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**BEFORE THE ADJUDICATING OFFICER SECURITIES AND EXCHANGE BOARD**  
**OF INDIA [ADJUDICATION ORDER NO. Order/MC/DS/2020-2021/ 9878 ]**

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

In respect of –

1. **Accolade Holdings Private Limited (PAN:AADCB7645Q)** having address at -  
409 4th Floor, DLF Tower A, 10 Jasola District Center, New Delhi – 110025.

In the matter of PMC Fincorp Limited.

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**BACKGROUND**

1. Securities and Exchange Board of India (hereinafter be referred to as, “**SEBI**”) initiated adjudication proceedings under Section 15HA of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**'), against **Accolade Holdings Private Limited (Accolade / Noticee / You)** for the alleged violations of Section 12A(a),(b),(c) of SEBI Act, 1992 read with Regulation 3(a),(b),(c),(d) and Regulations 4(1), 4(2) (a), (e) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as '**PFUTP Regulations**') pursuant to investigation in the scrip of PMC Fincorp Limited (hereinafter referred to as '**PMC / Scrip / Company**') for the period March 29, 2012 to March 31, 2015 (**IP/investigation period**).

**APPOINTMENT OF ADJUDICATING OFFICER**

2. SEBI appointed the undersigned as Adjudicating Officer (hereinafter referred to as “**AO**”) vide order dated June 26, 2020 to inquire into and adjudge under section 15HA of the SEBI Act, the aforesaid alleged violations against the

Noticee. The appointment of the AO was communicated vide order dated June 30, 2020.

### SHOW CAUSE NOTICE, REPLY AND HEARING

3. Show Cause Notice No. EAD5/MC/DPS/11978/2020 dated July 21, 2020 (hereinafter be referred to as, the “**SCN**”) was served upon the Noticee under Rule 4(1) of the Adjudication Rules to show cause as to why an inquiry should not be held and penalty not be imposed against it under Section 15HA of SEBI Act, 1992, for the alleged violations of Section 12A(a),(b),(c) of SEBI Act, 1992 read with Regulation 3(a),(b),(c),(d) and Regulations 4(1), 4(2) (a), (e) of PFUTP Regulations.
4. The allegations levelled against the Noticee in the SCN are summarized as below:
5. SEBI conducted an investigation in the scrip of PMC Fincorp Limited for the period March 29, 2012 to March 31, 2015 (**IP/investigation period**). During IP, price of the scrip on BSE moved from Rs. 315 to Rs. 41.90 reaching a high of Rs. 880 and a low of Rs. 34.85. The closing market price of the scrip at BSE as on January 22, 2020 was Rs. 0.39. The IP was divided into 5 patches as as given below:

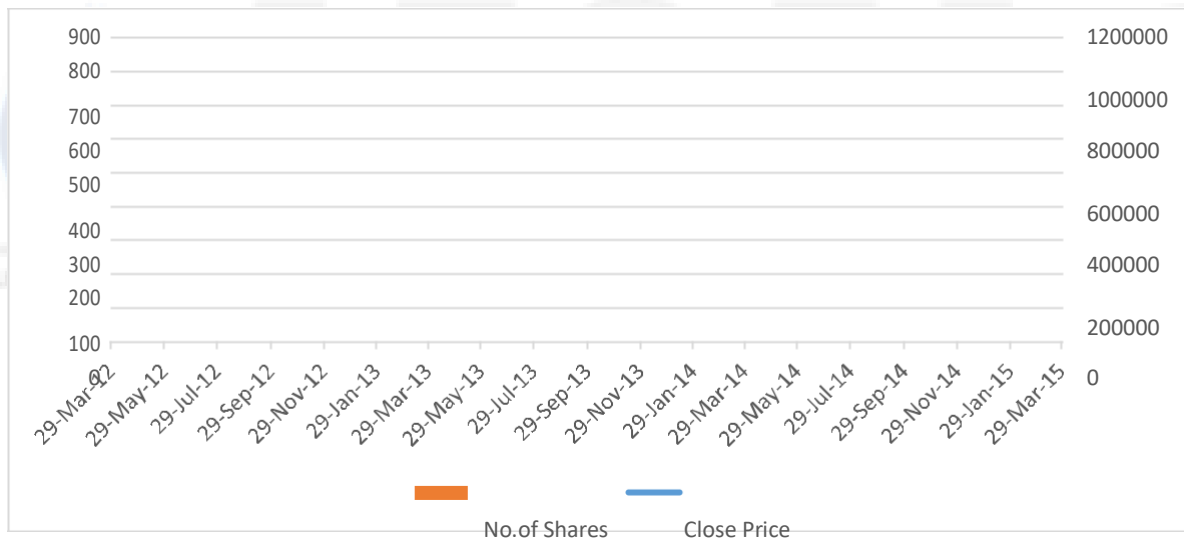
Period	Duration		Opening Price/ vol on 1st day of period(Rs.)	Closing Price/ Vol on last day of period(Rs.)	Low Price/Vol during the Period(Rs.)	High Price/Vol during the Period(Rs.)	Avg no of shares traded daily during the period
Pre- Investig ation	13/03/2012 28/03/2012 (*)	Price (in Rs.)	355	307.95	300.50 (28/03/2012)	424 (16/03/2012)	56064
		Volume	11275	109795	11275 (13/03/2012)	109795 (28/03/2012)	
IP	Patch 1 29/03/2012- 06/02/2013	Price (in Rs.)	315	499.65	313.50 (29/03/2012)	585 (28/01/2013)	40619
		Volume	67975	59563	2810 (18/05/2012)	138987 (01/01/2013)	
	Sub division of equity shares of the company in the ratio 1:2 w.e.f. 07/02/2013						
	Patch 2 07/02/2013 – 19/03/2013	Price (in Rs.)	244	103.15	101 (18/03/2013)	269 (08/02/2013)	161854
		Volume	32331	1505	12543 (20/02/2013)	468416 (14/03/2013)	
Patch 3	Price (in Rs.)	103	807.75	99.55 (20/03/2013)	848.90 (10/03/2014)	25353	

Adjudication Order in respect of Accolade Holdings Private Limited in the matter of PMC Fincorp Limited

