

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA**CORAM: S K MOHANTY, WHOLE TIME MEMBER****ORDER**

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

In respect of:

S. No.	Name of the Entity	PAN
1.	MAXTOR CONCLAVE PVT LTD.	AAICM5727H
2.	BLUEVIEW TRADEVIN PVT. LTD.	AAECB8239K
3.	JAIN NEMI MINERALS PVT. LTD.	AAC CJ4323L
4.	KESHAVAH MERCANTILE PVT. LTD.	AAECK7235N
5.	FROHAR TRADING PVT. LTD.	AACCF0551A
6.	QUICKSCOPE DEALERS PVT. LTD.	AANCS8376B
7.	AMBUJA COMMOSALES PVT. LTD.	AAICA1638F
8.	ANIL KUMAR AGARWALA HUF	AAEHA4449K
9.	ECSTATIC MERCHANDISE PVT. LTD.	AABCO4034C
10.	HARI MOHAN BERIWALA	ADXPB6833G
11.	SANTOSH DEVI AGARWAL	ADAPA1940Q
12.	SAPNA AGARWALA	AEOPA6422Q
13.	DHANAASHA DEVELOPERS PVT. LTD.	AAECD6470G
14.	PANCHMADHU PROJECTS PVT. LTD.	AAHCP0443J
15.	NIRDESH TRADING PVT. LTD.	AABCN1526E

16.	DHANASETH PROPERTIES PVT. LTD.	AAECD6471H
17.	PRAGYAN REALTY PVT. LTD.	AAHCP1157B
18.	HARI MOHAN BERIWALA AND OTHERS HUF	AAAHH9893J
19.	MANJU BERIWALA	ADDPB1460H
20.	SAURABH KUMAR AGRAWAL HUF	AAUHS5431F
21.	SARDA SOLUTIONS PVT. LTD.	AATCS2316K
22.	PROFICIENT MANAGERIAL SOLUTIONS PVT.LTD.	AAHCP1962C
23.	SARWANI DEVI MODI	ADUPM9995M

In the matter of Sunstar Realty Development Limited

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

BACKGROUND

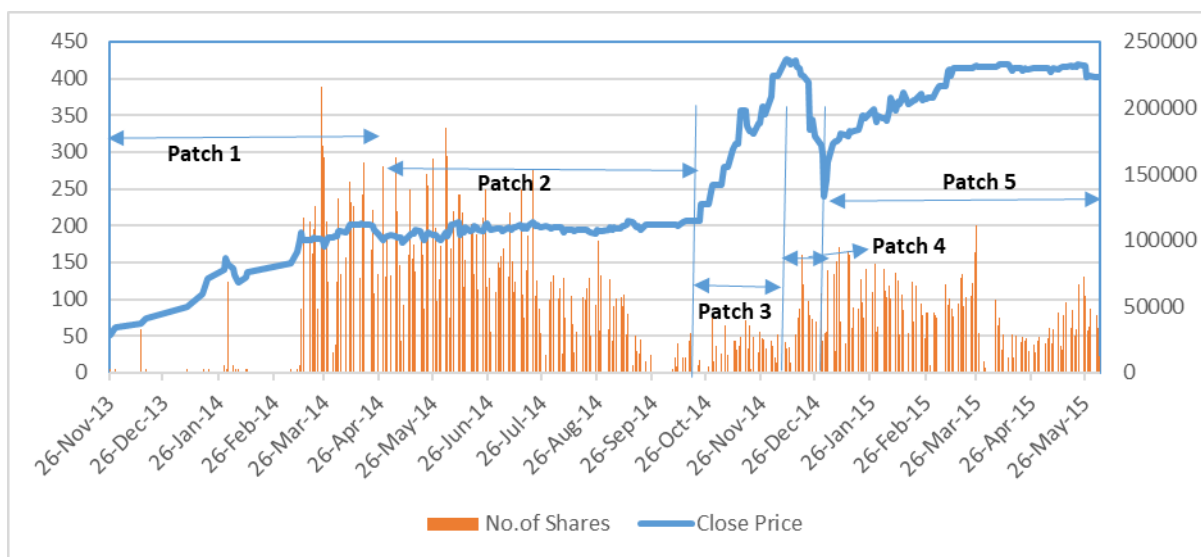
1. An investigation was conducted by Securities and Exchange Board of India (for convenience "**SEBI**") into the trading activities in the scrip of Sunstar Realty Development Limited (for convenience "**Sunstar / Company**") for the period of November 26, 2013 to June 03, 2015 (for convenience "**Investigation Period**") to ascertain possible violation, if any, of the provisions of Securities and Exchange Board of India Act, 1992 (for convenience "**SEBI Act, 1992**") and rules and regulations made thereunder.

2. During the course of investigation, the price volume data in the scrip of the *Company* was analyzed. The period of investigation was divided into different patches, however, for the purpose of the instant proceedings only two patches are relevant, wherein it was, *inter alia*, noticed that the price of the scrip of the *Company* was manipulated. The periods pertaining to patches relevant in the instant proceedings are from October 23, 2014 to December 15, 2014 ("**Patch-3**") and from

January 01, 2015 to June 03, 2015 ("*Patch-5*"). It was noticed that during the relevant period the price of the scrip opened at ₹51.20 on November 26, 2013, reached a high of ₹425.95 on December 10, 2014 and closed at ₹401.20 on June 03, 2015.

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

Chart 1: Price-Volume Chart



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

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

Patches	Period	Designation	Open	High	Low	Close	Avg. Traded Volume
Pre-Investigation Period	26/08/2013 to 25/11/2013	No trades were observed during this period					
Patch-1	26/11/2013 to 30/04/2014	Price	51.20	210.75 (10/04/2014)	51.20 (26/11/2013)	185.95	69184
		Volume	3000	216000 (24/03/2014)	3000 (multiple dates)	103000	
Patch-2	01/05/2014 to 22/10/2014	Price	189.90	218.00 (06/06/2014)	165.05 (08/05/2014)	206.95	67599
		Volume	73900	185400 (02/06/2014)	600 (20/10/2014)	9600	
Patch-3	23/10/2014 to 15/12/2014	Price	229.90	425.95 (10/12/2014)	229.90 (multiple dates)	424.90	20598
		Volume	600	600 (23/10/2014)	41950 (29/10/2014)	28800	

Patches	Period	Designation	Open	High	Low	Close	Avg. Traded Volume
Patch-4	16/12/2014 to 31/12/2014	Price	424.90	424.90 (16/12/2014)	240.00 (31/12/2014)	240.00	48573
		Volume	41400	88700 (18/12/2014)	24000 (30/12/2014)	30000	
Patch -5	01/01/2015 to 03/06/2015	Price	252.00	419.90 (multiple dates)	251.95 (01/01/2015)	401.2	44894
		Volume	31200	111600 (26/03/2015)	600 (05/03/2015)	12900	
		There was shares split in the ratio 10:1 effective June 04, 2015					
Post Investigation Period	04/06/2015 to 03/09/2015	Price	40.50	41.50 (10/06/2015)	25.20 (14/08/2015)	34.00	339606
		Volume	6000	6000 (04/06/2015)	663000 (07/08/2015)	174000	

Findings of Investigation

5. Based on the UCC details, off market transactions, financial transactions and MCA data, investigation by SEBI identified a group of entities including the *Noticees herein* as suspected entities (hereinafter referred to as “*group entities*”). During the course of investigation conducted by SEBI, while analyzing the price and trade movement in the scrip of *Sunstar*, the following facts, *inter alia*, came to light:

Patch-3 (October 23, 2014 to December 15, 2014)

- a) During *Patch-3* of the Investigation Period, the price of the scrip opened at ₹229.90, reached a high of ₹425.95 and closed at ₹424.90, registering an increase of ₹195 (84.82%) from the opening price in the scrip. Investigation reveals that *Noticee nos. 1 to 12* have executed 09 trades amongst themselves and with those 09 trades *Noticee nos. 1 to 12* have contributed ₹63.05 towards the positive Last Traded Price (hereinafter referred to as “**(+) LTP / positive LTP**”) which constituted 15.61% of the total market positive LTP in the scrip, noticed during *Patch-3* of the Investigation Period.
- b) Investigation further observed that in the aforementioned 09 trades which contributed positive LTP of ₹63.05 in the scrip of the *Company*, *Noticee nos. 1 to 7* were acting as buyers while *Noticee nos. 3, 8 to 12* were acting as their

counterparties / sellers. Thus, *Noticee no. 3* appears to have acted both as a buyer as well as a seller in the aforementioned 09 alleged trades.

- c) The trading pattern seen in the aforementioned 09 trades reveals that the *Noticee nos. 1 to 12* were acting in concert, and had placed their orders at a price higher than the LTP, which impacted the price of the scrip by contributing significantly to the price rise in the scrip, apart from creating misleading appearance of trading in the scrip in the minds of the other investors and market participants.

Patch-5 (January 01, 2015 to June 03, 2015)

- d) During Patch-5, the price of the scrip opened at ₹252.00, reached a high of ₹419.90 and closed at ₹401.20 i.e., resulting in a price rise of 66.63% from the opening price. It was observed that the sixteen *Noticees* viz. *Noticee nos. 1, 2, 4, 6, 9 and 13 to 23* (for convenience "**16 Noticees**") by executing 39 trades amongst themselves, have contributed to 10.80% (₹171.00) of total market (+ve) LTP created in the scrip during the said period.
- e) In this respect, it has been noticed in the investigation that the aforesaid 16 *Noticees*, by repeatedly executing trades amongst each other at prices higher than LTP have contributed to price rise in the scrip and thereby allegedly have indulged in an act which created false or misleading appearance of trading in the scrip amounting to manipulating the price of the scrip during *Patch-5* of the Investigation Period.

6. In view of the aforementioned trading pattern coupled with contribution to the price rise in the scrip of the *Company* as noticed during investigation and the fact that all the *Noticees* were found to be connected to each other through a larger group of *group entities*, it has been alleged that the *Noticee nos. 1 to 12* during the *Patch-3* and the above noted 16 *Noticees* during the *Patch-5* of the Investigation Period have been instrumental in establishing a price higher than the LTP and have thus contributed to price rise in scrip, with their unusual, unfair, manipulative and

fraudulent trades executed during the respective patches. It is thus alleged that the aforesaid acts of these *Notices* have resulted in the manipulation of price of the scrip of *Sunstar* upwards and have also created a misleading appearance of trading in the scrip by executing such fraudulent trades. Such acts of the *Notices* therefore, have been alleged to be in violation of provisions of section 12 A (a), (b), (c) of *SEBI Act, 1992* read with regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2) (a), (e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (for convenience "*PFUTP Regulations, 2003*").

SHOW CAUSE NOTICE, HEARING AND REPLIES

7. Pursuant to the aforesaid findings during the investigation, a common Show Cause Notice dated March 26, 2018 (for convenience "*SCN*"), was issued to all the *Notices*, asking them to show cause as to why suitable direction(s) under Section 11(1), 11(4) & 11 (B) of the *SEBI Act, 1992* should not be issued against them for their alleged violations of provisions of the *SEBI PFUTP Regulations, 2003*.

