

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA**

**CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER**

**FINAL ORDER**

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

**In Re: Securities and Exchange Board of India (Prohibition of Fraudulent and  
Unfair Trade Practices Relating to Securities Market) Regulations, 2003**

**In respect of:**

<b>Sl. No.</b>	<b>Name of the Entity</b>	<b>PAN</b>
1.	Radison Properties Private Limited	AAFCD2818B
2.	Natural Housing Private Limited	AADCN6251G
3.	Topwell Properties Private Limited	AADCT8403C
4.	South Asia Portfolios Private Limited	AABCS5265M
5.	Kingfisher Properties Private Limited	AAECK3394G
6.	Janvi Tanvi Share Traders Private Limited	AACCD0062C
7.	Safed Sales Private Limited	AALCS7721G
8.	Shivkhori Construction Private Limited	AAPCS7850L
9.	Spice Merchants Private Limited	AAPCS7492G

**In the matter of Turbotech Engineering Limited**

**BACKGROUND**

1. Turbotech Engineering Ltd. (hereinafter referred to as “**TEL / Company**”) has been engaged in Financial and Investment services. The company changed its name in May, 2004 from Etiam Technologies Ltd. to Turbotech Engineering Ltd. The company

is listed only on BSE Ltd.

2. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) conducted an investigation in the scrip of TEL based on a reference received from the Principal Director of Income Tax (Investigation), Kolkata. The focus of the investigation was to ascertain whether there were any violations of the provisions of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”) and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations**”) by certain entities in the scrip of TEL during the period October 18, 2012 to January 07, 2015 (hereinafter referred to as “**Investigation Period**”).
3. During the investigation period, corporate announcements were in nature of announcements of financial results, book closure for Annual General Meeting, Annual General Meetings and shareholding pattern. Further, the company for FY 2013, FY 2014 and FY 2015 registered a loss of ₹ 0.04 crore, ₹ 0.10 crore and ₹ 0.13 crore respectively.
4. Based on the price volume chart, the investigation period has been divided into two patches as follows:

Period	Duration		Opening Price/ vol on 1st day of period (₹)	Closing Price/ Vol on last day of period (₹)	Low Price/Vol during the Period (₹)	High Price/Vol during the Period (₹)	Avg no of shares traded daily during the period
Pre IP	18/07/2012-17/10/2012	There was no trade in the scrip during this period.					
Patch 1	18/10/2012-17/06/2013	Price (in ₹)	37.60 (18/10/2012)	502.50 (17/06/2013)	37.60 (18/10/2012)	509 (16/04/2013)	82,235
		Volume	25 (18/10/2013)	3,43,253 (25/03/2013)	5 (multiple days)	1,65,850 (17/06/2013)	
Patch 2	18/06/2013-06/01/2015	Price (in ₹)	500 (18/06/2013)	1.85 (06/01/2015)	1.85 (06/01/2015)	509 (19/06/2013)	67,951
		Volume	1,24,975 (18/06/2013)	13,28,264 (21/10/2014)	1 (multiple days)	80,533 (06/01/2015)	

<b>Post IP</b>	The scrip has not traded since Jan 07, 2015 and is currently under suspension.
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**SHOW CAUSE NOTICE**

5. Consequent to the investigation, a show cause notice dated April 4, 2018 (hereinafter referred to as “SCN”) was sent to Radison Properties Private Limited, Natural Housing Private Limited, Topwell Properties Private Limited, South Asia Portfolios Private Limited, Kingfisher Properties Private Limited, Janvi Tanvi Share Traders Private Limited, Safed Sales Private Limited, Shivkhori Construction Private Limited and Spice Merchants Private Limited (hereinafter collectively referred to as “Noticees”) in the extant matter. The SCN *inter alia* alleged as follows:

a) The Last Traded Price (hereinafter referred to as “LTP”) analysis of the 2 patches was done and the details of patch 1 is given below:

**LTP Analysis: Patch 1 - Price Rise – October 18, 2012 to June 17, 2013:**

- During this patch, the scrip price opened at ₹ 37.60 reached a high of ₹ 509 and closed at closed at ₹ 502.50 i.e. a rise of 1236.43%. An analysis of top 10 net LTP contributors as buyers was carried out, details of which are as follows:

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	
1	Radison Properties Pvt.Ltd	242.10	1456909	1629	395.75	221273	159	-153.65	81609	49	1154027	1421	7.92
2	Natural Housing Pvt.Ltd	139.15	766636	929	230.50	120299	91	-91.35	82130	58	564207	780	4.61
3	Aditi Information Technology Pvt Ltd	100.95	169924	109	123.20	47825	25	-22.25	26597	14	95502	70	2.47
4	Avinash Concepts	96.35	166354	101	132.80	39451	28	-36.45	50755	20	76148	53	2.66
5	Topwell Properties Pvt.Ltd	90.05	462993	454	175.60	77752	49	-85.55	92400	45	292841	360	3.51
6	South Asia Portfolios Pvt.Ltd	74.95	336590	316	121.60	82722	59	-46.65	45950	22	207918	235	2.43
7	Jayant Security & Finance ltd	74.80	149126	203	98.10	16202	21	-23.30	26901	29	106023	153	1.96
8	Rajesh Pravinkumar Jasani	55.50	250	21	55.50	205	11	0.00	0	0	45	10	1.11

9	Shankheshwar Metals Pvt.Ltd	52.05	499	11	52.05	212	5	0.00	0	0	287	6	1.04
10	Safed Sales Private Limited	46.65	8279	17	46.65	3659	10	0.00	0	0	4620	7	0.93
<b>Total Of Top 10 Entities</b>		<b>972.55</b>	<b>3517560</b>	<b>3790</b>	<b>1431.75</b>	<b>609600</b>	<b>458</b>	<b>-459.20</b>	<b>406342</b>	<b>237</b>	<b>2501618</b>	<b>3095</b>	<b>28.65</b>
<b>Total Of Mkt</b>		<b>464.90</b>	<b>11595228</b>	<b>11623</b>	<b>4996.30</b>	<b>2229668</b>	<b>1530</b>	<b>-4531.40</b>	<b>2098037</b>	<b>1390</b>	<b>7267523</b>	<b>8703</b>	<b>100</b>

- From the above table, it is observed that top 10 entities contributing to Net +ve LTP constituted 28.65% of market +ve LTP. Based on KYC details, off market transfers, Bank Statements (entities contributing more than 5% to market +ve LTP) and as per details from MCA website, six entities listed at Sr. Nos. 1, 2, 5, 6, 9 and 10 were found to be connected to one another and to the company.
- Eight additional entities namely Janvi Tanvi Share Traders Pvt. Ltd., Kingfisher Properties Private Limited, Shivkhori Construction Private Limited, Limestone Properties Private Limited, Pushpanjali Commotrade Private Limited, Esquire Enclave Private Limited, Runicha Merchants Pvt. Ltd. and Spice Merchant Pvt. Ltd. were found to be connected to the aforesaid six connected entities. These eight additional entities also contributed to +ve LTP during patch - 1.
- The LTP contribution by these 14 entities connected to the company during patch - 1 is as follows:

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	
Radison Properties Private Limited	242.10	1456909	1629	395.75	221273	159	-153.65	81609	49	1154027	1421	7.92
Natural Housing Private Limited	139.15	766636	929	230.50	120299	91	-91.35	82130	58	564207	780	4.61
Topwell Properties Private Limited	90.05	462993	454	175.60	77752	49	-85.55	92400	45	292841	360	3.51
South Asia Portfolios Private Limited	74.95	336590	316	121.60	82722	59	-46.65	45950	22	207918	235	2.43
Shankheshwar Metals Pvt.Ltd	52.05	499	11	52.05	212	5	0.00	0	0	287	6	1.04
Safed Sales Private Limited	46.65	8279	17	46.65	3659	10	0.00	0	0	4620	7	0.93
Kingfisher Properties Private Limited	43.85	503668	435	173.55	80080	49	-129.70	109200	42	314388	344	3.47
Janvi Tanvi Share Traders Private Limited	36.10	397271	352	60.30	84582	62	-24.20	21399	14	291290	276	1.21
Shivkhori Construction Private Limited	10.85	999027	731	305.80	227401	119	-294.95	145422	103	626204	509	6.12
Spice Merchants Private Limited	10.80	10500	9	10.80	3000	2	0.00	0	0	7500	7	0.22
Runicha Merchants Private Limited	-0.50	4500	6	0.25	1000	1	-0.75	500	1	3000	4	0.01
Pushpanjali Commotrade Private Limited	-7.10	107662	79	30.85	11650	9	-37.95	53700	23	42312	47	0.62
Limestone Properties Private Limited	-27.85	671838	487	237.45	132185	73	-265.30	176397	100	363256	314	4.75
Esquire Enclave Private Limited	-55.50	886526	763	182.25	123145	73	-237.75	202812	101	560569	589	3.65
<b>Total of 14 Connected Entities</b>	<b>655.60</b>	<b>6612898</b>	<b>6218</b>	<b>2023.40</b>	<b>1168960</b>	<b>761</b>	<b>1367.80</b>	<b>1011519</b>	<b>558</b>	<b>4432419</b>	<b>4899</b>	<b>40.49</b>
<b>Total Of Mkt</b>	<b>464.90</b>	<b>11595228</b>	<b>11623</b>	<b>4996.30</b>	<b>2229668</b>	<b>1530</b>	<b>-4531.40</b>	<b>2098037</b>	<b>1390</b>	<b>7267523</b>	<b>8703</b>	<b>100</b>

