Pvt Ltd transferred 67,000 shares in off market transfers to Deepak Gupta. These shares were sold to Natraj Capital & Credit Pvt Ltd and its connected entities viz., Kesri Industrial Lab Private Limited and Tushar India Private Limited by Deepak Gupta during April 22, 2013 to May 13, 2013. This created artificial volume of 67,000 shares. I note that the above pattern of trading establishes that there was volume manipulation in the scrip of FIRL by using the said modus operandi. I note that the other connected entities including Savitri Devi Agarwal, B M Agarwal and Mukat Behari also have created artificial volume in the scrip by using the same modus operandi, i.e., entering in off-market and on-market reversal transactions with Natraj Capital & Credit Pvt Ltd / its connected entities.

31. The details of purchase of shares on-market by Natraj Capital & Credit Pvt Ltd and its connected entities are given below:

Table 7

S.No.	Natraj and its connected entities as buyers	PAN	No.of shares bought	No. of instances of purchase of shares from 69 entities	Artificial volume creation by entity as % of total artificial volume i.e 1,12,93,300 shares	Artificial volume creation by entity as % of total artificial volume i.e 26,49,957 shares
1	Kesri Industrial Lab Private Ltd.	AAACK8837C	10,45,258	431	9.26	39.44
2	Natraj Capital & Credit Pvt Ltd	AAACN2928D	3,82,586	222	3.39	14.44
3	Tushar India Private Limited	AABCT5830B	12,07,113	379	10.69	45.55
4	Placido Marketing Private Ltd.	AAGCP6892C	15,000	8	0.13	0.57
	Total		26,49,957	1,040	23.46	100.00

32. From the above table, it can be observed that Natraj Capital & Credit Pvt Ltd / its connected entities bought 26,49,957 shares in 1,040 trades from 69 entities to whom shares are transferred in off market and this resulted in artificial volume of 26,49,957 shares.

33. I note that Savitri Devi Agarwal and B M Agarwal have submitted that they had purchased the shares in off-market transactions from Natraj Capital & Credit Pvt Ltd for a consideration of around Rs. 2 per share in the month of April 2012. I also note that Mukat Behari in his submissions has stated that he had purchased 63,000 shares of FIRL on July 16, 2002 from Natraj Capital & Credit Pvt Ltd in open market. In this respect, he has submitted a purchase bill dated July 16, 2002 issued by Natraj Capital & Credit Pvt Ltd. He has also submitted his bank statements and broker statements in respect of his sale transactions in FIRL.

34. In this respect, I note that the shares of FIRL were listed on BSE on December 12, 2012. Therefore, I note that the shares of FIRL were not available for trading in open market before the said listing. Therefore, the submission of Mukat Behari

that he had purchased the shares of FIRL in the year 2002 in open market has no basis. I also note from the off market details submitted by CDSL and NSDL, which has been enclosed as annexure to the SCN, that Deepak Gupta, Savitri Devi Agarwal, B M Agarwal and Mukat Behari had received shares of FIRL from Natraj Capital & Credit Pvt Ltd in the year 2013 in off market transfers as below:

Table 8

Date	Source Client Name	Target Client Name	Source Client PAN	Target Client PAN	Transferred Qty
23/03/2013	NATRAJ CAPITAL & CREDIT PVT LTD	MUKAT BEHARI	AAACN2928D	AFOPB5611H	45,000
01/04/2013	NATRAJ CAPITAL & CREDIT PVT LTD	MUKAT BEHARI	AAACN2928D	AFOPB5611H	18,000
17/04/2013	NATRAJ CAPITAL & CREDIT PVT LTD	B M AGARWAL	AAACN2928D	ABXPA3339G	20,000
18/04/2013	NATRAJ CAPITAL & CREDIT PVT LTD	DEEPAK GUPTA	AAACN2928D	AGDPG4480D	17,000
18/04/2013	NATRAJ CAPITAL & CREDIT PVT LTD	DEEPAK GUPTA	AAACN2928D	AGDPG4480D	20,000
18/04/2013	NATRAJ CAPITAL & CREDIT PVT LTD	DEEPAK GUPTA	AAACN2928D	AGDPG4480D	10,000
25/04/2013	NATRAJ CAPITAL & CREDIT PVT LTD	SAVITRI DEVI AGARWAL	AAACN2928D	AAKPA5197L	30,000
01/05/2013	NATRAJ CAPITAL & CREDIT PVT LTD	SAVITRI DEVI AGARWAL	AAACN2928D	AAKPA5197L	10,000
06/05/2013	NATRAJ CAPITAL & CREDIT PVT LTD	B M AGARWAL	AAACN2928D	ABXPA3339G	25,000
10/05/2013	NATRAJ CAPITAL & CREDIT PVT LTD	DEEPAK GUPTA	AAACN2928D	AGDPG4480D	20,000