8. I note from the available records that the aforesaid SCN was served on the *Notices* through speed post, affixtures and other modes. In response to which some of the *Notices* have submitted their replies. The SCN to the *Noticee no. 5*, was served through affixture on the last known address available in records of SEBI viz: "*L/7, A 001 Pratiksha Nagar New Mahada Colony, Mumbai - 400022.*" Subsequently, in compliance with the principle of natural justice, an opportunity of personal hearing was accorded to all the *Notices* informing them the scheduled date of hearing, as December 19 and December 20, 2018, after which certain *Notices* requested for adjournment. Their request for adjournment was acceded to and another opportunity of personal hearing was granted to all the *Notices* on January 07, 2020. I note that attempts were made to serve the said hearing notice on all the *Notices* through speed post. However, for some of the *Notices*, hearing notices was served through mode of newspaper publication, as the hearing notices were returned undelivered. The said hearing scheduled on January 07, 2020 was attended by the Authorized Representative of *Noticee nos. 10, 18 and 19* only. Subsequently, it was

noticed that the hearing notices in respect of some of the *Notices* returned undelivered to SEBI. Therefore, in respect of those *Notices*, with a view to ensuring grant of fair opportunity to defend, another opportunity for personal hearing was provided on October 06, 2020 and hearing notices were served upon such *Notices* through newspaper publication. It is further noted that no one appeared before me for hearing on the scheduled date, except a request from *Noticee no. 23* received by SEBI subsequent to the date of hearing, wherein she sought adjournment and accordingly, *Noticee no. 23* was granted another opportunity of personal hearing on January 05, 2021, which was duly served upon her through letter dated December 02, 2020 at the address used by her while seeking adjournment. However, she did not appear to attend the personal hearing before me. As already mentioned that hearing notices on various *Notices* were served through newspaper publication as the respective hearing notices attempted to serve upon them on their last known address were returned undelivered to SEBI. In this regard, details of such *Notices*, their last known addresses wherein serving of hearing notice was attempted and date of newspaper publication is tabulated below:

Table-2

Noticee No.	Last known address wherein service of hearing notice was attempted	Date of Newspaper Publication (Name of Newspaper)
<i>Noticee no. 2</i>	12a Netaji Subhash Road Fifth Floor Room No I9 Kolkata West Bengal - 700001	January 03, 2020 (The Statesman, Kolkata)
<i>Noticee no. 3</i>	Regus, Level-2, Raheja Centre, Point 294, Cst Road, Near Mumbai University, Off Bandra Kurla Complex, Santracruz, Mumbai- 400098	January 03, 2020 (The Times of India, Mumbai)
<i>Noticee no. 4</i>	14/C, Jaihind Co-CHS, Gulab Nagar, Khar Danda, Khar West, Mumbai - 400052	January 03, 2020 (The Times of India, Mumbai)

<i>Noticee no. 5</i>	L/7, A 001 Pratiksha Nagar New Mahada Colony, Mumbai – 400022	January 03, 2020 (The Times of India, Mumbai)
<i>Noticee no. 7</i>	Balaji Tower 132 Cotton Street, 4th Floor Kolkata, West Bengal India 700007	January 03, 2020 (The Statesman, Kolkata)
<i>Noticee no. 8</i>	Flat No 603, Silver Oak Apartment, House No 12, Manik Nagar, R.G. Baruah Road, Guwahati 781005 Assam	September 28, 2020 (The Assam Tribune, Guwahati)
<i>Noticee no. 15</i>	2/1, Tollygunge Circular Road, Kolkatta - 700033	September 28, 2020 (The Times of India Kolkata)
<i>Noticee no. 18</i>	Cd-45 Sector- I Salt Lake City Kolkata West Bengal – 700064	January 03, 2020 (The Statesman, Kolkata)
<i>Noticee no. 20</i>	21 Lalabaiara Jharia P O- Jharia Dist Dhanbad, Jharkhand- 828111	January 03, 2020 (Hindustan Dhanbad)
<i>Noticee no. 21</i>	T1, 3rd Floor, House No 99, Shivam Apartments Ak Azad, Road, Rehabari, Guwahati, Kamrup 781008	January 03, 2020 (The Assam Tribune, Guwahati)
<i>Noticee no. 22</i>	T1, 3rd Floor, House No 99, Shivam Apartments Ak Azad, Road, Rehabari, Guwahati, Kamrup- 781008	January 03, 2020 and September 28, 2020 (The Assam Tribune, Guwahati)
<i>Noticee no. 23</i>	The Millennium, 235/2a, A.J.C. Bose Road, 5th Floor, Kolkata - 700020	September 28, 2020 (The Times of India Kolkata)

9. In view of the above, I am of the view that adequate number of opportunities of personal hearing have been provided to all the *Noticees*, however, most of them have chosen to not appear before me for reasons best known to them. Therefore, the

matter is now ripe enough to be proceeded with and finalized based on merit and material available on record, including the written replies of the *Notices* to SCN already filed before SEBI on various dates. Details of various communications exchanged by the *Notices* with SEBI in the matter are tabulated below:

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

Noticee No.	Date of Reply	Remarks
<i>Noticee no. 1</i>	Letters dated April 23, 2018, May 18, 2018	Reply to SCN
<i>Noticee no. 2</i>	Letters dated April 24, 2018, June 22, 2018	-do-
<i>Noticee no. 3</i>	Letters dated April 24, 2018, June 22, 2018	-do-
<i>Noticee no. 4</i>	Letter dated April 24, 2018	Sought extension to file reply to SCN, however no reply to SCN on merit.
<i>Noticee no. 5</i>		
<i>Noticee no. 6</i>	Letters dated April 23, 2018	Sought extension to file reply to SCN, however no reply to SCN on merit.
<i>Noticee no. 7</i>	Letters dated April 23, 2018	-do-
<i>Noticee no. 8</i>	Letters dated April 24, 2018, June 28, 2018	Reply to SCN
<i>Noticee no. 9</i>	Letters dated April 24, 2018	Sought extension to file reply to SCN, however no reply to SCN on merit.
<i>Noticee no. 10</i>	Letters dated June 01, 2018	Reply to SCN
<i>Noticee no. 11</i>	Letters dated April 23, 2018, June 19, 2018	-do-
<i>Noticee no. 12</i>	Letters dated April 15, 2018, May 25, 2018	-do-
<i>Noticee no. 13</i>	Letters dated April 24, 2018, May 21, 2018	-do-
<i>Noticee no. 14</i>	Letters dated April 24, 2018	Sought extension to file reply to SCN, however no reply to SCN on merit.
<i>Noticee no. 15</i>	Letters dated April 25, 2018, June 22, 2018	Reply to SCN

<i>Noticee no. 16</i>	Letters dated April 25, 2018, June 20, 2018	-do-
<i>Noticee no. 17</i>	Letters dated April 23, 2018, May 19, 2018	-do-
<i>Noticee no. 18</i>	Letters dated June 01, 2018	-do-
<i>Noticee no. 19</i>	Letters dated June 01, 2018	-do-
<i>Noticee no. 20</i>		
<i>Noticee no. 21</i>	Letters dated June 22, 2018	Reply to SCN
<i>Noticee no. 22</i>		
<i>Noticee no. 23</i>	Letters dated April 23, 2018, May 22, 2018, October 20, 2020	Reply to SCN

10. After perusing the written replies submitted by the *Noticees* (as indicated in the preceding table), I note that different *Noticees* have made certain identical submissions in their replies to the SCN. Therefore, for the sake of brevity, I am summarizing the contentions of such identical replies, which I think are central to the adjudication of the issues involved in the instant proceedings as under:

Far-fetched connections with other *Noticees* / entities

- a) Adverse inferences *qua* the *Noticees* have been drawn based on the alleged connection as set out in Annexure-1 of the SCN. The entire grouping made based on various connections as alleged in the SCN is erroneous and misleading, wherein unrelated and unconnected entities have been grouped together. The inferences drawn are based on surmises and conjectures having no basis to support and rely on, as connection of certain *Noticee* companies on the basis of common Directors with other *Noticee* companies, are baseless for the reason that all companies are financially independent and trade independently, therefore no adverse inference can be drawn against them on the ground of having common Directors.

- b) The allegations based on common addresses, common emails, etc. are legally untenable and unsustainable. The fund transactions and off market transfers of shares with the other *Notices*(s) or with other entities from the *group entities* were permissible and executed in the ordinary course of business / loan borrowings, therefore no adverse inference can be drawn against the *Notices* relying on such transactions.
- c) To further their contention, some of the *Notices* have also placed reliance on the observations of Hon'ble Securities Appellate Tribunal ("SAT" for short) in the following matters:
- In the matter of *Babubhai Desai vs. SEBI* (Date of Decision: 15.02.2016, Appeal no. 81 to 90 of 2014);
 - In the matter of *Smitaben N. Shah vs. SEBI* (Date of Decision: 30/07/2010, Appeal no. 37 of 2010).

Cherry picking of alleged transactions

- d) Majority of the *Notices* have taken a plea that they are active traders and are regularly trading in the securities market and that they have traded in the scrip of *Sunstar* with an objective to maximise profit.
- e) Trades executed by the *Notices* at the market price (zero LTP) or less than market price (negative LTP) in the scrip of *Sunstar* has been ignored and overlooked and only the trades which have resulted into the positive LTP have been considered to level allegations.

No connection established with the counterparty

- f) SCN has failed to establish any connection with the counterparty to the respective alleged trades and in absence of the same the allegation cannot sustain.

Higher degree of proof is required to prove charges for fraud

- g) The charge of violation of *PFUTP Regulations, 2003* is a serious charge and there has to be strong evidence for the same. In this regard, certain *Notices* have placed reliance on the judicial observations of Hon'ble Supreme Court in the following matters:

- In the matter of *Varanasya Sanskrit Vishwa Vidyalyaya & Anr. Vs. Rajkishore Tripathi and Anr*;
- In the matter of *Bank of India vs. Degala Surya Narayana* (AIR 1999 SC 2407);
- In the matter of *M.S. Bindra V Vol* (1998) 7 SCC 310;
- In the matter of *Nandkishore Prasad vs. State of Bihar* (1978) 3 SCC 366;
- In the matter of *Union of India vs. H.C. Goel* (AIR 1964 SC 364);
- In the matter of *Razikram vs. J.S. Chauhan* (AIR 1975 SC 667; (1975) 4 SCC 769;
- In the matter of *L.D. Jaisinghani vs. Narain das N Punjabi* (1976) 1 SCC 373;
- In the matter of *Gulabchand vs. Kudilal* (AIR 1966 SC 1734);

To further their contention, some of the *Noticees* have also placed reliance on the observations of Hon'ble SAT in the following matters:

- In the matter of *Babubhai Desai (supra)*
- In the matter of *Smitaben N. Shah (supra)*

h) Normally, seller's trades are not attributed for creation of positive LTP, as sale transactions will result into reduction of LTP.

i) At the time of execution of trades, no alerts were issued by the surveillance mechanism of the stock exchange with regard to those alleged trades in the scrip of *Sunstar* and therefore it cannot be alleged that the trades of the *Noticees* were in contravention of the *SEBI Act, 1992* and rules and regulation thereunder.

j) *Noticees* have neither made any gains or gained any unfair advantage, nor have they caused any loss to investors.