- From the above table, it is observed that 14 entities connected to the company contributed for 40.49% of market positive LTP. The positive LTP contributing trades of aforesaid connected entities were further analysed and it was observed that the counterparties to their trades were scattered. On analyzing counterparties of aforesaid connected entities having net positive LTP it was observed that some of the counterparty entities received shares in off-market in physical form from the entities connected to the company before the

investigation period. On further analysis of off-market transfers in physical form, it was observed that 13 entities connected to the company transferred shares to 1,565 unique entities and some of the 1,565 entities were counterparties to the trades of 14 entities mentioned in the table above. The 13 entities connected to the company who transferred shares to 1,565 entities were issued convertible equity warrants on preferential basis during 2009-2010. The details of the convertible equity warrants and off-market transfers in physical form are discussed below.

- It was observed that the company had issued convertible equity warrants on preferential basis twice during 2009-2010, details of which are brought out below :-

S.No.	Name of Allottee	No. of Convertible Warrants
1	Shalibhadra Steel Pvt. Ltd	570000
2	Shivani Tradecom Pvt. Ltd	550000
3	Sannidhya Tradelink Pvt. Ltd	570000
4	Corporate Space Managers Pvt. Ltd	670000
5	Sarala Shah	470000
6	Shah and sons Propon Pvt. Ltd	570000
7	North pole Finance Ltd	600000
<b>Total</b>		<b>4000000</b>

(₹ 1 per warrant) Approved in EGM dated June 06, 2009.

S.No.	Name of Allottee	No. of Convertible Warrants
1	Trusha Mercantile Pvt. Ltd	2950000
2	Haresh Infrastructure Pvt. Ltd	2650000
3	Corporate Commodity Brokers Pvt. Ltd	2950000
4	Darshit Hydro Power Project Pvt. Ltd	2850000
5	Shah Space Manager Pvt. Ltd	2350000
6	Shreeji Broking Pvt. Ltd	2750000
7	Rudra Securities & Capital Ltd	2700000
<b>Total</b>		<b>19200000</b>

(₹ 7 per warrant) Approved in EGM dated September 30, 2009

- It was observed from company letter dated November 22, 2010 to BSE Ltd. that the above warrants were fully paid then and were subsequently converted into equal number of equity shares and such equity shares were

allotted to 14 allottees against equal number of warrants. Based on data received from RTA, it was observed that except Ms. Sarala Shah, the other 13 allottees connected to the company transferred 2,26,50,000 out of 2,27,30,000 (i.e. 99.65% of the shares allotted) to 1,565 unique entities (including joint transfers) during November 28, 2011 and January 01, 2013 via off-market transfer of shares in physical form. Out of 1,565 unique entities, 1,255 entities sold shares during the investigation period.