35. I note from the replies of Savitri Devi Agarwal and B M Agarwal that they have *inter alia* claimed that they had purchased shares from Natraj Capital and Credit Pvt Ltd in the year 2012 through off-market mode. Savitri Devi Agarwal has claimed that the shares were not transferred to her demat accounts immediately as she had not given her demat account details to the broker and were,

subsequently, transferred in the year 2013. Similarly, Mukat Behari has claimed that he had purchased the shares of FIRL in the year 2002. I find it difficult to believe the above submissions made by the said Noticees as they have not claimed that they did not have demat account. Further, I find it unlikely for any investor to not take delivery of the shares after paying for the same, as I note from table 8 above that the shares have been transferred to the accounts of the said Noticees in the year 2013 despite their claims of having purchased the said shares much earlier. Therefore, I am of the view that the above justification provided by the said Noticees is an afterthought and I conclude that he had received the shares from Natraj Capital & Credit Pvt Ltd in the year 2013 in off market transactions, as submitted by the depositories. Further, I note that after receiving shares in off-market transaction from Natraj Capital & Credit Pvt Ltd, the said Noticees had sold the shares on-market to Natraj Capital & Credit Pvt Ltd and its connected entities, which signifies a prior meeting of minds before execution of the said trades. In view of the above, I am not inclined to accept the said contention raised by Savitri Devi Agarwal, B M Agarwal and Mukat Behari.

36. As seen from the available records, Savitri Devi Agarwal, B M Agarwal, Mukat Behari and Deepak Gupta, which are part of 69 entities mentioned in Table 5 above have contributed in creation of artificial volume by receiving shares of FIRL through off-market transfers from Natraj Capital & Credit Pvt Ltd and selling the shares on-market to Natraj Capital & Credit Pvt Ltd and its connected entities

viz. Kesri Industrial Lab Pvt Ltd and Tushar India Private Limited, thereby, resulting in no overall change of beneficial ownership.

37. I note that Regulation 3 of PFUTP Regulations, 2003 prevents any person from buying, selling or dealing in securities in fraudulent manner, use or employ any manipulative or deceptive device in contravention to the provisions of the Act, employ any device, scheme or artifice to defraud in connection with dealing in securities or engage in any act, practice, course of business which operates as fraud or deceit upon any person in connection with any dealing in or issue of securities. Regulation 4(1) of PFUTP Regulations, 2003 provides that no person shall indulge in a fraudulent or an unfair trade practice in securities. Regulation 4(2)(a) of PFUTP Regulations, 2003, prohibits a person from indulging in an act which creates false or misleading appearance of trading in the securities market. Regulation 4(2)(g) of PFUTP Regulations, 2003, prohibits entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security.

38. In this regard, I would also like to refer to the observations of the Hon'ble Securities Appellate Tribunal (SAT) in its order dated July 14, 2006 in Ketan Parekh Vs. SEBI, wherein it was held that: *"When a person takes part in or enters into transactions in securities with the intention to artificially raise or depress the price he thereby automatically induces the innocent investors in the market to buy /sell their stocks. The buyer or the seller is invariably influenced by the price of the stocks and if*

that is being manipulated the person doing so is necessarily influencing the decision of the buyer / seller thereby inducing him to buy or sell depending upon how the market has been manipulated. We are therefore of the view that inducement to any person to buy or sell securities is the necessary consequence of manipulation and flows therefrom. In other words, if the factum of manipulation is established it will necessarily follow that the investors in the market had been induced to buy or sell and that no further proof in this regard is required. The market, as already observed, is so wide spread that it may not be humanly possible for the Board to track the persons who were actually induced to buy or sell securities as a result of manipulation and law can never impose on the Board a burden which is impossible to be discharged. This, in our view, clearly flows from the plain language of Regulation 4(a) of the Regulations.”