11. In addition to the above, *Noticee no. 23* has also advanced the following arguments:

a) *Noticee* does not share any relationship or acquaintance with the *Noticee no. 16* (counterparty to her alleged trades), its promoters/shareholders/director or key persons in any manner.

- b) Judicial precedents are binding on all the judicial bodies and all judicial bodies should follow such precedents in similar matter without any reservations. In this regard, *Noticee* has referred to the observations of SEBI in the following matters:
- Revocation order in the matter of *Kailash Auto Finance Ltd.* (Order no. SEBI/WTM/MPB/EFD-DRA-I/ 31 /2017 dated September 21, 2017);
 - In the matter of manipulation in the scrip of *Crazy Infotech Ltd.* (Order no. WTM/SR/1VD/1D-3/20/02/2015 dated February 10, 2015).
- c) Long Term Capital Gain (LTCG) cases are similar to Illiquid option cases in which almost 15000 entities were noticed to have engaged in reversal trades in illiquid options on the BSE platform, wherein no proceedings under Section 11B of *SEBI Act, 1992* have been initiated. Since, no directions were issued by SEBI in illiquid option cases, similarly, issuance of directions may not be necessary in the instant proceedings pertaining to LTCG. Further, citation of the observations of Hon'ble SAT in the following matters has been referred to by the *Noticee* to contend that fairness and uniformity should be maintained in all cases:
- In the matter of *RM Shares Trading Private Limited vs. SEBI* (DoD: August 7, 2014)
 - In the matter of *Krishna Enterprises vs. SEBI* (DoD: April 20, 2016)
- d) Reference to SEBI's Information Memorandum on Enforcement Action Policy in respect of Long Term Capital Gain Cases, Memorandum no. 04/2017 has been made by the *Noticee* and it is argued that as the trades of the *Noticee* has not led to any LTP contribution or manipulation, SEBI cannot take action against the *Noticee* as per its own Board's decision.
- e) Reliance has also been placed on following SEBI orders, wherein various entities were exonerated as no connection with any LTP contributor or involvement in price manipulation was found / established out of investigation conducted in these matters:

- In the matter of *Mishka Finance and Trading Limited* (Order no. WTM/RKA/1SD/30/2015 dated April 17, 2015);
- In the matter of *Moryo Industries Limited* (Order no. SEBI/WTM/MPB/EFD- 1-DRA-1V/32/2017 dated September 21, 2017)

CONSIDERATION OF ISSUES AND FINDINGS:

12. Considering the findings of Investigation, the allegations levelled against the *Notices* in the SCN based on such findings and the explanations offered by the *Notices* through their written replies to the SCN, I find that in this case, the following issues require consideration:

- *Issue I: Whether the Notices are connected entities?*
- *Issue II: Whether the acts of trading in the scrip of the Company by the Noticee nos. 1 to 12 during the Patch-3 and the 16 Notices (Noticee nos. 1, 2, 4, 6, 9 and 13 to 23) during the Patch-5 of the Investigation Period have resulted in violations of the provisions of Section 12 A (a), (b), (c) of SEBI Act, 1992 regulation 3 (a), (b), (c), (d) and Regulation 4 (1) and 4 (2) (a) and (e) of SEBI PFUTP Regulations, 2003?*

Issue I: Whether the Notices are connected entities?

13. The SCN has alleged that the *Notices* no. 1 to 23 were part of a group (*group entities*) and were connected to each other directly indirectly (through common *group entities*) on the basis of common addresses, common email ids, common directorship, fund transactions, off market transfers etc. Before I delve into the specifics of the alleged connection and the basis of such allegation, I find it relevant to observe that the alleged connection amongst the *Notices*, whether direct or indirect, has been considered as one of the bases for alleging the violations against the *Notices* and not the violation in itself. The alleged connection of each of the *Notices* has been used in the SCN as a strong corroboration to their trading conduct, viz., peculiar ways of trading in the scrip of *Sunstar*. It is in this

background that the trading done by the *Notices* coupled with the connections allegedly enjoyed by them amongst each other assume significance to understand and appreciate the violation of various legal provisions committed by the *Notices* as alleged in the SCN. As mentioned in the SCN and the Annexure-1 thereto, the connection amongst the *Notices* has been alleged based on the analysis of their KYC UCC details, details on the MCA website, off-market transfers and bank account statements of each of the *Notices*. In fact, the analysis of the aforesaid details had imputed connection amongst a larger group (referred to as “*Group entities*” in the SCN), out of which 23 entities have been identified on the basis of their alleged manipulative trades in the scrip of the *Company* and accordingly have been subjected to the instant proceedings as *Notices*. Some of these *Notices* are directly connected to each other based on having common director, common address, fund transactions, off-market transactions, etc. Similarly, the remaining *Notices* allegedly have shared connections amongst themselves by virtue of being connected to other *group entities*, who have not been proceeded with in the instant proceedings. Be that as it may, the common factors for imputing connection amongst the *Notices*, either directly or through the other *group entities*, are found to be strongly resting on sharing of common directors, common address, fund transactions, off-market transactions, etc.

14. I note that the details for the alleged connections have been provided to all the *Notices* through Annexure-1 of the SCN. While perusing the Annexure-1 of the SCN, I observe that some of the *Notices* enjoy direct connection while other are indirectly connected through other common *group entities*. Similarly, some of the *Notices* also enjoyed connection with the *Company*. For the sake of convenience and proper appreciation, details of the such connections are tabulated below:

Table-4: Details of connection amongst the *Notices*

<i>Notice</i> No.	Source of Connection	Type of Connection
1.	<ul style="list-style-type: none"> Share common address “16, Indian Exchange Place, 1st floor, Kolkata – 700001” with <i>Notice</i> no. 9 (Ecstatic Merchandise Pvt. Ltd) and one of the <i>group entities</i>. 	Direct and Indirect

	<ul style="list-style-type: none"> Common Director "Arunava Banerjee (DIN - 06576758)" with Noticee no. 13 (Dhanaasha Developers Pvt. Ltd.), Noticee no. 17 (Pragyan Realty Pvt. Ltd). and one of the group entities (Shivsakti Exports Pvt. Ltd). Common email id "companypvt13@gmail.com" with one of the group entities (Saktimata Marketing Private Limited). 	
2.	<ul style="list-style-type: none"> Fund transfer with Noticee no. 15 (Nirdesh Trading Pvt. Ltd.). 	Direct and Indirect
3.	<ul style="list-style-type: none"> Fund transfer with Noticee no. 5 (Frohar Trading Pvt. Ltd.). 	Direct and Indirect
4.	<ul style="list-style-type: none"> Common Director "Krishnendu Ghosh (DIN - 06632267)" with Noticee no. 14 (Panchmadhu Projects Pvt. Ltd.) and one of the group entities. Shares common address viz. "14/c, Jaihind Co-CHS Gulab Nagar Khar Danda Khar-west Mumbai-52" and common email id viz. "companyprivate45@gmail.com" with one of the group entities (Keshavah Dealtrade Pvt. Ltd.). 	Direct and Indirect
5.	<ul style="list-style-type: none"> Fund transfer with the Company. Transferred funds to Noticee no. 3 (Jain Nemi Minerals Pvt. Ltd.) and to one of the group entities (Shivsakti Exports Pvt. Ltd). Off-market transfer with one of the group entities (Massive Management Consultancy Private Limited). 	Direct and Indirect
6.	<ul style="list-style-type: none"> Common Director "Gopa Banerjee (DIN - 06599733)" with Noticee no. 16 (Dhanaset Properties Pvt. Ltd) Common Director "Abhishek Modi (DIN - 06590792)" with group entities. Common Director "Gopal Chandra Saha (DIN - 06576695)" with group entities. 	Direct and Indirect
7.	<ul style="list-style-type: none"> Common Director "Dinesh Mishra (DIN - 02353844)" with one of the group entities (Saktimata Marketing Private Limited). 	Indirect
8.	<ul style="list-style-type: none"> Off-market transfer with one of the group entities (Massive Management Consultancy Private Limited). 	Indirect
9.	<ul style="list-style-type: none"> Shares common address "16, Indian Exchange Place, 1st floor, Kolkata - 700001" with Noticee no. 1 (Maxtor Conclave Pvt. Ltd.) and one of the group entities. Common Director "Rabindranath Verma (DIN - 06579597)" with one of the group entities (Bholebaba Suppliers Pvt. Ltd.) Shares common email id "privatecos26@gmail.com" with some of the group entities (Wondrous Marketing Pvt. Ltd., Sonnet Mercantile Pvt. Ltd., Tremendous Commodeal Pvt. Ltd. and Shivsakti Exports Pvt. Ltd.) 	Direct and Indirect
10.	<ul style="list-style-type: none"> Off-market transfer with one of the group entities (Massive Management Consultancy Private Limited). 	Indirect

11.	<ul style="list-style-type: none"> Off-market transfer with one of the <i>group entities</i> (Massive Management Consultancy Private Limited). 	Indirect
12.	<ul style="list-style-type: none"> Off-market transfer with one of the <i>group entities</i> (Massive Management Consultancy Private Limited). 	Indirect
13.	<ul style="list-style-type: none"> Fund transfers with the <i>Company</i>. Common Director “Arunava Banerjee (DIN – 06576758)” with <i>Noticee no. 1</i> (Maxtor Conclave Pvt. Ltd.), <i>Noticee no. 17</i> (Pragyan Realty Pvt. Ltd.) and one of the <i>group entities</i> (Shivsakti Exports Pvt. Ltd.). 	Direct and Indirect
14.	<ul style="list-style-type: none"> Common Director “Krishnendu Ghosh (DIN – 06632267)” with <i>Noticee no. 4</i> (Keshavah Mercantile Pvt. Ltd.) and one of the <i>group entities</i> (Speedfast Residency Pvt. Ltd.) Common Director “Gourab Ray Chaudhuri (DIN – 06610580)” with one of the <i>group entities</i> (Sonnet Mercantile Pvt. Ltd.) 	Direct and Indirect
15.	<ul style="list-style-type: none"> Transferred funds to Blueview Tradevin Pvt. Ltd. (<i>Noticee no. 2</i>) and to the <i>group entities</i> (Saktimata Marketing Pvt. Ltd. and Gainsay Property Pvt. Ltd.) 	Direct and Indirect
16.	<ul style="list-style-type: none"> Common Director “Abinash Rudra (DIN – 06576749)” with <i>Noticee no. 1</i> (Maxtor Conclave Pvt. Ltd.). Common Director “Gopa Banerjee (DIN – 06599733)” with <i>Noticee no. 6</i> (Quickscope Dealers Pvt. Ltd.) and other <i>group entities</i> (Wondrous Marketing Pvt. Ltd. and Aryanraj Properties Pvt. Ltd.) 	Direct and Indirect
17.	<ul style="list-style-type: none"> Received funds from the <i>Company</i> Common Director with “Kartick Chandra Varma (DIN – 06586081)” with one of the <i>group entities</i> (Tremendous Commodeal Pvt. Ltd.) Common Director “Arunava Banerjee (DIN – 06576758)” with <i>Noticee no. 13</i> (Dhanaasha Developers Pvt. Ltd.) , <i>Noticee no. 1</i> (Maxtor Conclave Pvt. Ltd.) and one of the <i>group entities</i> (Shivsakti Exports Pvt. Ltd.) 	Direct and Indirect
18.	<ul style="list-style-type: none"> Off-market transfer with one of the <i>group entities</i> (Massive Management Consultancy Private Limited) 	Indirect
19.	<ul style="list-style-type: none"> Off-market transfer with one of the <i>group entities</i> (Massive Management Consultancy Private Limited) 	Indirect
20.	<ul style="list-style-type: none"> Off-market transfer with one of the <i>group entities</i> (Massive Management Consultancy Private Limited) 	Indirect
21.	<ul style="list-style-type: none"> Shares common Phone no. – “8820982870” with one of the <i>group entities</i> (Wondrous Marketing Pvt. Ltd.) 	Direct and Indirect