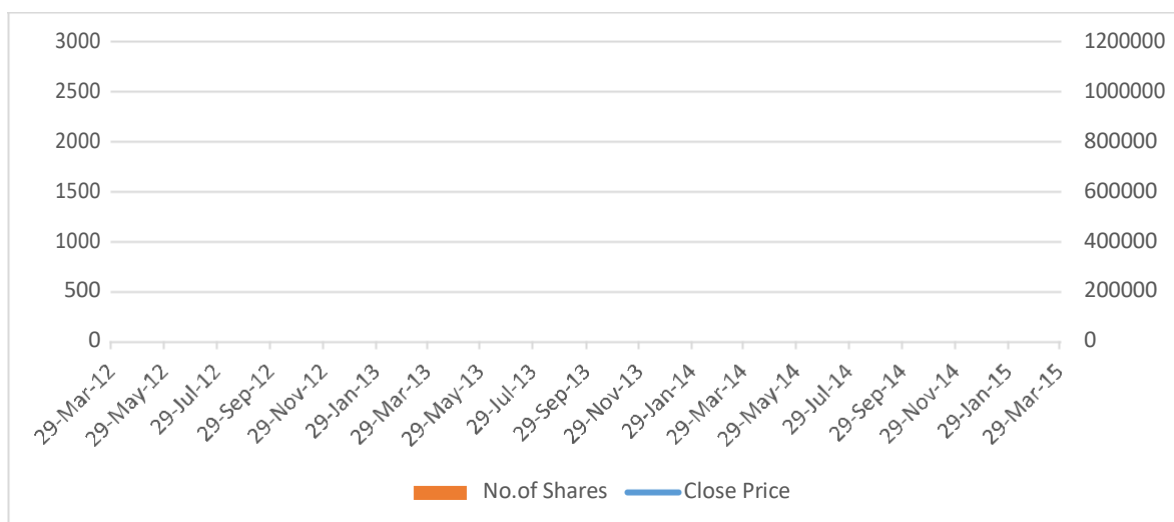
Period	Duration		Opening Price/ vol on 1st day of period(Rs.)	Closing Price/ Vol on last day of period(Rs.)	Low Price/Vol during the Period(Rs.)	High Price/Vol during the Period(Rs.)	Avg no of shares traded daily during the period
	20/03/2013- 12/03/2014	Volume	453379	29393	1 (02/04/2013)	524490 (21/03/2013)	
Issue of bonus shares in the ratio 8:10 w.e.f. 13/03/2014							
	Patch 4 13/03/2014 - 21/10/2014	Price (in Rs.)	430	838.90	425 (13/03/2014)	880 (11/06/2014)	28388
		Volume	24266	25756	882 (30/06/2014)	186959 (26/03/2014)	
Sub division of equity shares of the company in the ratio 1:5 w.e.f. 22/10/2014							
	Patch 5 22/10/2014 - 31/03/2015	Price (in Rs.)	170	41.90	34.85 (02/02/2015)	244.70 (27/10/2014)	141716
		Volume	110367	511983	765 (12/01/2015)	1064414 (30/03/2015)	
Post- Investig ation	01/04/2015 - 30/06/2015	Price (in Rs.)	41.05	6.48	5.93 (29/06/2015)	43 (01/04/2015)	421830
		Volume	899783	481419	14996 (12/06/2015)	2027173 (16/04/2015)	

\*The scrip got listed on BSE on March 12, 2012

#### 6. The price volume chart during the IP is as follows:-



7. The adjusted price volume chart during the IP is as under:-



I. Patch 3 - Price Rise - 20/03/2013 to 12/03/2014:

8. During this period, the price of the scrip opened at Rs. 103, reached a high of Rs.848.90 and closed at Rs. 807.75 i.e., a rise of 684.22%. Buy LTP analysis of 40 connected entities during this period is tabulated below –

Sr. No.	Buyer Name	All trades			LTP Diff. >0			LTP Diff. < 0			LTP Diff. =0		% of +ve LTP to Total +ve LTP Market
		Sum of LTP diff	Sum of QTY	No of trades	LTP impact	QTY traded	No of trades	LTP impact	QTY traded	No of trades	QTY traded	No of trades	
1	Seabird Vincon Pvt Ltd	152.05	495123	6486	382.05	37697	330	-230	32595	245	424831	5911	4.94
2	Famous Investment Consultants Pvt Ltd	114.70	223861	2575	215.35	15716	164	-100.65	4649	94	203496	2317	2.78
3	Economy Suppliers Pvt Ltd	107.25	393055	4558	342.35	30780	283	-235.10	22355	226	339920	4049	4.43
4	Nishant Inbuild Limited	94.65	127180	1693	173.40	9180	110	-78.75	4153	89	113847	1494	2.24
5	Embassy Sales Private Limited	93.20	311330	4711	595.10	27272	309	-501.90	22282	283	261776	4119	7.69
6	Shivdarshan Sales Pvt Ltd	85.60	129836	1809	155.80	7990	126	-70.20	3526	62	118320	1621	2.01
7	Rolex Vinimay Pvt Ltd	82	162310	1924	149.25	10103	102	-67.25	5123	62	147084	1760	1.93
8	Seabird Distributors Pvt Ltd	65.35	317244	3764	220.05	22624	222	-154.70	23849	191	270771	3351	2.84
9	Seabird Retails Pvt Ltd	61.20	358503	4484	363.95	21772	277	-302.75	16016	257	320715	3950	4.70
10	Vimgi Investment Pvt Ltd	12	20000	213	19.45	975	12	-7.45	800	7	18225	194	0.25
11	Radhu Developers Pvt Ltd.	9.75	2002	12	15.75	2	2	-6	200	1	1800	9	0.20
12	Sunil Kumar Gupta HUF	0	10000	5	0	0	0	0	0	0	10000	5	0
13	Darshana Devi	0	10000	17	0	0	0	0	0	0	10000	17	0
14	Mayank Aggarwal	0	3000	1	0	0	0	0	0	0	3000	1	0
15	Nimish Aggarwal	0	3000	1	0	0	0	0	0	0	3000	1	0
16	Nupur Aggarwal	0	3000	2	0	0	0	0	0	0	3000	2	0
17	Sakshi Aggarwal	0	3000	4	0	0	0	0	0	0	3000	4	0
18	Satish Singhal	0	15000	3	0	0	0	0	0	0	15000	3	0
19	Meena Singhal	-0.05	10000	6	0	0	0	-0.05	4888	1	5112	5	0
20	Shankar Somani	-0.15	25000	17	0.10	5250	2	-0.25	13885	4	5865	11	0