- Aforesaid 1,255 entities had received shares from entities connected to the company and 295 out of 1,255 entities were counterparties to the trades of nine Noticees connected to the company against whom it is alleged that they have manipulated the price of the scrip during patch - 1.
- It is noted that 14 entities connected to the company who have traded in the scrip, 13 entities connected to the company who were issued convertible equity warrants except Ms. Sarala Shah and 1,565 unique entities who received shares in off-market from 13 entities connected to the company before the investigation period, are collectively hereinafter referred to as **connected entities or the group**.
- From the positive LTP contributing trades of nine Noticees having net positive LTP, it was observed that 295 connected entities, to whom shares were transferred in off-market, were counterparties to the positive LTP contributing trades of the aforesaid nine connected Noticees (having net +ve LTP). The trade details of said nine connected Noticees with 295 connected entities as counterparties are tabulated below -

Sr. No.	Buyer Name	Sum of LTP (in ₹)	Sum of Trd. Qty	No of trades
1	Radison Properties Private Limited	297.45	193872	135
2	Shivkhori Construction Private Limited	210.70	193341	97
3	Natural Housing Private Limited	195.65	108790	79
4	Topwell Properties Private Limited	154.35	68472	41
5	Kingfisher Properties Private Limited	115.70	62099	37
6	South Asia Portfolios Private Limited	96.20	79124	48

7	Janvi Tanvi Share Traders Private Limited	52.80	75076	53
8	Safed Sales Private Limited	28.05	3023	5
9	Spice Merchants Private Limited	10.80	3000	2
<b>Total</b>		<b>1150.90</b>	<b>781897</b>	<b>493</b>

- From the above table, it is observed that 304 connected entities (nine buyers and 295 sellers) contributed ₹ 1150.90 (23.03% of market positive LTP) to market positive LTP by trading among themselves. It is alleged that 295 connected entities (sellers) had aided other nine connected Noticees (buyers) by selling shares to increase the price of the scrip. The positive LTP contribution (on sell side) by the said 295 connected entities (sellers) ranged from 1.28% to 0.01% of market positive LTP.
- b) In view of the significant positive LTP contribution by the connected entities by trading among themselves it is alleged that the nine buyer connected Noticees have manipulated the price of the scrip by contributing to the price rise and have been alleged to have violated Regulations 3(a), (b), (c), (d) and Regulations 4(1), 4(2) (a), (e) of PFUTP Regulations.
- c) The Noticees were advised to show cause as to why suitable actions/directions in terms of Sections 11(1), 11(4) and 11B of SEBI Act should not be initiated against them for the alleged violation of the provisions of PFUTP Regulations.
6. The SCN was served on all the Noticees via speed post except on Safed Sales Private Limited, Janvi Tanvi Share Traders Private Limited and South Asia Portfolios Private Limited. SCN was served on them subsequently vide newspaper publication in Sanmarg, Anand Bazar Patrika, Times of India (Kolkata edition), Navbharat Times and Times of India (New Delhi edition) on February 12, 2019.

### **REPLY & HEARING**

7. It is noted from the records that none of the Noticees to whom the SCN was served, submitted a reply to the SCN. Considering the facts and circumstances of the case, Noticees were granted an opportunity of hearing on February 28, 2019, vide hearing notice dated February 5, 2019. It is noted from the records that the hearing notice



was served on Spice Merchants Private Limited via speed post while it was served on Janvi Tanvi Share Traders Private Limited, South Asia Portfolios Private Limited and Safed Sales Private Limited via newspaper publication in Sanmarg, Anand Bazar Patrika, Times of India (Kolkata edition), Navbharat Times and Times of India (New Delhi edition) on February 12, 2019. For the rest of the Noticees, hearing notice could not be served.

8. On the day of scheduled hearing, none of the Noticees namely Spice Merchants Private Limited, Janvi Tanvi Share Traders Private Limited, South Asia Portfolios Private Limited and Safed Sales Private Limited, appeared for the hearing. Further, no request for adjournment of the hearing was received by them. Therefore hearing with respect to the aforesaid Noticees was concluded. The remaining five Noticees were granted an opportunity of hearing on April 11, 2019. The hearing notices with respect to the same was published in Sangbad Pratidin, Times of India and Sanmarg on March 23, 2019. However, on the day of scheduled hearing neither the said remaining five Noticees appeared for the hearing nor they made any adjournment request. Therefore, the hearing in the matter was concluded.