	<ul style="list-style-type: none"> Shares common address “T-1, 3rd floor, House no 99, Shivam Apartments A K Azad Road, Rehbari Guwahati Kamrup, Assam – 781008” with Noticee no. 22 (Proficient Managerial Solutions Private Limited) and one of the group entities (Malakar and Das Broking Services Private Limited) 	
22.	<ul style="list-style-type: none"> Shares common address “T-1, 3rd floor, House no 99, Shivam Apartments A K Azad Road, Rehbari Guwahati Kamrup, Assam – 781008” with Noticee no. 21 (Sarda Solutions Pvt. Ltd.) and one of the group entities (Malakar and Das Broking Services Private Limited). Common Director “Ajay Malakar (DIN – 06574842)” with one of the group entities (Malakar and Das Broking Services Private Limited). 	Direct and Indirect
23.	<ul style="list-style-type: none"> Off-market transfer with one of the group entities (Massive Management Consultancy Private Limited) 	Indirect

15. From the table no. 4 above, I note that various *Noticees* were enjoying both direct and indirect (through common *group entities*) connection with the other *Noticees* through common addresses, phone number, Directors, fund transfers etc. For instance, *Noticee no. 1*, *Noticee no. 9* and one of the other *group entities* shared common address, located at 16, Indian Exchange Place, 1st floor, Kolkata – 700001. Similarly, as per the UCC details, *Noticee no. 21*, *Noticee no. 22* and one of the other *group entities* shared common address located at T-1, 3rd floor, House no 99, Shivam Apartments A K Azad Road, Rehbari Guwahati Kamrup, Assam – 781008. Also, I observe that as per the MCA data, one Arunava Banerjee (DIN – 06576758) was a common Director in *Noticee no. 1*, *Noticee no. 13*, *Noticee no. 17* and in one of the other *group entities*. Similarly, one Krishnendu Ghosh (DIN – 06632267)” was a common Director in *Noticee no. 4*, *Noticee no. 14* and in one of the other *group entities*. With regard to fund transfers, I note from the above table that there were fund transfers between *Noticee no. 2* and *Noticee no. 15*, between *Noticee no. 3* and *Noticee no. 5*, and also between the *Company* and *Noticee no. 5* & *Noticee no. 13* etc. which again indicates a strong connection between such entities.

16. I note that some of the *Noticees* (*Noticee nos. 7, 8, 10, 11, 12, 18, 19, 20 and 23*) although are not alleged to be directly connected with other *Noticees*, however, they

are found to be connected various *group entities* which are connected directly or indirectly to other *Notices*. For instance, *Noticee no. 7* is directly connected to one of the *group entities* namely Saktimata Marketing Pvt. Ltd., through off market transfer of shares, which in turn is connected with *Noticee no. 1* through common email id as well as with *Noticee no. 15* through fund transfer. Similarly, *Noticee nos. 8, 10, 11, 12, 18, 19, 20 and 23* are directly connected to one common *group entities* namely, Massive Management Consultancy Private Limited, through off market transfers. It is a common knowledge that off market share transactions between two parties can happen only when both the entities are expected to be known and familiar to each other, hence off market transfer of shares gives a strong presumption of pre-existing connection between the entities. Therefore, considering the fact the aforesaid *Notices* had off market transactions with one common entity, these *Notices* can very well be presumed to be connected or at least known to each other through the other *group entities* with whom they had undeniably entered into off market share transactions. Once a natural presumption of connection is observed amongst the afore-stated *Notices*, it provides *ipso facto* a strong basis to suspect the bonafide of their conduct while trading in the scrip of *Sunstar*.

17. As already mentioned in the above Table no. 3 of this Order, certain *Notices* (*Noticee nos. 4, 5, 6, 7, 9, 14, 20 and 22*) have chosen not to file any reply to the SCN on merit and even have preferred to abstain from personal hearing. In this regard, I would like to refer to the observations of Hon'ble SAT, in the matter of *Classic Credit Ltd. vs. SEBI (Appeal No. 68 of 2003, DoD-08.12.2006)*, wherein it was *inter alia*, observed that "*.....the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show-cause notice were admitted by them*". Therefore, in the absence of any material contrary to the allegations, I find that materials on record are sufficient enough to reasonably conclude that these *Notices* were enjoying close connections amongst themselves.

18. I note that some of the *Notices* have vehemently emphasized that establishing connections amongst the *Notices* on the basis of common addresses, common emails, Common Directors, etc. is legally untenable and unsustainable. In this regard, the *Notices* have relied upon and cited decisions of the Hon'ble SAT in the matter of *Babubhai Desai (supra)* and *Smitaben N. Shah (supra)*. I have perused the judicial decisions relied upon by the *Notices* in support of their aforesaid contention to rebut the connections alleged in the proceedings. First of all, it goes without saying that the facts and attending circumstances specific to each cited case are factually distinguishable and have to be taken into consideration while deciding as to whether enough material is available on record to justify the *inter* connectedness amongst the entities. For instance, in the matter of *Smitaben N. Shah (supra)*, as highlighted by Hon'ble Tribunal, the connection amongst the appellants were jumbled up and further no details of financial relations were provided in the show cause notice, constraining the Hon'ble Tribunal to observe that the name of the appellants in the annexures to the show cause notice depicting the financial relation were missing. However, in the instant proceedings, as mentioned in the table no. 4 and in the preceding paragraphs of this Order, some of the *Notices* share one to one connection with other *Notices* and some of the *Notices* were connected through a common group entity. Further, after perusing the observations of Hon'ble SAT in the matter of *Babubhai Desai (supra)*, I note that the order impugned therein was remanded primarily on the ground of non-supply of relevant documents. The observations pertaining to connection are specific to that case and the *Notices* herein have failed to bring that they are placed in identical situation as in the aforesaid case cited by them. The Hon'ble Tribunal had restored the proceedings [*Babubhai Desai (supra)*] to the file of the Adjudicating Officer for passing fresh order after considering replies of the appellants, whereas, in the instant matter, the connections between the *Notices* through fund transfers, common addresses, common email ids, off-market transfers have not been disputed by the *Notices*. *Notices*, while contesting the allegations made in the SCN have offered no explanation justifying the rationale for using such common addresses, email ids, or

making off market transactions, funds transfers etc. The contention of the *Notices* that mere connection amongst various entities cannot be taken as basis to allege fraudulent trades is ill-conceived and has no merit. Principally, it is the conduct of *Notices* while trading in the scrip, that is seen and alleged as fraudulent and the said allegation gets further reinforced after noticing such close connections existing amongst a larger group of entities including the *Notices* of the present proceedings which make it glaring that the *Notices* have indulged in such trading behavior not only as individual entities but also as a cohesive group. In the instant matter, in my considered view, materials on records are sufficient to establish connection amongst the *Notices* so as to enable me to proceed further to examine the intent and object behind the unusual pattern of trading adopted by them while trading in the scrip of the *Company*. Therefore, the aforesaid contentions of the *Notices* regarding their connections are rejected as unfounded on facts, devoid of any merit as well as far-fetched hence are liable to be rejected.

19. I note that certain *Notices* have contended that the fund transactions and off market transfers of shares with the other *Noticee(s)* or with other *group entities* were executed in the ordinary course of business and therefore no adverse inference can be drawn against the *Notices* relying on such transactions. The contention of the *Notices* may appear satisfactory on its face value, however, none of the *Notices* has submitted any supporting evidence or justification to substantiate the claim that the said fund transactions were carried out in the course of ordinary business transactions. Further, with regard to submission made by some of the *Notices* relating to their fund transfers supposedly towards loans / borrowings, I note that none of these *Notices* has submitted any documents pertaining to those loans in the form of a loan agreement, or loan confirmation certificate, evidence of payment of interest, or towards re-payment of loan, etc. to further their argument. Considering the foregoing, I reject this contention of the *Notices* and do not find it necessary to further deal with the same.

20. Considering the aforesaid discussions and the fact that there are materials sufficient enough to suggest that strong inter se connections existed amongst these entities which, coupled with the undisputed facts of their trades in the scrip of the *Company* during the relevant period, wherein the *Noticees* are seen to have traded posing as counterparties and from their unusual trading pattern as noticed in the scrip of the *Company*, it can be stated with confidence that the matching of trades amongst the *Noticees* did not happen as mere coincidences but was possible due to the commonality of intent and purpose that existed amongst the *Noticees* while dealing in the scrip of *Sunstar*. In view of the above and in the absence of any material contrary to the allegations, I find that it can be reasonably concluded that the *Noticees* were enjoying close connections amongst themselves.

Issue II: Whether the acts of trading in the scrip of the Company by the Noticee nos. 1 to 12 during the Patch-3 and the 16 Noticees (Noticee nos. 1, 2, 4, 6, 9 and 13 to 23) during the Patch-5 of the Investigation Period have resulted in violations of the provisions of Section 12 A (a), (b), (c) of SEBI Act, 1992 regulation 3 (a), (b), (c), (d) and Regulation 4 (1) and 4 (2) (a) and (e) of SEBI PFUTP Regulations, 2003?

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

PFUTP Regulations, 2003

3. Prohibition of certain dealings in securities

No person shall directly or indirectly –

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

(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative

or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;

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

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

4. Prohibition of manipulative, fraudulent and unfair trade practices

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

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

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

.....

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

.....