Sr. No.	Buyer Name	All trades			LTP Diff. >0			LTP Diff. < 0			LTP Diff. =0		% of +ve LTP to Total Market +ve LTP
		Sum of LTP diff	Sum of QTY	No of trades	LTP impact	QTY traded	No of trades	LTP impact	QTY traded	No of trades	QTY traded	No of trades	
21	Aarzoo Aggarwal	-0.25	3000	1	0	0	0	-0.25	3000	1	0	0	0
22	Himanshu Aggarwal	-0.75	3000	4	0	0	0	-0.75	500	1	2500	3	0
23	Veena Jain	-1.60	17036	128	6.10	688	6	-7.70	408	8	15940	114	0.08
24	Laxmi Narain Kesarwani	-2.05	8000	77	7	530	5	-9.05	210	2	7260	70	0.09
25	Anju Gupta	-2.75	56200	12	0	0	0	-2.75	36000	2	20200	10	0
26	Amitkumar Radheshyam Gupta	-3.05	558	34	4	140	4	-7.05	23	3	395	27	0.05
27	Sunil Kumar Gupta	-4.25	4700	2	0	0	0	-4.25	5	1	4695	1	0
28	K K Securities Ltd	-6	3000	6	1.40	1000	2	-7.40	500	1	1500	3	0.02
29	Umesh Goyal HUF	-6.20	850	22	0.30	20	1	-6.50	220	2	610	19	0
30	Mindex Capital Market Private Limited (Formerly known as MKN Equity Brokers Pvt. Ltd.)	-7.15	14751	292	6.10	909	5	-13.25	593	12	13249	275	0.08
31	Ashu Goyal	-7.45	5546	199	6.65	596	8	-14.10	240	13	4710	178	0.09
32	Vivek Kesarwani	-9.80	8000	69	0.05	100	1	-9.85	270	2	7630	66	0
33	S K Aggarwal HUF	-12.35	30255	406	19.35	754	11	-31.70	2125	31	27376	364	0.25
34	M K N Commodity Brokers Private Limited	-13.40	38390	796	74.60	2873	52	-88	3559	68	31958	676	0.96
35	Nitin Aggarwal HUF	-15.55	6888	77	14.50	301	6	-30.05	918	23	5669	48	0.19
36	Mudit Jain HUF	-30.55	21500	200	21.80	440	7	-52.35	4805	15	16255	178	0.28
37	Prakash Ferrous Industries Private Limited	-38.55	138161	607	28.15	6243	20	-66.70	20423	37	111495	550	0.36
38	K K Aggarwal HUF	-49.45	23204	341	19.15	675	13	-68.60	1783	25	20746	303	0.25
39	M K Aggarwal HUF	-57.80	37531	484	17.50	1010	13	-75.30	4598	49	31923	422	0.23
40	J M S Financial Services Ltd.	-87.25	58957	1482	83.80	3137	65	-171.05	4446	119	51374	1298	1.08
<b>Total of connected entities having Net +ve LTP contribution</b>		<b>877.75</b>	<b>2540444</b>	<b>32229</b>	<b>2632.50</b>	<b>184111</b>	<b>1937</b>	<b>-1754.75</b>	<b>135548</b>	<b>1517</b>	<b>2220785</b>	<b>28775</b>	<b>34.03</b>
<b>Total of connected entities</b>		<b>521.35</b>	<b>3101971</b>	<b>37524</b>	<b>2943.05</b>	<b>208777</b>	<b>2158</b>	<b>-2421.7</b>	<b>238947</b>	<b>1937</b>	<b>2654247</b>	<b>33429</b>	<b>38.02</b>
<b>Total of Mkt</b>		<b>704.75</b>	<b>6186257</b>	<b>62187</b>	<b>7735.85</b>	<b>397456</b>	<b>4203</b>	<b>-7031.10</b>	<b>464560</b>	<b>3885</b>	<b>5324241</b>	<b>54099</b>	<b>100</b>

9. The connected entities contributed Rs. 2943.05 (38.02% of the market +ve LTP) to the market +ve LTP.

10. The connected entities listed at Sr. No. 1 to 11, having net +ve LTP contribution, contributed Rs. 2632.50 (34.03% of the market +ve LTP) to the market +ve LTP. It was also observed that the net LTP contribution by entities from Sr. No. 1 to 11 was Rs. 877.75 whereas the net LTP contribution of the market was Rs. 704.75.

11. From trading analysis, it was observed that the following 34 entities had traded among themselves and the details are as follows -

*Adjudication Order in respect of Accolade Holdings Private Limited in the matter of PMC Fincorp Limited*