39. Hon'ble SAT further observed that, - *“.... 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.”*

40. Further, Hon'ble Supreme Court of India in the matter of SEBI v Kishore Ajmera (order dated February 23, 2016), had observed that: *"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..."*

41. I note that the Noticees had sold the shares on-market on the exchange platform and they have submitted that they did not know the counterparties of the said trades. In this respect, I note that the fact that the transactions were done with Natraj Capital & Credit Pvt Ltd and its connected entities, from whom they had received shares in off-market transfer, indicates a prior meeting of mind with a view to execute the said trades at a pre-determined time and price. In the facts and circumstances brought out in my above findings, the off-market transfers and on-market transfer of shares among the connected entities cannot be considered as a mere coincidence. The aforesaid trading pattern by the Noticees does imply collusion, meeting of minds and fraudulent intent to create artificial volume in the scrip of FIRL. The participants involved in such trades make use of their prior

knowledge and enter orders knowing that those orders will be covered by reverse orders of similar size, time and price. This increases the trading volumes in the underlying security and generates interest from other investors. I am of the view that the only intention behind such buying or selling is for raising or depressing prices of the underlying securities by increasing trading volumes. Therefore, from the trading pattern of the Noticees, I conclude that the Noticees indulged in trades with one leg in off market and the reverse leg on the market, which had resulted in creation of artificial volume in the scrip of FIRL, leading to false and misleading appearance of trading in the scrip.

42. I also note that the Hon'ble Supreme Court in the matter of SEBI vs. Rakhi Trading Private Ltd., in Civil appeals no. 1969 of 2011 with Civil Appeal Nos., 3174-3177 of 2011 and Civil Appeal No. 3180 of 2011 decided on February 8, 2018 had observed that - *"the price discovery system itself was affected by synchronization and rapid reverse trade, which also had the impact of excluding other investors from participating in the market. The Supreme Court, therefore found that the traders having engaged in a fraudulent and unfair trade practice while dealing in securities, are hence liable to be proceeded against for violation of Regulations 3(a), 4(1) and 4(2)(a) of PFUTP Regulations"*. The Apex Court also observed that - *"considering the reversal transactions, quantity, price and time and sale, parties being persistent in the number of such trade transactions with huge price variations, it will be too naïve to hold that the transactions are through screen-based trading and hence anonymous. Such conclusion would be overlooking the prior meeting of minds involving synchronization of buy and sell order and not negotiated deals as per the board's*

circular. The impugned transactions are manipulative/deceptive device to create a desired loss and/or profit. Such synchronized trading is violative of transparent norms of trading in securities.

43. Keeping in mind the dicta of the Hon'ble SAT and Hon'ble Supreme Court as reproduced above; I see no reason to take a different view in the present case. In view of the foregoing, I am of the considered view that this scheme, plan, device and artifice exhibited in the said pattern of trading tantamount to fraud in the securities market in as much as it involves manipulative transactions in securities and misuse of the securities market. The manipulative / deceptive transactions of the Noticees are, *prima-facie*, covered under the definition of 'fraud' and the dealings of the Noticees as discussed herein above were "fraudulent", as defined under regulation 2(1)(c) of the PFUTP Regulations, 2003 and prohibited under the provisions of regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and (g) of PFUTP Regulations, 2003. Therefore, I conclude that Deepak Gupta, Savitri Devi Agarwal, B M Agarwal and Mukat Behari have created artificial volume in the scrip of FIRL through their dealing and, therefore, have violated the provisions of regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(g) of PFUTP Regulations, 2003.

44. It was also alleged in the SCN that Savitri Devi Agarwal manipulated the scrip price by New High Price (NHP) contribution. During Patch 1, the scrip price opened at Rs. 34.15, reached high of Rs. 94.30. Therefore, the market NHP

contribution is Rs. 60.15 (Rs. 94.30- Rs. 34.15). It is observed from the NHP analysis that the connected entities established NHP in 50 trades and contributed Rs. 24.35 (40.48%) to market NHP. The details are given below:

Table 9

S.No.	Buyer PAN	Buyer Name	No. of Trades	Sum of NHP Qty.	NHP contribution (in Rs.)	NHP Contribution to total NHP Rs.60.15 (in %)
1.	AIMPY3580D	Roxtech Securities Services (Prop. Parmanand Yadav)	13	9,891	11.55	19.20
2.	AIRPY0807E	Yogesh Trading Company (Prop. Shashi Yadav)	11	8,777	5.30	8.81
3.	AADCN3085E	Nanon Distributors Pvt Ltd	3	8,821	1.60	2.67
4.	AAECD3064A	Delphina Distributors Private Limited	5	9,457	1.55	2.58
5.	AAACK8837C	Kesri Industrial Lab Private Limited	4	24,470	1.50	2.49
6.	AABCT5830B	Tushar India Private Limited	2	14,900	0.80	1.33
7.	AGNPJ5775G	Archit Jindal	3	119	0.75	1.25
8.	AAGCP6892C	Placido Marketing Private Limited	5	8,901	0.55	0.9
9.	AAACN2928D	Natraj Capital & Credit Pvt Ltd	1	600	0.50	0.83
10.	AIGPS4315L	Navi Kiran Enterprises (Prop. Rakesh Kumar Sharma)	3	7,471	0.25	0.42
		Total	50	93,407	24.35	40.48

45.I also note that, out of 50 trades contributing to NHP, connected entities were the counter parties in 25 trades. Thus, connected entities by trading among themselves in 25 trades contributed to 15.72% of NHP contribution and there by manipulated the scrip price. The details are given below:

Table 10

S.No.	PAN	Client name	Connected Entities as counter parties				Remaining entities as counter parties				Total			
			No. of trades	No. of shares	NHP in Rs.	%to the NHP Rs.60.15	No. of trades	No. of shares	NHP	%to the NHP Rs.60.15	No. of trades	No. of shares	NHP	%to the NHP Rs.60.15
1.	AIMPY3580D	Roxtech Securities Services (Prop. Parmanand Yadav)	6	8796	4.65	7.73	7	1095	6.9	11.47	13	9891	11.55	19.20
2.	AAACK8837C	Kesri Industrial Lab Pvt Ltd .	3	17000	1.2	2.00	1	7470	0.3	0.50	4	24470	1.5	2.49
3.	AABCT5830B	Tushar India Private Limited .	2	14900	0.8	1.33	0	0	0	-	2	14900	0.8	1.33
4.	AGNPJ5775G	Archit Jindal	2	73	0.65	1.08	1	46	0.1	0.17	3	119	0.75	1.25

S.No.	PAN	Client name	Connected Entities as counter parties				Remaining entities as counter parties				Total			
			No. of trades	No. of shares	NHP in Rs.	%to the NHP Rs.60.15	No. of trades	No. of shares	NHP	%to the NHP Rs.60.15	No. of trades	No. of shares	NHP	%to the NHP Rs.60.15
5.	AADCN3085E	Nanon Distributors Private Limited	1	1721	0.9	1.50	2	7100	0.7	1.16	3	8821	1.6	2.66
6.	AAACN2928D	Natraj Capital & Credit Pvt Ltd .	1	600	0.5	0.83	0	0	0	-	1	600	0.5	0.83
7.	AIRPY0807E	Yogesh Trading Company (Prop.Shashi Yadav)	3	5027	0.35	0.58	8	3750	4.95	8.23	11	8777	5.3	8.81
8.	AIGPS4315L	Navi Kiran Enterprises (Prop. Rakesh Kumar Sharma)	3	7471	0.25	0.42				-	3	7471	0.25	0.42
9.	AAECD3064A	Delphina Distributors Private Limited	2	4455	0.1	0.17	3	5002	1.45	2.41	5	9457	1.55	2.58
10.	AAGCP6892C	Placido Marketing Private Limited	2	8101	0.1	0.17	3	800	0.45	0.75	5	8901	0.55	0.91
Grand Total			25	68144	9.5	15.79	25	25263	14.85	24.69	50	93407	24.35	40.48

46. Following is the table showing details of connected counter parties (sellers) for 25 trades as mentioned in the above:

Table 11

S.No.	Counter party PAN	Counter party name	No. of trades	No. of shares	NHP in Rs.	%to the NHP
1	AAGPJ6737K	Shobha Jain	8	7,800	1.65	17.37
2	AEQPJ5780G	Chetan Jain	4	9,738	1.95	20.53
3	AANHS9519P	Satender Kumar Jain And Sons HUF	4	8,956	0.35	3.68
4	AAKPA5197L	Savitri Devi Agarwal	3	15,600	1.20	12.63
5	AIXPM4106E	Anubhav Mittal	1	50	2.95	31.05
6	AAAHU7158M	Uttam Chand Jain	1	4,900	0.50	5.26
7	AGDPG4480D	Deepak Gupta	1	2,000	0.50	5.26
8	AEEPJ3148Q	Sushil Jain	1	10,000	0.30	3.16
9	AAYPJ3951B	Anand Kumar Jain	1	5,000	0.05	0.53
10	ACSPJ6904A	Sajan Kumar Jain	1	4,100	0.05	0.53
Grand Total			25	68,144	9.50	100.00

47. I note that Savitri Devi Agarwal is one of the connected entities who acted as counter party (sellers) in 3 trades for 15,600 shares and contributed towards NHP creation. The above analysis of the trades of the connected entities including Savitri Devi Agarwal clearly indicates that these connected entities had attempted to create an upward trend in the price through NHP creation. In the

present case, I note that the trades of connected entities were getting matched in most of the cases with other connected entities, which cannot be mere coincidence. The pattern of trading clearly brings out the role played by Savitri Devi Agarwal along with other connected entities in influencing the price by creating new high price. In view of the same, I conclude that Savitri Devi Agarwal by entering into trades in the scrip of FIRL had impacted the price of the scrip significantly through NHP creation and thereby violated the provisions of the Regulation 3 (a), (b), (c), (d), 4 (1), 4 (2) (a) & (e) of PFUTP Regulations, 2003.

48. The Hon'ble Supreme Court of India in the case of SEBI v. Rakhi Trading Pvt.

Ltd., (2018) 13 SCC 753 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."*

49. Hon'ble Supreme Court of India in the matter of SEBI Vs. Shri Ram Mutual

Fund [2006] 68 SCL 216(SC) held that - *"In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant..."*.

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

Penalty for fraudulent and unfair trade practices.

15HA. If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty of twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.

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

Factors to be taken into account by the adjudicating officer.

15J. While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely:-

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.

Explanation.—For the removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.

52. I note that on the basis of data available on record, it is difficult, in cases of such nature, to quantify exactly the disproportionate gain or unfair advantage enjoyed by the Noticee and the consequent losses suffered by the investors. Further the amount of loss to an investor or group of investors also cannot be quantified on the basis of available facts and data. Even though the monetary loss to the investors cannot be computed, any manipulation in the volume or price of the stocks caused by vested interest always erodes investor confidence in the market so that investors find themselves at the receiving end of market manipulators. The PFUTP Regulations aim to preserve and protect the market integrity in order to boost investor confidence in the securities market. By executing manipulative trades, as has been executed by the Noticees in the instant matter, the price discovery system itself is affected. It also has an adverse impact on the fairness, integrity and transparency of the stock market.

ORDER

53. Having considered all the facts and circumstances of the case, the material available on record, the factors mentioned in Section 15J of the SEBI Act and in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the SEBI Adjudication Rules, I hereby impose the following penalty on the Noticees under Section 15HA of the SEBI Act:

S. No.	Name of the Noticee	Penalty
1.	Savitri Devi Agarwal	Rs. 2,00,000 (Rupees Two Lakh Only)

2.	B M Agarwal	Rs. 2,00,000 (Rupees Two Lakh Only)
3.	Deepak Gupta	Rs. 2,00,000 (Rupees Two Lakh Only)
4.	Mukat Behari	Rs. 2,00,000 (Rupees Two Lakh Only)

54. I am of the view that the said penalty is commensurate with the lapse/omission on the part of the Noticees. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of “SEBI - Penalties Remittable to Government of India”, payable at Mumbai, OR through online payment facility available on the website of SEBI, i.e., www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of AO -> PAY NOW. In case of any difficulties in payment of penalties, the Noticees may contact the support at portalhelp@sebi.gov.in.

55. The Noticees shall forward said Demand Draft or the details / confirmation of penalty so paid to the “The Division Chief, EFD-1, DRA-II, SEBI, SEBI Bhavan 2, Plot No. C –7, “G” Block, Bandra Kurla Complex, Bandra (E), Mumbai –400 051”. The Noticee shall provide the following details while forwarding DD/ payment information:

- a) Name and PAN of the entity
- b) Name of the case / matter
- c) Purpose of Payment – Payment of penalty under AO proceedings
- d) Bank Name and Account Number

e) Transaction Number

56. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under Section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties.

57. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticees and also to the Securities and Exchange Board of India.



Date: November 19, 2020

Place: Mumbai

B J DILIP

ADJUDICATING OFFICER