22. I note that during *Patch-3* i.e. from the period commencing from December 16, 2014 to December 31, 2014, it has been noticed that the price of the scrip of *Sunstar* opened at ₹229.9, reached a high of ₹425.95 and closed at ₹424.9 i.e., witnessing a rise of 84.82% from the opening price. I further note that the SCN has *inter alia* alleged that *Noticees nos. 1 to 12* (hereinafter referred to as "*12 Noticees*") by executing 09 trades amongst themselves have contributed ₹63.05 (15.61% of the total market positive LTP) towards the positive LTP in the scrip of the *Company* during *Patch-3* of the Investigation Period. In this regard, I observe from the records available before me that this 15.61% of (+ve) LTP contribution by the *12 Noticees* has been generated out of only 2.64% of the total market volume (18000 shares out of a total of 679750)

of the shares of the *Company* traded during the period. Further, those 18000 shares were traded in 09 trades only which were just 2.12% of the total number of trades (424 trades) executed in the scrip of the *Company* during *Patch-3* of the Investigation period. These trades executed by the 12 *Notices* therefore raise a strong suspicion about the true intent of *Notices* behind their acts of raising the price of the scrip higher than the LTP through every single trade that they have executed among themselves during the said period. I also note that in the aforementioned 09 trades that have led to contribution of positive LTP of ₹63.05 in the scrip of *Sunstar*, *Notices nos. 1 to 7* have been seen acting as buyers while *Noticee nos. 3, 8 to 12* have traded as the counterparties / sellers to the alleged 09 trades. The details of LTP contribution through the trades executed by each of these 12 *Notices* are tabulated below:

Table-5: Details of alleged 09 trades during *Patch-3*

Sellers → Buyers ↓	+ve LTP (No. of trades)						Total +ve LTP (% of market +ve LTP)
	Anil Kumar Agarwala HUF (Noticee no. 8)	Ecstatic Merchandise Pvt. Ltd. (Noticee no. 9)	Hari Mohan Beriwala (Noticee no. 10)	Jain Nemi Minerals Pvt. Ltd. (Noticee no. 3)	Santosh Devi Agarwal (Noticee no. 11)	Sapna Agarwala (Noticee no. 12)	
Maxtor Conclave Pvt. Ltd. (Noticee no. 1)	-	22.95 (1)	-	-	-	-	22.95 (5.68)
Blueview Tradevin Pvt. Ltd. (Noticee no. 2)	-	-	21.90(1)	-	-	0.90 (1)	22.80 (5.64)
Jain Nemi Minerals Pvt. Ltd. (Noticee no. 3)	-	-	-	-	-	10.90 (1)	10.90 (2.70)
Keshavah Mercantile Pvt. Ltd. (Noticee no. 4)	-	-	-	0.95 (1)	5.30 (1)	-	6.25 (1.55)
Frohar Trading Pvt. Ltd. (Noticee no. 5)	-	-	0.05 (1)	-	-	-	0.05 (0.01)
Quickscope Dealers Pvt. Ltd. (Noticee no. 6)	0.05 (1)	-	-	-	-	-	0.05 (0.01)
Ambuja Commosales Pvt. Ltd. (Noticee no. 7)	-	-	-	-	0.05 (1)	-	0.05 (0.01)
Total							63.05 (15.61)

23. I observe from the table no. 5 above that that the six connected *group entities* namely, *Noticee nos. 3 and 8 to 12* have sold the shares of *Sunstar* at prices higher than the LTP to seven other connected entities from the same connected *group entities* namely, *Notices nos. 1 to 7* and in these 09 alleged trades *Noticee no. 3* has been appearing both as a buyer as well as a seller. Thus, by indulging in such mutual trades amongst themselves, *Notices nos. 1 to 7*, by buying the shares of

Sunstar from the sellers (Noticee nos. 3, 8 to 12), have aided in the process contributing to the price rise in the scrip.

24. I further observe from the trade logs (Annexure-2 to the SCN) that in each of those 09 positive LTP contributing trades, sell orders were placed prior to the respective buy orders. Further, to examine whether the alleged trades suffered from abnormality of any sort, it is pertinent to look at the trade wise order details with respect to the aforementioned 09 trades that contributed to the positive LTP in the scrip, which are tabulated below:

Table-6: Order logs of alleged 09 trades during Patch-3

Sr. No.	Trade Date	Buyer	Seller	Time Diff Between Buy order and sell order	Buy Order Rate	Sell Order Rate	Trade Rate	LTP Diff	%LTP	Trade QTY
1.	23/10/2014	Maxtor Conclave Private Limited (Noticee no. 1)	Ecstatic Merchandise Private Limited (Noticee no. 9)	00:00:07	229.9	229.9	229.9	22.95	11.09	600
2.	29/10/2014	Blueview Tradevin Private Limited (Noticee no. 2)	Sapna Agarwala (Noticee no. 12)	00:09:26	255.9	255.9	255.9	0.9	0.35	1800
3.	29/10/2014	Jain Nemi Minerals Private Limited (Noticee no. 3)	Sapna Agarwala (Noticee no. 12)	00:43:45	255.9	255.9	255.9	10.9	4.45	2400
4.	11/11/2014	Frohar Trading Private Limited (Noticee no. 5)	Hari Mohan Beriwalla (Noticee no. 10)	03:18:26	311.95	311.95	311.95	0.05	0.02	3000
5.	19/11/2014	Quickscope Dealers Private Limited (Noticee no. 6)	Anil Kumar Agarwala Huf (Noticee no. 8)	00:11:11	329	329	329	0.05	0.02	600
6.	26/11/2014	Blueview Tradevin Private Limited (Noticee no. 2)	Hari Mohan Beriwalla (Noticee no. 10)	00:01:46	361.9	361.9	361.9	21.9	6.44	1200
7.	27/11/2014	Ambuja Commosales Private Limited (Noticee no. 7)	Santosh Devi Agarwal (Noticee no. 11)	00:11:18	361.85	361.85	361.85	0.05	0.01	2400
8.	10/12/2014	Keshavah Mercantile Private Limited (Noticee no. 4)	Jain Nemi Minerals Private Limited (Noticee no. 3)	00:00:39	425.85	425.85	425.85	0.95	0.22	3000
9.	15/12/2014	Keshavah Mercantile Private Limited (Noticee no. 4)	Santosh Devi Agarwal (Noticee no. 11)	00:01:09	424.2	424.2	424.2	5.3	1.27	3000

25. It is observed from the details presented in the table no. 6 above that in all the 09 alleged trades, which contributed to positive LTP in the scrip of *Sunstar*, the buy orders were placed by the seven buyer *Noticees* (*Noticee nos. 1 to 7*) only after the respective sell orders were placed by the six seller *Noticees* (*Noticee nos. 3, 8 to 12*). I further note that the buy orders in all the alleged 09 trades always matched the prices offered by the sell orders which were already pending in the stock exchange's system and such offer price was always higher than the LTP as a result, such matching of prices by the buy orders with the pending sell orders always resulted into creation of positive LTP in the scrip of *Sunstar*. For instance, in the trade mentioned at sr. no. 1 in the table no. 6 above, the buy order was placed by the *Noticee no. 1* at ₹229.9 on 23.10.2014 which got matched with the already pending sell order placed by the *Noticee no. 9* at the price of ₹229.9 thereby resulting in contributing to the positive LTP of ₹22.95 in the scrip of the *Company*. Similarly, on 26.11.2014 (at sr. no. 6), the sell trade was placed by *Noticee no. 10* at a price of ₹361.9 and within less than 2 minutes (1 minutes 46 seconds) a buy order at the same price of ₹361.9 was placed by *Noticee no. 2*, which resulted into execution of trade that contributed ₹21.9 to the LTP (6.44% of total market positive LTP in *Patch-3*) in the scrip of *Sunstar*. I further note that no rational for buying at such a price higher than the LTP has been provided by the seven buyer *Noticees* (*Noticee nos. 1 to 7*).

26. With regard the trades executed during *Patch-5* of the Investigation Period, I note that during *Patch-5*, the price of the scrip opened at ₹252.00, reached a high of ₹419.90 and closed at ₹401.20 i.e., resulting in a rise of 66.63% from the opening price of the scrip during the said period. In this regard, the SCN has alleged that 16 *Noticees* viz. *Noticee nos. 1, 2, 4, 6, 9 and 13 to 23*, by executing 39 trades amongst themselves during *Patch-5* of the Investigation Period, have contributed to 10.80% (₹171.00) of total market (+ve) LTP in the scrip of *Sunstar*. Details of the alleged 39 trades executed by 16 *Noticees* are tabulated as under:

Table-7: Details of alleged 39 trades during Patch-5

Sr. no.	Buyers	Sellers (+ve LTP)	+ve LTP	% of mkt +ve LTP	No. of Trades
1	Dhanaasha Developers Pvt. Ltd.	1) Manju Beriwala (30.20) 2) Hari Mohan Beriwala and Others HUF (23.10) 3) Saurabh Kumar Agarwal HUF (8.90) 4) Quickscope Dealers Pvt. Ltd. (4.65) 5) Ecstatic Merchandise Pvt. Ltd. (0.70) 6) Proficient Managerial Solutions Pvt. Ltd. (0.20)	67.75	4.28	12
2	Maxtor Conclave Pvt. Ltd.	1) Manju Beriwala (23.00) 2) Hari Mohan Beriwala (10.10) 3) Panchmadhu Projects Pvt. Ltd. (2.80) 4) Hari Mohan Beriwala and Others HUF (0.95) 5) Ecstatic Merchandise Pvt. Ltd. (0.70) 6) Quickscope Dealers Pvt. Ltd. (0.40)	37.95	2.40	9
3	Keshavah Mercantile Pvt. Ltd.	1) Hari Mohan Beriwala and Others HUF (25.10) 2) Manju Beriwala (2.50) 3) Quickscope Dealers Pvt. Ltd. (0.20)	26.80	1.69	4
4	Panchmadhu Projects Pvt. Ltd.	1) Hari Mohan Beriwala and Others HUF (15.30)	15.30	0.97	2
5	Nirdesh Trading Pvt. Ltd.	1) Ecstatic Merchandise Pvt. Ltd. (13.00)	13.00	0.82	1
6	Dhanaseth Properties Pvt. Ltd.	1) Sarda Solutions Pvt. Ltd. (5.90) 2) Panchmadhu Projects Pvt. Ltd. (0.80) 3) Ecstatic Merchandise Pvt. Ltd. (0.40) 4) Sarwani Devi Modi (00.10) 5) Maxtor Conclave Pvt. Ltd. (0.10) 6) Quickscope Dealers Pvt. Ltd. (0.05)	7.35	0.46	6
7	Quickscope Dealers Pvt. Ltd.	1) Dhanaseth Properties Pvt. Ltd. (1.10) 2) Pragyan Realty Pvt. Ltd. (0.20)	1.30	0.08	2
8	Pragyan Realty Pvt. Ltd.	1) Hari Mohan Beriwala and Others HUF (0.75) 2) Manju Beriwala (0.50)	1.25	0.08	2
9	Ecstatic Merchandise Pvt. Ltd.	1) Dhanaseth Properties Pvt. Ltd. (0.30)	0.30	0.02	1
	Total		171.00	10.80	39