#### **FINDINGS & CONSIDERATIONS**

9. Before delving into the merits of the case, I note that none of the Noticees have either replied to the SCN or have attended the hearing. Proof of service of SCN and hearing notices are on record. In this regard, the observations of Hon'ble Securities Appellate Tribunal (hereinafter referred to as '**SAT**') in the matter of *Sanjay Kumar Tayal & Others vs. SEBI* decided on February 11, 2014 is pertinent here. The Hon'ble Tribunal observed as follows:

*"...As rightly contended by Mr. Rustomjee, learned senior counsel for respondents, appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges leveled against them in the show cause notices..."*

10. Without prejudice to the above observation, I proceed to examine the matter on

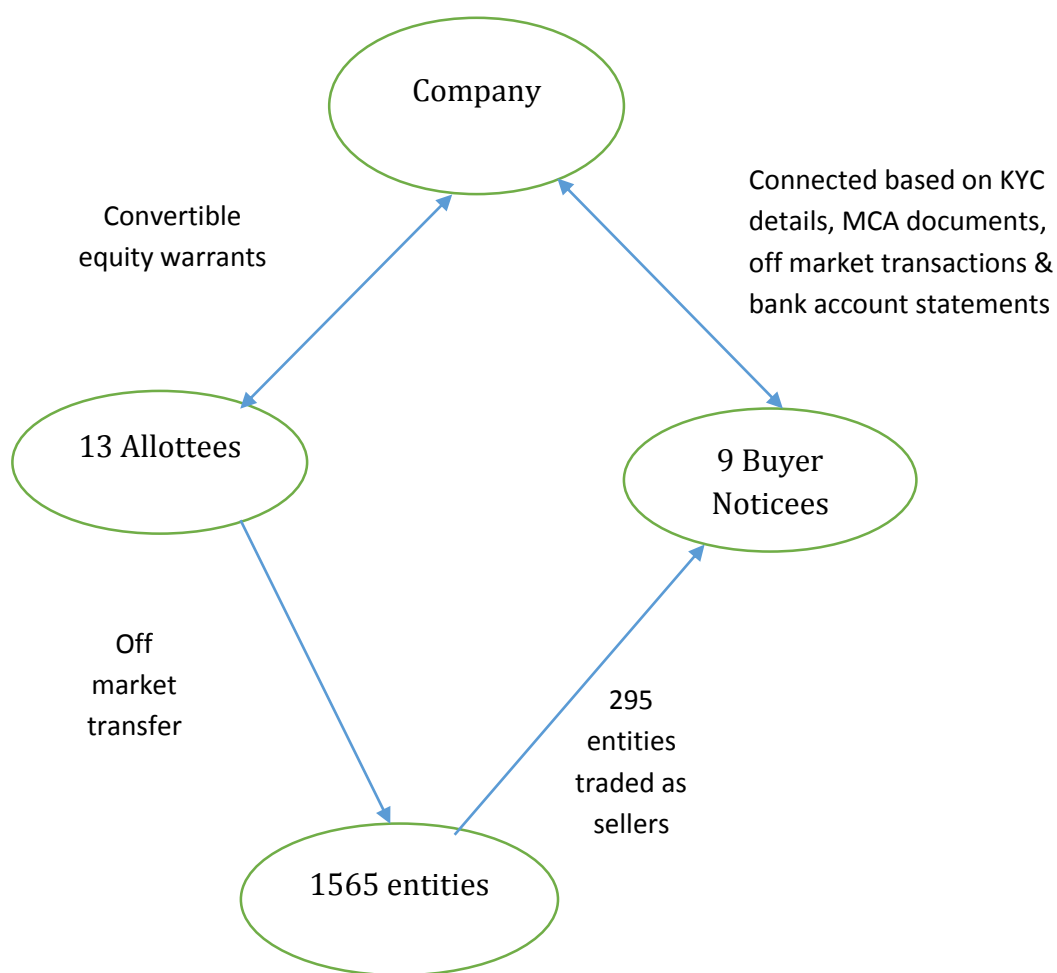
merits. To that effect, I have perused the SCN and other materials available on record. On perusal of the same, the following issues arise for consideration:

- (i) Whether the Noticees by trading with connected entities have manipulated the price in the scrip of TEL during the period October 18, 2012 to June 17, 2013?
- (ii) If answer to issue No. (i) is in affirmative, whether the Noticees have violated the provisions of PFUTP Regulations?
- (iii) If answer to issue Nos. (ii) is in affirmative, what directions, if any should be issued against the Noticees?

**Issue No. 1** - *Whether the Noticees by trading with connected entities have manipulated the price in the scrip of TEL during the period October 18, 2012 to June 17, 2013?*

11. It is observed from the IR that based on KYC details, MCA documents, off-market transaction details and relevant bank account statements, five Noticees namely Radison Properties Private Limited, Natural Housing Private Limited, Topwell Properties Private Limited, South Asia Portfolios Private Limited and Safed Sales Private Limited are connected to one another and to the company. Further, the remaining Noticees, Janvi Tanvi Share Traders Private Limited, Kingfisher Properties Private Limited, Shivkhori Construction Private Limited and Spice Merchant Private Limited were connected to the aforesaid five Noticees. Furthermore, it is noted from the IR that the company had issued 2,27,30,000 convertible equity warrants on preferential basis twice during 2009-2010 to 14 allottees. The said warrants were fully paid and were subsequently converted into equal number of equity shares and such equity shares were allotted to 14 allottees against an equal number of warrants. Based on data received from RTA, it was observed that the 13 allottees out of 14 allottees connected to the company transferred 2,26,50,000 out of 2,27,30,000 (i.e. 99.65% of the shares allotted) to 1,565 unique entities (including joint transfers) during November 28, 2011 and January 01, 2013 via off-market transfer of shares in physical form. Thus, the 9 Noticees, 13 allottees and 1565 entities, who received

shares in off-market are part of the group / connected to each other. The pictorial representation of the connection amongst Noticees, company and entities is reproduced below:



12. It is also noted from the IR that the nine Noticees have contribute to the positive LTP during patch-1 of the investigation period. The particulars of their LTP contribution is detailed as under:-

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	
Radison Properties Private Limited	242.10	1456909	1629	395.75	221273	159	-153.65	81609	49	1154027	1421	7.92
Natural Housing Private Limited	139.15	766636	929	230.50	120299	91	-91.35	82130	58	564207	780	4.61
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Safed Sales Private Limited	46.65	8279	17	46.65	3659	10	0.00	0	0	4620	7	0.93
Kingfisher Propeties Private Limited	43.85	503668	435	173.55	80080	49	-129.70	109200	42	314388	344	3.47
Janvi Tanvi Share Traders Private Limited	36.10	397271	352	60.30	84582	62	-24.20	21399	14	291290	276	1.21
Shivkhori Construction Private Limited	10.85	999027	731	305.80	227401	119	-294.95	145422	103	626204	509	6.12
Spice Merchants Private Limited	10.80	10500	9	10.80	3000	2	0.00	0	0	7500	7	0.22
<b>Total of 9 Noticees</b>	<b>694.50</b>	<b>4941873</b>	<b>4872</b>	<b>1520.55</b>	<b>900768</b>	<b>600</b>	<b>-826.05</b>	<b>578110</b>	<b>333</b>	<b>3462995</b>	<b>3939</b>	<b>30.42</b>
<b>Total Of Market</b>	<b>464.90</b>	<b>11595228</b>	<b>11623</b>	<b>4996.30</b>	<b>2229668</b>	<b>1530</b>	<b>-4531.40</b>	<b>2098037</b>	<b>1390</b>	<b>7267523</b>	<b>8703</b>	<b>100</b>

13. From the table above, it is noted that the nine Noticees connected to the company contributed for 30.42% of market positive LTP. On analysing the counter parties to the positive LTP contributing trades of the said nine Noticees, it was observed that out of 600 of such trades, in 497 trades, the counter parties were 295 connected entities who had received shares in off-market in physical form the allottees of convertible equity warrants. The trade details of said nine connected Noticees with 295 connected entities as counterparties are tabulated below -

Sr. No.	Buyer Name	Sum of LTP (in ₹)	Sum of Trd. Qty	No of trades
1	Radison Properties Private Limited	297.45	193872	135
2	Shivkhori Construction Private Limited	210.70	193341	97
3	Natural Housing Private Limited	195.65	108790	79
4	Topwell Properties Private Limited	154.35	68472	41
5	Kingfisher Propeties Private Limited	115.70	62099	37

6	South Asia Portfolios Private Limited	96.20	79124	48
7	Janvi Tanvi Share Traders Private Limited	52.80	75076	53
8	Safed Sales Private Limited	28.05	3023	5
9	Spice Merchants Private Limited	10.80	3000	2
<b>Total</b>		<b>1161.70</b>	<b>786797</b>	<b>497</b>

14. Thus, from the table above, it is noted that the nine Noticees by trading with 295 connected entities as buyers in the scrip, have contributed ₹ 1161.70/- (23.24% of market positive LTP) to market positive LTP. Moreover they have executed 82.83% of their positive LTP contributing trades with the 295 connected entities.
15. On a sample basis, the positive LTP contributing trades of Kingfisher Properties Pvt. Ltd. (hereinafter referred to as “**Kingfisher**”) was analysed with the 295 connected entities. But to have a better understanding of the Kingfisher’s trades, overall trades in the scrip before Kingfisher started trading has to be taken into account. It is noted from the data available on BSE Ltd. website that 17 trades were executed in the scrip in the period from November 2, 1995 to October 17, 2012 with 1 trade on 16 instances. The last of the trade executed in the aforesaid period on November 28, 2011. From October 18, 2012, trading was again resumed in the scrip and till February 8, 2013 on an average 4 trades were executed in the scrip wherein the average number of shares traded was 117. The trading in the scrip increased from the next trading day i.e., February 11, 2013. 52 trades were executed for 22,136 shares and thereafter both volume and number of trades in the scrip were on the upward curve. It is interesting to note that two of the Noticee’s namely Shivkhori Construction Pvt. Ltd. and Radison Properties Pvt. Ltd. had started trading in the scrip on February 11, 2013 and had collectively placed buy orders for 8,503 shares. Thus, it can be seen that before the group entities / connected entities started trading in the scrip, the scrip was hardly getting traded.
16. Now coming to the positive LTP contributing trades of Kingfisher with the 295 connected entities. It is noted from the order log trade log that out of 23 days when Kingfisher has executed positive LTP contributing trades with the connected entities, on one day, it has executed only one trade but out of the remaining 22 days, on 14

days, Kingfisher had bought shares at a lower price before executing trades at higher prices with the connected entities. It indicates that though Kingfisher was aware that shares are available at lower prices, it still executed buy trades at higher prices. No justification has been given by Kingfisher to behave opposite of a rational buyer who buys at lower prices. This when seen in the light that company was making losses and the scrip was hardly been traded before February 11, 2013, shows that Kingfisher was not a genuine buyer. Moreover, when Kingfisher was placing buy orders, sell orders were pending in the system. Therefore, sell order quantity was known to Kingfisher but Kingfisher did not buy all the available quantity at the prevailing price. Kingfisher bought only a part of the available quantity and then on subsequent trading days bought more shares at a much higher price. For instance, on February 13, 2012, Kingfisher bought 250 shares at ₹ 381.5/- when the available quantity was 8,000 shares. Then on the next trading day, Kingfisher bought 12,500 shares at an average price of ₹ 392.16/-. This pattern of buying at a higher price on subsequent days was repeated throughout its trading in the scrip during patch-1 with the connected entities. Kingfisher's first trade in the scrip during the patch was for ₹ 381.5/- and with the exception of 3 trades, which were executed at ₹ 375/- (all trades were executed on one day), all its other trades with the connected entities during the patch were within the range of ₹ 393.3/- to ₹ 496/-. Thus, if the Kingfisher was a genuine buyer, it would not have bought shares consistently at higher prices than its previous buy, over a period of four months. It is also noted from the order log trade log that during the entire investigation period of 27 months that Kingfisher had executed 1 sell trade in the scrip. This when seen in light of the fundamentals of the company, does not justify its buying pattern in the scrip.

17. I note that whether the Noticees have played a role in manipulating the price of the scrip or not has to be determined based on attending circumstances because direct evidence in such cases may not be available. The list of factors to be taken note of, 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 attending circumstances an inference will have to be drawn.

18. In this regard, the observations of Hon'ble Supreme Court of India in *SEBI vs. Kishore R Ajmera et.al.* decided on February 23, 2016 wherein the Hon'ble Court while deciding the matter under SEBI Act and PFUTP Regulations where there was no direct evidence forthcoming, observed as follows:

*"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..."*

19. Taking support of the observations of Hon'ble Apex Court in *Kishore R Ajmera* matter, I note that in cases of market manipulation, admittedly, no direct evidence would be forthcoming / available. Manipulative transactions are to be tested on the conduct of parties and abnormality of practices which defy normal logic and laid down procedures. What is needed, is to prove that in a factual matrix, preponderance of probabilities indicate a fraud.

20. In the instant matter, the findings that have been gathered from various circumstances for instance connection between the Noticees and the counter parties, overall trading in the scrip before the Noticees started trading during patch-1, particulars of the buy orders and sell orders, absence of any explanation from the Noticees for behaving opposite to that of a reasonable buyer who buys the scrip at a low price, lack of fundamentals of the company etc., leads to the conclusion that the trades executed by the Noticees with the connected entities, are manipulative in nature. In view of the significant positive LTP contribution by the aforesaid 9 Noticees by trading with the connected entities, it is concluded that the said 9

Noticees have manipulated the price of the scrip by contributing to the price rise.

***Issue No. 2*** - *If answer to issue No. (i) is in affirmative, whether the Noticees have violated the provisions of PFUTP Regulations?*

21. Before embarking upon the necessary discussions, I would like to reproduce the relevant provisions of PFUTP Regulations:

**Regulation 3. Prohibition of certain dealings in securities**

No person shall directly or indirectly—

- (a) buy, sell or otherwise deal in securities in a fraudulent manner;
- (b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;
- (c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;
- (d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

**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;

22. In view of the conclusion arrived at paragraph 22 wherein it has been held that the trades executed by the 9 Noticees with the connected entities has contributed significantly to the positive LTP in the scrip are manipulative in nature, it is also held that such trades are fraudulent in nature and would operate as deceit upon any person trading in the extant scrip. I therefore, find that Radison Properties Private Limited, Natural Housing Private Limited, Topwell Properties Private Limited, South Asia Portfolios Private Limited, Kingfisher Properties Private Limited, Janvi Tanvi Share Traders Private Limited, Safed Sales Private Limited, Shivkhori Construction Private Limited and Spice Merchants Private Limited have violated Regulations 3(a), (b), (c), (d) and Regulations 4(1), 4(2) (a) and (e) of PFUTP Regulations.

**Issue No. 3** - *If answer to issue Nos. (ii) is in affirmative, what directions, if any should be issued against the Noticees?*

23. Section 11 of SEBI Act casts a duty on the Board to protect the interests of investors in securities and to promote the development of and to regulate the securities market. For achieving such object, it has been authorised to take such measures as it thinks fit. Thus, power to take all measures necessary to discharge its duty under the statute which is a reflection of the objective disclosed in the preamble has been conferred in widest amplitude. Pursuant to the said objective, PFUTP Regulations have been framed. The said Regulations apart from other things aims 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 aforesaid 9 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. In view of the same and considering the violations committed by the said 9 Noticees, I find that it becomes necessary for SEBI to issue appropriate directions against them.

**ORDER**

24. In the facts and circumstances of the case, I, in exercise of the powers conferred upon me in terms of Section 19 read with Sections 11(1), 11(4) and 11B of the Securities and Exchange Board of India Act, 1992, hereby restrain Radison Properties Private Limited (PAN: AAFCR2818B), Natural Housing Private Limited (PAN: AADCN6251G), Topwell Properties Private Limited (PAN: AADCT8403C), South Asia Portfolios Private Limited (PAN: AABCS5265M), Kingfisher Properties Private Limited (PAN: AAECK3394G), Janvi Tanvi Share Traders Private Limited (PAN: AACCCJ0062C), Safed Sales Private Limited (PAN: AALCS7721G), Shivkhori Construction Private Limited (PAN: AAPCS7850L) and Spice Merchants Private Limited (PAN: AAPCS7492G) from accessing the securities market for a period of seven years from the date of this order and further prohibit them from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of seven years, from the date of this order. Needless to say, in view of prohibition on sale of securities, it is clarified that during the period of restraint, the existing securities holding, including units of mutual funds, of the aforesaid entities shall remain frozen.
25. This order shall come into force with immediate effect.
26. A copy of this order shall be served upon all recognised Stock Exchanges, Depositories and the Registrar and Share Transfer Agents to ensure compliance with the above directions.

**-sd-**

**DATE: May 14, 2019**

**PLACE: Mumbai**

**MADHABI PURI BUCH  
WHOLE TIME MEMBER  
SECURITIES AND EXCHANGE BOARD OF INDIA**