Sr. No.	Buyer → Seller ↓	+LTP in Rs.											Total +LTP in Rs.	
		Nishant Inbuild Ltd	Vimngi Investme ntPvt Ltd.	Famous Investment Consultants Pvt Ltd.	Econom y Supplier s Pvt Ltd.	Embassy Sales Pvt Ltd.	Radhu Develop ers Pvt Ltd.	Rolex Vinimay Private Limite d	Seabird Retails Pvt Ltd.	Seabird Vincon Pvt Ltd.	Seabird Distributor s Pvt Ltd.	Shivdarshan Sales Pvt Ltd		
1	Mindex Capital Market Private Limited (Formerly known as MKN Equity Brokers Pvt. Ltd.)	-	-	0.05	0.05	-	-	-	-	-	-	1	-	1.10
2	J M S Financial Services Ltd.	9.55	-	2.35	18.75	26.65	-	-	18.40	19.55	13.30	20.25	128.80	
3	K K Securities Ltd	-	-	-	-	-	-	0.05	-	-	-	-	0.05	
4	Nishant Inbuild Ltd	-	-	-	6.50	0.50	-	-	-	-	-	-	7	
5	Centillion Capital Private Limited (Formerly known as Pelf Finstock Limited)	2.25	-	13.40	1.15	4.65	-	6.30	8.55	11.80	4.15	4.45	56.70	
6	S K Aggarwal HUF	7.20	-	-	-	6.05	-	-	5.80	2.10	0.10	4.30	25.55	
7	Famous Investment Consultants Pvt Ltd	-	-	-	-	3.05	-	-	13.05	-	0.05	-	16.15	
8	SS Corporate Securities Limited	-	1.70	0.85	-	2.25	-	0.65	-	-	0.05	23.70	29.20	
9	Economy Suppliers Private Limited	1.60	-	2	1.10	5.30	-	1	4.75	6.80	2.70	-	25.25	
10	Embassy Sales Pvt Ltd	1	-	2.30	-	-	3	-	4.50	5.35	0.50	2	18.65	
11	Accolade Holdings Private Limited	-	-	-	-	1	-	-	-	-	-	-	1	
12	Golden Chariot Recreations Pvt Ltd	-	-	-	0.05	0.05	-	-	0.25	-	0.10	-	0.45	
13	Parnami Capital Services Limited	-	-	-	0.05	-	-	-	-	-	-	-	0.05	
14	Radhu Developers Pvt Ltd.	-	8	3	-	-	-	-	2	-	-	-	13	
15	Parveen Aggarwal HUF	-	-	-	-	-	-	-	0.20	-	-	-	0.20	
16	Prakash Ferrous Industries Pvt Ltd	-	-	2.80	9.75	17.40	-	9.80	18.05	14.05	9.15	1.60	82.60	
17	Rolex Vinimay Pvt Ltd	-	-	-	-	18.20	-	-	3.20	-	-	-	21.40	
18	M K N Commodity Brokers Pvt Ltd	8.15	-	0.05	19.05	24.80	-	4	25.80	22.45	10.65	5.75	120.70	
19	Nitin Aggarwal HUF	-	-	-	-	-	-	11.90	-	-	-	-	13.90	
20	K K Aggarwal HUF	0.45	-	3.35	2.90	1.05	-	2.65	-	3.90	-	0.25	14.55	
21	Mudit Jain HUF	-	-	7.70	-	-	-	-	18.05	-	-	-	25.75	
22	M K Aggarwal HUF	0.65	-	2	4.10	0.55	-	4.25	2.30	3.90	2.95	0.40	21.10	
23	Sanjay Bansal & Sons HUF	-	-	-	-	-	-	-	1	3.50	-	-	4.50	
24	Raghav Bahl	-	-	9.50	3.55	2.10	-	9.55	5.25	7.40	3.05	0.05	40.45	
25	Seabird Retails Pvt Ltd	6	-	1	2.55	17.90	-	-	5.15	4.25	1.15	-	38	
26	Seabird Vincon Pvt Ltd	0.10	-	-	5.05	8.05	-	-	3.55	7	4.95	0.05	28.75	
27	Seabird Distributors Private Limited	-	-	-	5.15	8.90	-	-	4.55	5.85	0.05	-	24.50	
28	Savita Aggarwal	-	-	-	-	-	-	-	-	-	-	0.05	0.05	
29	Santosh Aggarwal	-	-	-	-	-	-	-	1	-	1	-	2	
30	Shivdarshan Sales Private Limited	-	-	-	-	1	-	-	-	-	-	-	1	
31	Laxmi Narain Kesarwani	-	-	-	-	-	-	-	-	-	0.05	-	0.05	
32	Dilip Kumar Agarwal	-	-	-	-	-	-	-	-	1	-	-	1	
33	Ashu Goyal	8.70	-	-	0.45	-	-	-	1	1.50	0.85	0.30	12.80	
<b>Total</b>		<b>45.65</b>	<b>9.70</b>	<b>50.35</b>	<b>80.20</b>	<b>149.45</b>	<b>3</b>	<b>50.15</b>	<b>146.40</b>	<b>120.40</b>	<b>55.80</b>	<b>65.15</b>	<b>776.25</b>	

12. From the table above, it was observed that the Noticee along with 33 entities traded among themselves and contributed Rs. 776.25 (633 trades) to the market +ve LTP, which is 10.58% of the market +ve LTP.

13. Entities at Sr. No. 1 to 33 (sellers) namely Mindex Capital Market Private Limited (Formerly known as MKN Equity Brokers Pvt. Ltd.), JMS, KKSL, Nishant, Centillion, S K HUF, Famous, SSCSL, Economy, Embassy, Dilip, Golden, Parnami, Ashu, Parveen, PFIPL, Rolex, M K N Commodity, Nitin HUF, K K HUF, Mudit HUF, M K HUF, Sanjay, Raghav, Seabird Retails, Seabird Vincon, Seabird Distributors, Savita, Santosh, Shivdarshan, Laxmi, Radhu, and Noticee, were alleged to have aided 11 connected entities (buyers) namely Nishant, Vimgi, Famous, Economy, Embassy, Radhu, Rolex, Seabird Retails, Seabird Vincon, Seabird Distributors and Shivdarshan, by selling shares to increase the price of the scrip.

14. Also, 11 connected entities (buyers) namely Nishant, Vimgi, Famous, Economy, Embassy, Radhu, Rolex, Seabird Retails, Seabird Vincon, Seabird Distributors and Shivdarshan, having net +ve LTP contribution, contributed Rs. 2632.50 (34.03% of the market +ve LTP) to the market +ve LTP.

15. In view of the significant +ve LTP contribution by the entities by trading among themselves it was alleged that the Noticee along with the aforesaid 33 entities i.e. Mindex Capital Market Private Limited (Formerly known as MKN Equity Brokers Pvt. Ltd.), JMS, KKSL, Nishant, Centillion, S K HUF, Famous, SSCSL, Economy, Embassy, Dilip, Golden, Parnami, Ashu, Parveen, PFIPL, Rolex, M K N Commodity, Nitin HUF, K K HUF, Mudit HUF, M K HUF, Sanjay, Raghav, Seabird Retails, Seabird Vincon, Seabird Distributors, Savita, Santosh, Shivdarshan, Laxmi, Radhu and Vimgi, created misleading appearance of trading and manipulated the price of the scrip by contributing to the price rise and hence violated Section 12 A(a),(b),(c) of SEBI Act, 1992 r/w Regulation 3(a),(b),(c),(d) and Regulation 4(1), 4(2) (a), (e) of SEBI (PFUTP) Regulations, 2003.

16. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under Section 15HA of the SEBI Act.

17. The SCN was served to the Noticees by email on July 21, 2020. Vide letter dated September 8, 2020, Noticee filed its reply.