27. I observe from the table no. 7 above that that out of the 16 *Notices*, 09 *Notices* were acting as buyers and 13 *Notices* were acting as sellers while 6 *Notices* were acting both as buyer and seller in the aforementioned 39 trades during the *Patch-5* of the Investigation period. I further observe from the trade logs (Annexure-3 to the

SCN) that similar to the trading pattern followed by the *Notices* during the *Patch-3*, in this *Patch* also, in each of these 39 positive LTP contributing trades, sell orders were placed first and then the respective buy orders were placed, resulting in matching of orders and execution of trades. I further note from the Annexure-3 to the SCN that the buy orders in all the alleged 39 trades were placed at a price exactly similar to respective the sell orders prices placed by the seller *Notices* which were already pending in the stock exchange's system and such offer price was invariably higher than the LTP hence, on account of matching orders placed by the buyer *Notices*, the resultant trades always contributed positive LTP in the scrip of *Sunstar*. Extracts of a few of those 39 alleged trades are extracted herein below for better appreciation of the intent behind the placing and executing such trades by the *Notices*:

Table-8: Extracts of Order / trade logs of few of alleged 39 trades during *Patch-5*

Sr. No.	Trade Date	Buyer	Seller	Time Diff Between Buy order and sell order	Buy Order Rate	Sell Order Rate	Trade Rate	LTP Diff	%LTP	Trade Qty	Buy Order Qty	Sell Order Qty
1.	19/01/2015	DHANAASHA DEVELOPERS PRIVATE LIMITED (<i>Noticee no. 13</i>)	QUICKSCOPE DEALERS PRIVATE LIMITED (<i>Noticee no. 6</i>)	00:00:01	330.4	330.4	330.4	2.55	0.78	600	600	600
2.	19/01/2015	PANCHMADHU PROJECTS PRIVATE LIMITED (<i>Noticee no. 14</i>)	HARI MOHAN BERIWALA AND OTHERS HUF (<i>Noticee no. 18</i>)	00:00:01	329.9	329.9	329.9	14.4	4.56	4200	4200	4200
3.	27/01/2015	DHANAASHA DEVELOPERS PRIVATE LIMITED (<i>Noticee no. 13</i>)	MANJU BERIWALA (<i>Noticee no. 19</i>)	00:00:02	363.5	363.5	363.5	17.1	4.94	4200	4200	4200
4.	04/02/2015	MAXTOR CONCLAVE PRIVATE LIMITED (<i>Noticee no. 1</i>)	HARI MOHAN BERIWALA (<i>Noticee no. 10</i>)	00:00:01	344.7	344.7	344.7	10.1	3.02	9600	9600	9600
5.	06/02/2015	MAXTOR CONCLAVE PRIVATE LIMITED (<i>Noticee no. 1</i>)	MANJU BERIWALA (<i>Noticee no. 19</i>)	00:00:01	379	379	379	23	6.46	6000	6000	6000

28. It is observed from the details presented in the table no. 8 above that on various instances the time difference between the sell orders and the buy orders placed by the respective *Noticees* were in the range of a few seconds only. For instance, in the trade mentioned at sr. no. 1 in the table no. 8 above, the difference between the sell order and the respective buy order was of 1 second only and since the buy order matched with the sell order pending in the order book of the stock exchange, a trade of 600 shares in the scrip of *Sunstar* got executed at a price of ₹330.40 resulting in contribution of positive LTP of ₹2.55 (0.78% of total positive LTP). Similarly, on 06/02/2015 (sr. no. 5 at table no. 8), *Noticee no. 1* placed a buy order at a price of ₹379, which got matched with the pending sell order that was placed just 1 second ahead by the *Noticee no. 19* for same quantity & same price as a result of which the executed trade contributed a positive LTP of ₹23 (6.46% of total positive LTP). I also note that in majority of the buy / sell orders in the alleged 39 trades, the buy and sell orders were placed for identical quantities of shares by the 16 *Noticees*. Considering the trading pattern followed by the 16 *Noticees* including their timing of placing of buy / sell orders, prices quoted/offered while placing such orders and the quantity of shares involved in such orders coupled with the fact that all 16 *Noticees* were part of a connected group entities, these trades cannot be called normal trades executed in ordinary course of trading in securities market and rather a malafide intention of the 16 *Noticees* is glaringly manifested in the trades executed by them .

29. Considering that the *Noticees* enjoyed inter se connections and the trading pattern of the *Noticees* are also almost identical, I would prefer to deal with their submissions in totality for both the patches. In this respect, it is further noted that some of the *Noticees* have contended that by trading in the scrip of the *Company*, they have not made any gains which indicate that they had no intention to manipulate the price of the scrip. At the outset, it needs to be clarified that the acts of placing orders higher than the LTP and executing trades with the connected entities by acting in concert as well as contributing majorly to the price rise in the

scrip, even at the cost of not making any gains or sustaining personal losses, cannot be viewed as trades executed prudently in the normal course of trading in securities. The argument of not making gains while dealing in the scrip of *Sunstar* would rather go against the very intent of the buyer *Notices*. It is but natural that any person is bound to incur loss when he/she indulges in executing buy trades on a repeated basis, by imprudently placing buy orders higher than the LTP. The trading pattern followed and actual trading conduct displayed by the *Notices* do not indeed support the arguments advanced by them and would rather vindicate the allegations made against them in the SCN. It is also noted that an investigation into the scrip of the *Company* was, *inter alia*, triggered on account of a reference received from the Income Tax Department, alleging therein that certain persons appeared to have traded against the market mechanism with malafide motive. The claim of the *Notices* of incurring loss further signifies the fact they had no *bonafide* intention to trade as a normal trader of securities market, rather their alleged trades seem to have been executed with a hidden intent to trade in the scrip of the *Company* so as to distort the settled market mechanism. Therefore, the trades which were admittedly not profitable to the *Notices* but execution of which were only contributing positive LTP in the scrip for which no convincing explanation has been offered by the *Notices*, the only argument advanced by them that they did not gain anything from these trades cannot in isolation justify these trades as normal and bonafide trades. I also note that an argument has been advanced on behalf of the seller *Notices* justifying that their acts of selling shares at prices higher than LTP cannot be alleged as fraudulent as it is in line with the settled principle that sellers would want to sell at a higher price. The arguments of the seller *Notices* may *prima facie* appear to be convincing, however, on a closer scrutiny and analysis, such contentions are found to be fallacious and devoid of merit on following grounds:

- a) On a closer analysis of the trade data presented in the tables in preceding paragraphs, one peculiar trading pattern that was noticed is that all the aforementioned 09 trades executed by the 12 *Notices* in *Patch-3* and majority

of the 39 trades executed by 16 *Notices* during *Patch-5* of the Investigation Period that have resulted into contribution of positive LTP in the scrip of *Sunstar*, were executed turn by turn on different trading days. It is noticed that all the 23 *Notices* have been taking turns one after another, to place their LTP contributing sell and buy orders on different trading days which clearly signifies a manipulative trading pattern whereby, the 23 *Notices* have traded in one scrip with a pre-meditated mindset of sustaining the price rise of the scrip of the *Company* continuously over a long period of time by way of contributing to the LTP of the scrip, turn by turn, on different trading days without coming together to the market on any given day as the same would have quickly exhausted their efforts and shares in a few days defeating their actual intent to prolong the price rise in the scrip of the *Company* over a long period of time .

- b) The SCN alleges *inter se* connection amongst various *Notices* and further proceeds on alleging that the matching of trades between them contributed market positive LTP in the scrip of the *Company*. In this respect also, I note that though the seller *Notices* have contended that they should not be held responsible for generation of LTP, the said contention is not being supported by any explanation as to why their alleged sell trades got matched with their connected buyer *Notices*. In the absence of any plausible reasons or justification offered by any of the *Notices* to substantiate their *inter se* LTP contributing trades in the scrip , I am left with no option but to view that the *Notices* based on their connections with each other have indulged in trades with a premediated mind to escalate the price of the scrip of a *Company* to command such rise in its market price and to achieve such price escalation, the *Notices* have indulged in trading against the settled market norms. Considering the strong connections enjoyed by the *Notices* amongst them as highlighted in the earlier part of this order, even though the trades executed by them are not very high in number, they can't be seen having been

executed in normal course of trading which have contributed ₹63.05 (15.61% of the total market positive LTP) towards the positive LTP in the scrip of the *Company* and such a substantial amount of LTP contribution can be possible only when the trades are executed following an abnormal pattern with a manipulative intent as seen evident from the trading behaviour of the *Noticees*. The trading pattern followed by the *Noticees* apparently with an illicit motive to inflate the price of the scrip by trading in the scrip one at a time, also strongly refutes the explanations of the *Noticees* that their trades were genuine in nature. The trading pattern demonstrated by the 23 *Noticees* rather exposes the wicked design in the minds of the *Noticees* who have traded in a manner to get the trades executed with the connected parties at prices higher than the LTP so as to inflate the price of the scrip over a long period of time.

30. With regard to the contention of some of the *Noticees* that SCN has failed to establish any connection with the counterparties to the respective alleged trades and therefore, the said allegation cannot sustain, I have already dealt on this point in detail while dealing with the *Issue-I* earlier in this order and have held that the *Noticees* were in fact connected to each directly or indirectly through *common group entities*. Considering that the *Noticees* were part of the *common group entities* and coupled with the fact that the impugned trades were executed by the *Noticees* amongst each other acting in a concerted manner, in my view it is not warranted that one to one connection between buyer and the counterparty seller is required to be established for each of those alleged trades so as to establish the charge of unfair and manipulative trades levelled against the *Noticees* in the SCN. Moreover, it is to be noted that the present proceedings are civil in nature wherein the alleged violations are required to be established following the principle of preponderance of probabilities. 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 so made against the *Notices*. While direct evidence is a more certain basis to come to a conclusion, yet, in the absence thereof, an adjudicating authority cannot be rendered helpless. It is the duty of the authority 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 be a reasonable inference borne out of the circumstances. The test would always be as to what inferential process that a reasonable/prudent man would adopt to arrive at a conclusion. While the screen based trading system keeps the identity of the parties anonymous it will be too naive to rest the final conclusions on said basis which overlooks a meeting of minds elsewhere. Direct proof of such meeting of minds elsewhere would rarely be forthcoming and the test would be one of preponderance of probabilities so far as adjudication of civil liability arising out of violation of the *SEBI Act, 1992* or the provisions of the Regulations framed thereunder is concerned. Applying the above settled test in the facts of the matter, it is observed that the contentions so advanced by the *Notices* also deserve rejection on the following grounds:

- a) It can't be a mere co-incidence that the buy/sell orders are seen to have matched only amongst the *Notices* who are connected to each other. Execution of trade works on the principle of anonymity, wherein parties to a trade are not expected to be known to each other and therefore, the circumstances of matching orders placed by such known persons/entities are very remote. However, where it is seen that the trades are executed between parties who enjoy connections amongst themselves directly or indirectly, the possibility of such matching of trade orders amongst connected entities presupposes the existence of a prior meeting of minds and considering the frequency of matching of such trades as noticed in the present case involving the shares of the *Company*, it can be held that the relevant trades have been executed with an ulterior motive and not in the normal course of trading in a

manner that the orders placed by such connected entities match with each other so as to result into LTP contributing trades in the said scrip.

- b) It is also noted that not only the orders placed by the connected entities i.e. the *Notices* in this case, matched continuously with each other but also the time duration between the sell and buy orders placed by the seller *Notices* followed by the buyer *Notices* were very close. As noted earlier in this order, some of these LTP contributing trades were executed with a time difference of only a few seconds between the sell order followed by its counterparty buy order for which the *Notices* have not offered any explanation to justify how the executions of such trades within such a small time difference in placing sell and buy orders, could materialise between themselves. Failure to provide an explanation renders the arguments of the *Notices* as mere bald assertions having no substance to support, particularly considering the connections enjoyed by these *Notices* amongst themselves as alleged in the SCN.

31. The *Notices* have contended that they have also executed various other trades in the scrip of the *Company* which have been overlooked and the SCN has picked up only certain trades for making allegations against them and has not taken into consideration the other trades of the *Notices* in the same scrip. In this regard, I have already noted above that in this case, the buyer entities have placed their alleged orders only after the sell orders were placed by the selling entities belonging to the same connected group. The SCN has alleged those trades which were executed by the *Notices* who enjoyed *inter se* connections with each other, meaning thereby, the seller *Notices* and the counterparty buyer *Notices* were connected with each other, directly or indirectly, as they belonged to a group of connected entities (*group entities*) as already has been established in the beginning of this order and such trades executed by the connected counterparty *Notices* have resulted in contributing LTP to the price of the scrip of the *Company*. It has to be therefore appreciated that the investigation did not have to scrutinize all the trades of the

Notices with a lens of suspicion as its focus was clearly on only those trades that are soaked with the twin elements i.e. connection with the counterparty and contribution to the LTP. In the above background, SCN has directed the *Notices* to offer their comments and explain their stand with supporting evidence with respect to the alleged trades executed by them during the relevant period. However, instead of explaining their conduct and trading pattern and justifying those LTP contributing trades executed by them with their connected entities (*group entities*), the *Notices* have tried to divert attention to their other trades which were never a matter of investigation or of the SCN, hence, do not deserve to be deliberated now during this proceeding. As an illustration, I find that no attempt has been made to explanation with justification, the execution of trades between the *Noticee nos. 1 and 9*, who have been found to be enjoying common address. The alleged trade not just got executed between the *Noticee nos. 1 and 9* within a time gap of mere 7 seconds during the *Patch-3* of the period but also has contributed ₹22.95 to the LTP in the scrip. I also find that some other trades executed during the *Patch-3* period have contributed to the price rise in the scrip o the *Company* significantly for which no explanations have come forward from the *Notices*. It is also not the case of the *Notices* that they have adopted similar such trading pattern during the period in other scrips as well wherein their trading position was identical to the position as alleged in the present proceedings so as to make me examine the act & circumstances surrounding those trades, however, no such case has been made out by the *Notices* before me in their defense. Under the circumstances the complaint of the *Notices* that some of their trades have been cherry picked for levelling allegations against them holds no relevance.

32. It is also observed that during the relevant period, there were no significant corporate announcements made by the *Company*, which could have been seen as having boosted the market sentiment pertaining to the scrip of the *Company* so as to justify the price rise that was noticed in the scrip during the period. The financial results pertaining to the performance of the *Company* were also not impressive

during the period so as to entice the investors to trade in the securities of the *Company* and that too at a price higher than the LTP on a frequent basis. From the details as extracted in the table 6 and 8 presented above, I find that on a number of occasions the buyer *Notices* have placed orders apparently with a view to match the pending sell orders, which were placed at a higher price. In this respect also, I note that the buyer *Notices* have not furnished any reason for placing their buy orders at such high price in a scrip which had no *locus standi* in terms of financial performance or market fundamentals. Placing of order without any corroborative justification, rational or market linked support can lead to no other inferences other than that the said trades were placed only to match the pending sell orders so as to create a new higher LTP every time such trades were executed by the *Notices*. The argument and admission by the *Notices* that they have not gained anything out of such trades, further exposes their *malafide* intent behind executing those LTP contributing trades apparently with a motive to artificially ramp up the market price of the scrip. After considering all the relevant facts in the backdrop of the *Notices* enjoying close connections amongst themselves, their acts of placing orders above the LTP only with a view to chase and match the pending sell orders coupled with the extremely narrow time gap in the execution of trades as highlighted earlier, clearly point the fingers towards an apparent malicious and manipulative intent on the part of the *Notices* and therefore, the trades executed by the *Notices* cannot be held as normal trades.

33. I note that the *Notices* have referred to various judicial orders to substantiate their arguments that the charge of violation of *PFUTP Regulations, 2003* is a serious charge and there has to be strong evidence for the same. Judgment of the Hon'ble Supreme Court in the matters of *Varanasya Sanskrit Vishwa Vidyalyaya & Anr. Vs. Rajkishore Tripathi and Anr.*, *Bank of India vs. Degala Surya Narayana* (AIR 1999 SC 2407); *M.S. Bindra V Vol* (1998) 7 SCC 310; *Nandkishore Prasad vs. State of Bihar* (1978) 3 SCC 366; *Union of India vs. H.C. Goel* (AIR 1964 SC 364); *Razikram vs. J.S. Chauhan* (AIR 1975 SC 667; (1975) 4 SCC 769; *L.D. Jaisinghani vs. Narain das N Punjabi* (1976) 1

SCC 373 and *Gulabchand vs. Kudilal* (AIR 1966 SC 1734) have *inter alia* been relied upon by the *Notices* to further substantiate their argument. Having gone through the referred cases as cited above, I find that most of these cases are not relevant to the facts and circumstances and the proceedings connected with respect to application of *PFUTP Regulations, 2003*. As regards the relevance of some of the case laws cited by the *Notices* with reference to the standard of proof, I find that the standard of proof in matters of fraud arising out of violation of the *SEBI Act, 1992* or the provisions of the Regulations framed thereunder, is actually the test of preponderance of probability, as has been laid down in the following judgments of the Hon'ble Supreme Court, wherein, it was held that:

SEBI vs. Kishore R. Ajmera (2016) 6 SCC 368

".....While the screen based trading system keeps the identity of the parties anonymous it will be too naive to rest the final conclusions on said basis which overlooks a meeting of minds elsewhere. Direct proof of such meeting of minds elsewhere would rarely be forthcoming. The test, in our considered view, is one of preponderance of probabilities so far as adjudication of civil liability arising out of violation of the Act or the provisions of the Regulations framed thereunder is concerned. Prosecution under Section 24 of the Act for violation of the provisions of any of the Regulations, of course, has to be on the basis of proof beyond reasonable doubt. The conclusion has to be gathered from various circumstances like the volume of the trade affected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such other relevant factors. The fact that the broker himself has initiated the sale of a particular quantity of the scrip on any particular day and at the end of the day approximately equal number of the same scrip has come back to him; that trading has gone on without settlement of accounts i.e. without any payment and the volume of trading in the illiquid scrips, all, should raise a serious doubt in a reasonable man as to whether the trades are genuine."

SEBI vs. Rakhi Trading Pvt. Limited (MANU/SC/0096/2018)

"We are fortified in our conclusion by the judgment of this Court in Securities And Exchange Board of India v. Kishore R. Ajmera, though it is a case pertaining to brokers, wherein it has been held at paragraph 25:

"25. The SEBI Act and the Regulations framed thereunder are intended to protect the interests of investors in the Securities Market which has seen substantial growth in tune with the parallel developments in the economy. Investors' confidence in the capital/securities market is a reflection of the effectiveness of the regulatory mechanism in force. All such measures are intended to pre-empt manipulative trading and check all kinds of impermissible conduct in order to boost the investors' confidence in the capital market. The primary purpose of the statutory enactments is to provide an environment conducive to increased participation and investment in the securities market which is vital to the growth and development of the economy. The provisions of the SEBI Act and the Regulations will, therefore, have to be understood and interpreted in the above light."

In this case it was also held that in the absence of direct proof of meeting of minds elsewhere in synchronized transactions, the test should be one of preponderance of probabilities as far as adjudication of civil liability arising out of the violation of the Act or the provision of the Regulations is concerned."

34. Therefore, the Hon'ble Apex Court while laying down the principle relating to evidentiary value has observed that in the absence of direct evidences, the attendant facts and circumstances which surround the allegations levelled (against the Noticees) may also form the basis of an inference to prove culpability. The Hon'ble Apex Court, in the said matter, while appreciating the purpose of SEBI Act, 1992 and the regulations framed thereunder, have observed that measures under the said enactments/regulations are taken to pre-empt manipulative trading and to contain the impermissible conduct so as to boost the investors' confidence in

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

35. In addition to the above arguments, I note that *Noticee no. 23* has relied upon the observation of the Hon'ble SAT in matters relating to the price manipulation in Indian securities market. Further, she has also referred to certain SEBI orders to advance and buttress her arguments. In this respect, having gone through the said decisions, I am of the view that the observations made in the above referred decisions are factually distinguishable hence, are not applicable to the facts of the instant proceedings involving the *Noticees*, as can be deciphered from the summary presentation of the facts pertaining to some of those cases in the table as under:

Sr. No.	Matter	Facts of the matter and respective observations of SEBI	How the facts are different from instant proceedings
1	Revocation order in the matter of <i>Kailash Auto Finance Ltd.</i> (Order no. SEBI/WTM/MPB/EFD-DRA-I/ 31 /2017 dated 21st September, 2017)	Vide <i>ex-parte</i> Interim Order dated March 29, 2016, SEBI debarred 246 entities from dealing in the securities market. However, completion of investigation by SEBI, investigation did not find any adverse evidence/adverse findings in respect of violation of provisions of the <i>PFUTP</i>	In the instant proceedings, after completing the holistic Investigation including examination of order/ trade logs, allegations against the <i>Noticees</i>