18. The key submissions of the Noticee are reproduced as below:

a) Noticee submitted that the trades in scrip of PMC are of February — March 2013 and the Investigation Period of the SCN is 29th March, 2012 to 31st March, 2015. However, the Adjudicating Officer was only appointed in 26th June, 2020 i.e. after a gap of more than 5 years. It is submitted that there has been an inordinate delay of more than 5 years in issuing the SCN and therefore the captioned SCN should be disposed of and no penalty should be imposed against us on this ground alone. In this regard following judgments of the Hon'ble Securities Appellate Tribunal are referred to:

- i. Rakesh Kathotia vs. SEBI (Appeal No. 7 of 2016), Date of decision May 27, 2019.
- ii. Ashok Shivilal Rupani vs. SEBI (Appeal No. 417 of 2018), Date of decision August 22, 2019.
- iii. Ashlesh Gunvantbhai Shah vs. SEBI (Appeal No. 269 of 2019) Date of decision January 31, 2020.

b) The whole basis of issuing the SCN to us is that we are part of an alleged group of 92 entities and such connection with the alleged group has been established on the fact that we had received shares of PMC through off-market from an entity named Economy Suppliers Pvt. Ltd. who in turn had fund transfers and off market transfer with various other alleged group entities.

c) The Company is in the business of sale, purchase, subscribe and dealing in shares, making joint ventures. The Company had researched on the price fluctuation/movement of shares of PMC on the exchange and based on that decided invest in the shares of PMC to earn a short term profit and in this regard the Company had authorized Mr. Narendra Singh (its Director) to purchase shares of PMC either off-market or on-market.



d) As the liquidity in the scrip of PMC was not that much Mr. Narendra Singh decided to purchase shares of PMC off-market. Thereafter Mr. Narendra Singh came in touch with Mr. Devender Goyal and Mr. Sunil Goyal who were the Directors of Economy Suppliers Pvt. Ltd. with whom further discussions with respect to purchase of shares of PMC had started.

e) On 12th February, 2013 price of Rs. 265 was fixed by both the parties for purchase of shares of PMC by us. On 14th February, 2013 sale bill was issued by Economy Suppliers Pvt. Ltd. Payment for the purchase of shares was made through cheque no. 476840 dated 14th February, 2013 for Rs. 2,65,000/-. However, as the price of the shares had fallen further after 14th February, 2013, the Company was trying to further negotiate the price for some time. However, the negotiations failed and as the cheque got mutilated, it was requested to transfer funds by way of RTGS. The below RTGS were made (through A/c No. 90491010011734) - Syndicate Bank, Hauz Khas, New Delhi towards the consideration of the shares:

RTGS dt. 23.3.2013 – Rs.1,00,00,000/-

RTGS dt. 26.3.2013 – Rs.80,00,000/-

RTGS dt. 28.3.2013 – Rs.85,00,000/-

f) Other than the above mentioned transaction there is no connection /association / relation of our Company with Economy Suppliers Pvt. Ltd. or any promoter/director of PMC in any capacity whatsoever whether directly or indirectly. Therefore, we cannot be made part of a group as done by SEBI in the SCN. The transactions in the shares of PMC was a routine business transaction and without any intention to manipulate the price of the scrip of PMC or create any misleading appearance of trading.

g) At this stage it is also important to note that off-market trades are per se not illegal unless the malafide intention of the party is shown and it has also not been alleged in the SCN that there was anything wrong in the offmarket trade done by us in the share of PMC.

- h) Even assuming that we were part of the alleged group of 92 entities, it is submitted that the trades executed by us will still have to be independently looked into by SEBI in order to conclude that the trades were fraudulent and have manipulated the price of the scrip upwards or created misleading appearance of trading in the market.
- i) In this regard the Hon'ble Securities Appellate Tribunal in the matter of Premchand Shah & Ors. vs. SEBI (Date of decision 21/02/2011) has inter alia held as follows:

*"5...It is not in dispute that the appellants as a group are inter se related/connected to each other and that they, except appellant no. 1, have exited from the company by selling the shares held by them....It is also on record that 74.26 per cent of the shares sold by the appellants had been purchased by the Ganatra group. The question that we need to answer is whether the sale of shares by the appellants and the purchase thereof by the Ganatra group was collusive.*

*6... It is, thus clear that during patch I, the buyers were far in excess than sellers and the number of shares offered for sale were far less than those for which buy orders were in the system. In such a situation the price of the scrip has to go up. It must be remembered that the price discovery mechanism of the stock exchanges works on the principle of demand and supply and if the demand is more than the supply, the price is bound to go up and this is the reason why the price of the scrip went up during patch I and not because the Appellants were conniving with the Ganatra Group. Since the demand was far in excess of the supply, the price went up. Another interesting feature of notice here is that there were large number of buyers and sellers in both patch I and patch II and the Appellants who were the sellers are only 10 in number and the Ganatra Group which was buying consists of only 17 persons. It is clear that apart from the Appellants and the Ganatra Group there were large number of other buyers and sellers in the market which led to price increase. In this background, we cannot hold that the Appellants and the Ganatra Group connived to increase the price of the scrip."*

- j) Also, in a recent judgment in the matter of Ashleh Shah vs. SEBI (Appeal No. 265 of 2017) the Hon'ble Tribunal vide order dated 18th April, 2018 has inter alia held as follows:

*"11. However, mere fact that the appellant belonged Krupa Soni group could not be a ground to hold that the single buy order placed by the appellant on 06.04.2010 to buy 7700 shares of RCL was with a view to create an artificial momentum in the illiquid scrip of RCL. "*

- k) Merely on the basis that Company received shares in off-market, it has been alleged by SEBI that the Company forms part of an alleged group and therefore the SCN deserves to be quashed.
- l) It is brought to your notice that there has not been any fixed movement of price of shares of PMC on the exchange in the Investigation Period and SEBI has conveniently broken the investigation into 5 different patches to make a case. For example there has been a price fall in the Patch 2 of the investigation period and SEBI has alleged violation against those entities also who have contributed to price fall. In a common SCN, entities have been alleged to have contributed to price fall as well as price rise. SEBI on one side is saying that entities have wrongfully contributed to price rise and on another side saying that entities have wrongfully contributed to price fall. Hence it is imperative to note that a common SCN could not have been issued by SEBI to these entities and that all the entities could not have formed part of a common group as done by SEBI and also could not be placed on a similar footing. The investigation itself is flawed and therefore the SCN should be disposed of on this ground also.
- m) The price of the shares of PMC were steadily rising March 2012 onwards and reached a high of Rs. 585 on 28th January, 2013. Further the shares of PMC were sub-divided in the ratio of 1:2 on 07th February, 2013. At this point the Company decided to invest in the shares of PMC and make some short term profit.
- n) The Company had purchased shares of PMC @ Rs. 265 per share through off-market on 14th February, 2013. The price of shares of PMC

was in the range of Rs.257 — Rs.269 between 8th February, 2013 to 13th February, 2013 (Patch 2).

- o) Shortly after the Company purchased the shares of PMC, the price of the shares started falling and reached a low of Rs. 101 on 18th March, 2013. As the Company followed a stop loss policy for any investment, the Company decided to sell the shares of PMC thereafter to lower its losses. The shares were sold on market through Company's Broker Religare Securities Ltd. and incurred a loss.
- p) Our Company had sold a total no. of 1,00,000 shares of PMC on 25th March, 2013 and 26th March, 2013 (i.e. only 0.25% total sell volume on exchange during investigation period)
- q) SEBI has only provided trade log details of the trades which have contributed to the LTP. From the limited information provided by SEBI along with the SCN it is clear that we had only placed one sell order of 20000 shares on 25th March, 2013 (CP Order No. 14000015142863) at 02:58:25 pm at a price of Rs.107. The scrip of PMC had opened at a price of Rs. 108 on 25th March, 2013 and therefore the sell order was placed at a price lower than what was the opening price of that day so that the order is executed successfully. From the price volume data available on BSE Ltd. website it is clear that on 25th March, 2013 a total no. of 382 trades were executed on the exchange and 4,04,508 shares were traded.
- r) However, the buyer placed 2 separate buy orders 22000020328338 & 22000020329015 at 3:04:13 pm and 3:04:42 pm respectively for a quantity of 2000 shares each at Rs. 107 per share. Therefore both these buy trades of Embassy Sales Pvt. Ltd. matched with us.
- s) The last traded price before the trade of the Company was 106.5 and therefore when the Company placed the sell order at a price of Rs. 107 the trade contributed Rs. 0.50 to LTP.
- t) However, from the data provided by SEBI it looks as one other trade was executed between these 2 trades of the Company at a price of Rs. 106.5, which later created last traded price for the second trade of Company to

be Rs. 106.5 and therefore again contributing 0.5 to positive LTP. The total LTP contributed thus comes to Rs. 1 through our trades.

- u) If at all we wanted to increase the price of the scrip of PMC we would have placed sell orders of small quantities and sell price always above the LTP. Unlike the buyer who had placed multiple buy orders of similar quantity in an interval of 30 seconds at the same price.
- v) LTP contribution of Rs. 1 in total LTP contribution of Rs. 776.25 (during patch 3) is so minuscule (i.e. 0.0012%) in a scrip such as PMC which was being traded in the range of Rs. 100-110, that, it cannot be alleged that we have manipulated the price of the scrip upwards.
- w) The above data clearly shows that we were a genuine seller on the market and there was no intention to create any misleading appearance of trading in the market as alleged in the SCN. The reason for selling the shares was the stop loss strategy adopted by us as the price of the scrip had drastically fallen from 14th February, 2013 till 25th March, 2013.
- x) It is also important to note that there is no allegation in the present show cause notice of any meeting of minds or collusion between the Company and the counter party to the trades or any of the alleged group entities which is a settled principle in the matters of PFUTP Regulation violations.
- y) In this regard the Hon'ble Securities Appellate Tribunal in the matter of Nishith M. Shah HUF vs. SEBI (Appeal No. 97 of 2019) has recently held as under:

*"4... We are of the opinion that the impugned order cannot be sustained for the following reasons:-*

  - a. *The investigative reports nor the WTM or the AO found any connection between the buyer and the seller. We also find that neither in the investigative report nor in the impugned order any connection has been found between the appellant with the promoters / directors of the Company. Thus, no causal connection has been established.*
  - b. *The investigative report finds that no adverse inference can be drawn against the buyer merely because the buyer had placed buy*

*orders above LTP. On this basis, the buyer was exonerated from the charge of manipulation in the price of the scrip when admittedly the buyer was placing buy orders above the LTP.*

- c. Buy orders were placed at 9.15 hrs and sell orders were placed during the course of the day but not immediately after the buy orders nor the sell orders of the appellants were placed before the buy orders.*
- d. There is no finding that the appellant has indulged in fraudulent or unfair trade practices in securities.*
- e. Selling miniscule amount of shares by itself is not illegal nor manipulative nor violative of Regulation 3 and 4 of the PFUTP Regulations unless collusion with others is found.*
- f. Allegation that the appellant has contributed to the LTP cannot be upheld in the absence of any collusion with the buyer or promoter / director of the Company. One has to establish a connection between a buyer and with the seller in order to infer a manipulation in the price of the scrip.*
- g. .... In order to apply the aforesaid test, the facts of the present case is that there is no direct evidence of collusion between the appellant as a seller with that of the buyer. There is no finding that the appellant was known to the directors or promoters of the Company.*

*Since no direct evidence is forthcoming we have to see the indirect connection which is that the appellant was selling small quantities of scrips. Trading in small quantities in scrips is per se not impermissible as held in Ajmera's case (supra). If trading in miniscule amount leads to an increase in the price of the scrips one can presume or infer that the trading is manipulative but such trading cannot happen unilaterally. There must be evidence to show collusion between the buyer and the seller. In the instant case there is none. The principle of preponderance of probability cannot be exercised in the absence of any connection between the seller and the buyer.*

- h. *The charge that the appellant had contributed to the LTP as a seller which resulted in the manipulation in the price of the scrips cannot be sustained in the light of the glaring fact that the same charge against the buyer had been dropped.*
- i. *In Jagruti Securities Limited vs Securities and Exchange Board of India (Appeal No. 102 of 2006 decided on October 27, 2008) and in Vikas Ganeshmal Bengani vs Whole Time Member, SEBI (Appeal No. 225 of 2009 decided on February 25, 2010) the Tribunal held that the charge of raising price artificially has to be established and the element of collusion between the buyer and the seller is a sine quo non. We are in the entire agreement with the aforesaid decisions and reiterate that in the absence of any finding of collusion between the buyer and the seller the charge contributing to the LTP cannot be sustained.”*

- z) Also in a recent Judgment in the matter of Rajesh Jivan Patel vs. SEBI (Date of Decision 26.08.2020), the Hon' ble Tribunal has held as under:

*19. In the light of the decision in the case of M/s. Nishith M. Shah HUF (supra), we are of the opinion that in the absence of any connection between the appellant and other sellers and in the absence of any connection being found between the appellant with that of the buyer, the charge of collusion, manipulation or fraudulent transaction cannot be proved. It is reiterated that connection between buyer and seller is sine qua non for levy of charge of price manipulation which in the instant case is lacking especially when a specific finding has been given by the WTM that the main charge of connection with the company through Mr. Shailesh Parab and M/S. Mittal Share Brokers Private Limited did not exist. Thus, there cannot be any manipulation nor can the charge be levied solely against the appellant as a seller.*

*20. The finding of the WTM that the decision in M/S. Nishith M. Shah HUF (supra) is distinguishable as it is only relevant for synchronized or circular trades where a connection between buyer*

*and seller has to be established in order to prove manipulation is patently erroneous, in as much as, in all cases a connection between the buyer and seller is required to be established and which is essential to prove the charge of price manipulation. We are of the firm opinion that the price manipulation in the instant case cannot be done unilaterally.*

*21. In view of the finding of the WTM that Mr. Shailesh Parab and M/S. Mittal Share Brokers Private Limited had no role to play in the manipulation of the price of the scrip of the company and had no connection with the company the charge of manipulation and collusion against the appellant falls through and holding the appellant guilty was patently erroneous.*

aa) In view of the submissions made and the judgment cited of the Hon'ble Securities Appellate Tribunal above no allegation of any price manipulation can be alleged on the Company only on the ground that the trades executed have contributed to Rs. 1 to positive LTP. As there is no allegation of any collusion or meeting of mind of any entity, especially the counter party to my trade which contributed positive LTP in the scrip of PMC and therefore the SCN is liable to be disposed of without imposing any penalties.

bb) At this stage it is also important to note that, in the reply from the Income Tax Department also there has been no mention of our Company name in the scheme of things. Neither any entity who has replied to the summons has stated our involvement in any manner whatsoever. There has also been no fund transfer of ours with Company either directly or indirectly. The only transaction was with Economy Suppliers Pvt. Ltd. which related to an off market purchase of shares of PMC at the prevailing market price and also there is no allegation in the SCN that the said off market purchase was not genuine. The shares were transferred in our name and payment for the same was made through banking channel.



cc) These facts put together clearly establishes that the trades executed by the Company were completely genuine and are contrary to the allegation alleged against us in the present show cause notice.

dd) It is also not a charge in the SCN that the Company has in any manner benefited from such alleged manipulation. In fact, the Company had sold shares at price lower than what they had purchased at.

ee) Now dealing with the violations of the provisions of SEBI Act and PFUTP Regulations as alleged against the Company:

i. *Section 12A(a) — We have not used or employed any manipulative or deceptive device or contrivance in contravention of the provisions of the SEBI Act or rules or regulations made thereunder while dealing in securities listed on a stock exchange.*

ii. *Section 12A(b) — We have not employed any scheme or device or artifice to defraud in connection with dealing in shares of PMC.*

iii. *Section 12A(c) — We have not engaged in any act, practice, course of business, which operate or would operate as fraud or deceit upon any person while dealing in shares of PMC in contravention of the provisions of SEBI Act or rules or regulations made thereunder.*

iv. *Regulation 3(a) PFUTP — The trades executed by the Company were genuine transactions without any intent to manipulate the price of the scrip.*

v. *Regulation 3(b) — We have not used or employed any manipulative or deceptive device or contrivance in contravention of the provisions of SEBI Act or the rules or the regulations made thereunder.*

vi. *Regulation 3(c) — We have not employed any device, scheme or artifice to defraud anyone nor is the charge in the Show Cause Notice.*

vii. *Regulation 3(d) — We have not engaged in any act, practice, course of business which operated as fraud or*



*deceit upon any person. The trades executed were completely genuine and without any intent to manipulate the price of the scrip which is also evident from the table above,*

- viii. Regulation 4(1) PFUTP — The SCN fails to demonstrate as to how the acts/trades executed by the Company were fraudulent or an unfair trade practice in securities market. The only allegation against the Company is that it acted as a seller and created misleading appearance of trading and increased the price of the scrip, which in fact has been disproven above.*
- ix. Regulation 4(2)(a) — The trades executed by the Company were delivery based transactions on the market and it is also nowhere mentioned in the SCN as to how such trades have created false or misleading appearance of trading in the scrip of PMC.*
- x. Regulation 4(2)(e) — Trades executed by the Company have in fact contributed only Rs. 1 LTP out of the total Rs. 776.25 LTP contributed by the alleged Group Entities during Patch 3 and therefore it cannot be alleged that the trades executed had led to increase of price of the scrip.*



BY THE PEOPLE. FOR THE PEOPLE. OF THE PEOPLE

19. An opportunity of hearing was provided to the Noticee on December 10, 2020 vide notice dated November 26, 2020 through video conferencing. However, no one appeared on behalf of the Noticee on the given date i.e. December 10, 2020.

20. As the inquiry in the matter has been completed, I now proceed to decide the case on the basis of SCN issued, replies made by the Noticee and material available on record.

## **CONSIDERATION OF ISSUES AND FINDINGS**

21. The issues that arise for consideration in the instant matter are:

**Issue No. I** Whether Noticee is in violation of Section 12 A(a),(b),(c) of SEBI Act, 1992 r/w Regulation 3(a),(b),(c),(d) and Regulation 4(1), 4(2) (a), (e) of PFUTP Regulations as alleged in the SCN?

**Issue No. II** If yes, whether the failure, on the part of the Noticee would attract monetary penalty under Section 15HA of the SEBI Act?

**Issue No. III** If yes, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act read with Rule 5(2) of the Adjudication Rules?

**Issue No. I** **Whether Noticee is in violation of Section 12 A(a),(b),(c) of SEBI Act, 1992 r/w Regulation 3(a),(b),(c),(d) and Regulation 4(1), 4(2) (a), (e) of PFUTP Regulations as alleged in the SCN?**

22. Before proceeding with the consideration of issues, there is need to address the preliminary issue raised by the Noticee regarding delay in initiation of the proceedings. In this regard, I note that neither the SEBI Act nor the regulations framed thereunder prescribe any time limit for initiating proceedings against the persons who have violated the securities laws. Further, neither the SEBI Act nor the regulations framed thereunder provide that if there is delay in initiating proceedings, no action can be taken against the person who has committed violations of the securities laws (*Vaman Madhav Apte and Ors. v. SEBI, SAT Appeal 449 of 2014 decided on 04.03.2016*).

23. Noticee in its reply have stated that Adjudicating Officer was only appointed in June 26, 2020, i.e. after a gap of more than 5 years. In this regard, I note that investigation in the matter completed in May 2020 and SCN was issued by July 21, 2020. Noticee was provided with all the documents relied upon to establish the charge against it. Hence, the Noticee cannot absolve itself by saying that the SCN was issued after a delay of more than 5 years.

24. All relevant information relied on for crystallising the allegations against the Noticee has been provided to the Noticee. Therefore, it is not open to the Noticee to contend that they have been prejudiced due to delays in initiation of proceedings against the Noticee. I now proceed to deal with the issues on merit.

25. The allegation against the Noticee is based on the connection of Noticee with Economy Suppliers Pvt Ltd for receiving 1,00,000 shares of PMC in off market on March 25, 2013 and selling all the shares on market on March 25, 2013 and March 26, 2013.

26. I have perused the detailed submissions made by the Noticee and examined the trade log in the context of the submissions. When examining the trades of the Noticee, following is noted:

27. Patch 3 from 20/03/2013 to 12/03/2014 was a price rise period. During this period, Noticee engaged in only sell trades which contributed to LTP as follows:

Trade	Name	All trades			LTP Diff. >0			LTP Diff. < 0			LTP Diff. =0		% of +ve LTP to Total Market +ve LTP
		Sum of LTP diff	Sum of QTY	No of trades	LTP impact	QTY traded	No of trades	LTP impact	QTY traded	No of trades	QTY traded	No of trades	
Sell Trade	Accolade	0	100000	58	1.5	6500	3	-1.5	11445	3	82055	52	0.02
Total of Mkt		704.75	6186257	62187	7735.85	397456	4203	-	464560	3885	5324241	54099	100

28. The details of 58 sell trades on 2 trading days during the period – March 25, 2013 to March 26, 2013 are given below:-

Sl. No.	Date of transaction	Total Quantity Purchased	Total Trades	LTP_RATE	Date of Transaction	Total Quantity Sold	Total Trades	LTP_RATE
1	25/03/2013	0	0	0	25/03/2013	65000	22	0
2	26/03/2013	0	0	0	26/03/2013	35000	36	0
Total		0	0	0	Total	100000	58	0

29. The counter parties to the Noticees 58 sell trades are given below:-

Sl. No.	Buyer	Total Quantity Sold	Total Trades	LTP_RATE
1	Ashok Kumar Lalwani	5000	2	0
2	Dilip Kumar Lalwani	10707	4	0
3	Economy Suppliers Private Limited	288	3	0
4	Embassy Sales Private Limited	6000	3	1
5	Etisha Singla	2000	1	0
6	Gaurav Mittal	200	1	0
7	Gayatridevi Jain	4629	3	0
8	Himanshu Lalwani	15918	4	0
9	J M S Financial Services Ltd.	250	2	0
10	Kamal Lalwani	9293	3	-0.5
11	M K N Commodity Brokers Private Limited	99	1	0
12	Om Prakash Lalwani	15082	4	-0.5
13	Radha Mittal	8200	3	0.5
14	Rajesh Garg	7015	5	0
15	Rajinder Kumar Mittal	1000	1	0
16	Rashmi Garg	8931	6	0
17	Sanjay Kumar Gupta Huf	198	2	-0.5
18	Seabird Distributors Private Limited	250	2	0
19	Seabird Retails Private Limited	220	2	0
20	Seabird Vincon Private Limited	365	3	0
21	Shikha Jain	4355	3	0
	Total	100000	58	0

30. From the above, I note that Noticee through 58 sell trades has contributed to zero LTP during the price rise period. Further, these 58 sell trades were with 21 counterparties who were scattered.

31. The allegation against the Noticee is based on positive LTP contribution caused by 2 trades of the Noticee on 25/03/2013 for 2000 shares each to Embassy Sales Pvt. Ltd. at a price of Rs. 107. These 2 trades contributed Rs.0.5 and Rs.0.5 to LTP respectively. I also note that Noticee has placed only one order i.e. Order No. 14000015142863 which matched with two orders (i.e. Order no. 22000020328338 and Order no. 22000020329015) of Embassy Sales Pvt. Ltd.

32. The price of PMC on March 25, 2013 opened at Rs. 108 and closed at Rs.106.5 and both the Noticee's LTP contributing trades matched at Rs.107. Based on the pattern of trading by the Noticee, which is primarily sale of shares leading to Zero LTP contribution during the price rise period, I am inclined to accept the contention of the Noticee that the 2 sell trades on 25/03/2013 contributing Rs.1

cannot manipulate the market or reflect any pattern or any collusion or manipulation.

33. I note that the allegation against the Noticee is based only on 2 trades out of total 58 trades carried out by the Noticee during Patch 3. The allegation of colluding for price rise is not supported by the LTP contribution of the Noticee's 58 trades of zero. I also note that despite the LTP contribution of Re. 1 by the two impugned trades, both trades matched at the same price of Rs.107. Also, both trades resulted from the same order. Thus, in view of zero LTP contribution by Noticee in a price rise period, I find that the allegation of manipulating the price of the scrip by contributing to the price rise by the Noticee is not established.

34. In view of the above, I find that the allegation levelled against Noticee regarding violation of Section 12A(a),(b),(c) of SEBI Act, 1992 r/w Regulation 3(a),(b),(c),(d) and Regulation 4(1), 4(2)(a), (e) of PFUTP Regulations does not stand established.

35. Therefore, issues II and III do not merit consideration.

#### **ORDER**

36. In view of the findings noted in the preceding paragraphs, the adjudication proceeding initiated against the Noticee i.e. Accolade Holdings Private Limited vide SCN dated July 21, 2020 are disposed of.

37. Copy of this Adjudication Order is being sent to the Noticee and also to SEBI in terms of Rule 6 of the Adjudication Rules.

**DATE: DECEMBER 22, 2020**

**PLACE: MUMBAI**

**MANINDER CHEEMA**

**ADJUDICATING OFFICER**