		<p><i>Regulations 2003 in respect of 244 entities and hence directions in the Interim Order were revoked against such 244 entities.</i></p>	<p>have been framed and accordingly SCN was issued. Also, opportunity of hearing was granted to Noticee no. 23 to further represent her case, which was not availed by her due to reasons best known to her.</p>
2	<p>In the matter of manipulation in the scrip of <i>Crazy Infotech Ltd.</i> (Order no. WTM/SR/1VD/1D-3/20/02/2015 dated February 10, 2015).</p>	<p>SEBI issued administrative warning against 780 entities out of 823 connected entities. Further, some of those 780 entities were counterparties to the alleged trades against the entities in the referred proceedings. Further, following was observed in the order:</p> <p><i>The SCNs, however do not contain sufficient details specifying and delineating the transactions which were alleged to be synchronized and reversed vis a vis the Noticees. The specific instances of reversed and synchronized trades executed by the Noticees with the entities alleged to have been connected with each other are difficult to be isolated from the said trade logs annexed with the respective SCNs, as the trades are spread across the entire investigation period and the counterparties to their trades include the 823 connected entities and also some non-connected entities."</i></p>	<p>In the instant matter, trade details of alleged trades have already been provided clearly in the SCN and through its annexures. Further, no administrative warning has been issued to the counterparty of the alleged trades of the Noticees. Both buyers and sellers in the alleged trades are Noticees in the present proceedings.</p>

		Therefore, for the sake of uniformity, same treatment was afforded to the other entities in the matter.	
3	In the matter of <i>Mishka Finance and Trading Limited</i> (Order no. SEB/WTM/MPB/EFD-1-DRA-111/50/2017 dated October 5, 2017)	SEBI passed an <i>Ad interim ex-parte</i> order dated April 17, 2015 against certain entities. However, during detailed investigation, no adverse findings were observed by SEBI against some entities in the price manipulation and accordingly the directions vide interim order were revoked against such entities.	However, in the instant matter, after conducting a detailed investigation, SEBI found manipulation in the scrip of <i>Sunstar</i> , wherein the <i>Noticee</i> have cumulatively contributed to 15.61% and 10.80% of positive LTP in <i>Patch-3</i> and <i>Patch-5</i> respectively. Accordingly, SCN was issued to the <i>Noticees</i> and various opportunities for personal hearing and submission of replies have been provided to all the <i>Noticees</i> . Further, impact of such alleged manipulative trades on the scrip of <i>Sunstar</i> have already been dealt in the preceding paragraphs of this Order.
4	In the matter of <i>Moryo Industries Limited</i> (Order no. SEBI/WTM/MPB/EFD-1-DRA-1V/32/2017 dated September 21, 2017)	SEBI passed an <i>Ad interim ex-parte</i> order dated December 04, 2014 against certain entities. However, after detailed investigation in the matter, investigation did not find any adverse evidence/findings against 85 entities in respect of their role in price manipulation and accordingly directions against such entities were revoked.	

36. I note that *Noticee no. 23* has referred to an internal policy decision of SEBI in respect of Long Term Capital Gain Cases to contend that the present proceedings are contrary to the said policy decision, wherein a decision was taken to not proceed against entities whose trades have not led to any LTP contribution or manipulation.

37. To the above contention, I note that the same is bereft of any merit, as contrary to the contention of the *Noticee*, I find that the SCN in this case has, in clear and unequivocal terms alleged that the trades of the all *Noticees* have resulted in contribution of LTP in the scrip of *Sunstar*. Therefore, the contention of *Noticee no.23* is found to be *sans* any merit so as to deserve any parity with the above referred internal policy of SEBI as all the alleged trades in this case have resulted in LTP contribution and consequently in market manipulation. Additionally, I further like to rely on the observations of Hon'ble SAT wherein a contention similar to the *Noticee* was considered in the matter of *Mayank Dhanuka vs. SEBI* (DoD: 15.12.2017) and the Hon'ble Tribunal has held that:

"Fact that Clause 7.1 of the Information Memorandum dated 29.12.2016 records that SEBI would proceed against the entities involved in price manipulation i.e. LTP contributors and the listed companies and its Whole Time Directors (if connection between them is established) cannot be construed to mean that other entities who are also found to be connected with the entities committing fraud are liable to be exonerated. Clause 7.1 of the Information Memorandum has to be read harmoniously so as to hold that all entities including the beneficiaries who are found to be connected with the entities committing fraud would be proceeded against." (emphasis supplied)

38. Therefore, Hon'ble SAT has itself laid down that action in the similar matters need to be initiated against all the entities who are found to be connected with the entities committing fraud. Notwithstanding the above, the argument of the *Noticee no. 23* that the said internal policy was binding on SEBI and any deviation there from would be arbitrary/ discriminatory, would rather go against the *Noticee*. As

noted above, the SCN has charged the *Noticee* for manipulating the price of the scrip of *Sunstar* by contributing to the positive LTP in the scrip. As already observed in the preceding paragraphs, *Noticee no. 23* was part of those 16 *Noticees* who have executed 39 trades amongst themselves during *Patch-5* of the Investigation Period and have contributed to 10.80% (₹171.00) of the total market (+ve) LTP in the scrip of *Sunstar* through 39 such trades. Therefore, the present proceedings against the act of the *Noticee no. 23* of contributing to the positive LTP in the scrip of *Sunstar* is in fact in line with the decision of SEBI as laid down in the said internal policy. Therefore, the contention of the *Noticee* is factually incorrect as well as devoid of any substance, hence does not require any further consideration.

39. With regard to the argument advanced by the *Noticee no. 23* drawing a parallel of the instant matter with the cases of Illiquid options and seeking exoneration on the ground that no action was initiated by SEBI in the matter of Illiquid options, I find that the contention of the *Noticee* is factually incorrect as well as misleading. It is to be noted here that SEBI from time to time has issued various directions and has also imposed penalties against the entities involved in the matter of manipulative trading in Illiquid options. Further, in my considered view the instant proceedings require me to ascertain, on the basis of facts and other materials available on record, as to whether or not, the alleged trades of the *Noticees* are fair, normal and non-manipulative in nature. Further, it is a trite law to state that in the quasi-judicial proceedings, the adjudicator is bound to conduct the proceedings within the realms of the Show Cause Notice presented before him for adjudication. Not proceedings against other entities in some other differently placed matter would not take away the fraudulent trade practice indulged in by *Noticees* who, by repeatedly executing the alleged trades amongst each other over and above the LTP on a continuous basis, have glaringly contributed to the price rise in the scrip of *Sunstar* during different patches of the Investigation Period. Considering the foregoing, I reject such a contention of the *Noticee* holding the same as irrelevant

and out of purview of the present proceedings and do not find it necessary to further deal with this contention.

40. Having dealt with the arguments advanced by the *Noticees* in response to the SCN in the preceding paragraphs, I find that some of the *Noticees* (*Noticee nos. 4, 5, 6, 7, 9, 14, 20 and 22*), by preferring not to appear before me in person nor even to make any written submission on merit before me, have clearly indicated that they do not have any argument to advance or explanation to offer in their defense to dispute the allegations made in the SCN. In this regard, the observation of Hon'ble SAT in the matter of *Sanjay Kumar Tayal & Ors. vs. SEBI* (in appeal No. 68/2013) decided on February 11, 2014, is relevant and same is referred to hereunder: -

" 29. We see no merit in above contentions. As rightly contended by Mr. Rustomjee, learned senior counsel for respondents, appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges levelled against them in the show cause notices....."

41. Keeping in view the afore-discussed unusual and price manipulative trading pattern exhibited by the 23 *Noticees*, it may be relevant to note that Hon'ble SAT, in the matter of *Ketan Parekh v. SEBI* (Appeal No. 2 of 2004 decided on 14.07.2006) had an occasion to deal with the propriety of non-genuine trades and have made the following observations:

".....Any transaction executed with the intention to defeat the market mechanism whether negotiated or not would be illegal. Whether a transaction has been executed with the intention to manipulate the market or defeat its mechanism will depend upon the intention of the parties which could be inferred from the attending circumstances because direct evidence in such cases may not be available. The nature of the transaction executed, the frequency with which such transactions are undertaken, the value of the transactions, whether they involve circular trading and whether there is real change of beneficial ownership, the conditions then prevailing in

the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn.

42. In the light of the aforesaid observations of the Hon'ble SAT and after considering the peculiar trading pattern, and the unusual manner and frequency with which such trades were executed by the 23 *Notices*, it constrains me to hold that the *Noticee no.1 to 23* were not acting as genuine traders and had no bona fide intention to trade in the scrip of *Sunstar* as regular traders who trade in the ordinary course of their trading in securities. I therefore hold that the trading behavior of *Noticee no. 1 to 23 vis-à-vis* the scrip of *Sunstar* has been glaringly ill motivated, fraudulent and was motivated towards manipulating the price of the shares of *Sunstar* as well as to create artificial trading volume in the scrip of the *Company* so as to entice other innocent investors/shareholders to deal with the scrip. Such a trading behavior is definitely in violation of Section 12A(a) (b) (c) of *SEBI Act, 1992* read with regulations 3 (a), (b), (c), (d) and 4 (1), 4 (2) (a), (e) of *SEBI PFUTP Regulations, 2003*.

DIRECTIONS

43. In view of the foregoing discussions and findings as well as my observations with respect to the violations of provisions of *SEBI Act, 1992* and *PFUTP Regulations, 2003* committed by the *Notices* as alleged in the SCN, I in exercise of powers conferred upon me under Sections 11(1),11(4),11B(1) read with Section 19 of the *SEBI Act, 1992*, in order to protect the interest of investors and the integrity of the Securities Market and to meet the ends of justice, hereby restrain the *Notices* from accessing the Securities Market and further prohibit them from buying, selling or otherwise dealing in securities, directly or indirectly in any manner, for the period as directed below:

S. No.	Name of the Entity	Period in years /

		months
1.	MAXTOR CONCLAVE PVT LTD	01 year
2.	BLUEVIEW TRADEVIN PVT. LTD.	01 year
3.	JAIN NEMI MINERALS PVT. LTD.	06 months
4.	KESHAVAH MERCANTILE PVT. LTD.	01 year
5.	FROHAR TRADING PVT. LTD.	06 months
6.	QUICKSCOPE DEALERS PVT. LTD.	01 year
7.	AMBUJA COMMOSALES PVT. LTD.	06 months
8.	ANIL KUMAR AGARWALA HUF	06 months
9.	ECSTATIC MERCHANDISE PVT. LTD.	01 year
10.	HARI MOHAN BERIWALA	06 months
11.	SANTOSH DEVI AGARWAL	06 months
12.	SAPNA AGARWALA	06 months
13.	DHANAASHA DEVELOPERS PVT. LTD.	06 months
14.	PANCHMADHU PROJECTS PVT. LTD.	06 months
15.	NIRDESH TRADING PVT. LTD.	06 months
16.	DHANASETH PROPERTIES PVT. LTD.	06 months
17.	PRAGYAN REALTY PVT. LTD.	06 months
18.	HARI MOHAN BERIWALA AND OTHERS HUF	06 months
19.	MANJU BERIWALA	06 months
20.	SAURABH KUMAR AGRAWAL HUF	06 months
21.	SARDA SOLUTIONS PVT. LTD.	06 months

22.	PROFICIENT MANAGERIAL SOLUTIONS PVT. LTD.	06 months
23.	SARWANI DEVI MODI	06 months

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

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

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

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

-Sd-

DATE: MARCH 19, 2021

PLACE: MUMBAI

S. K. MOHANTY

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA