

BEFORE THE SECURITIES APPELLATE TRIBUNAL  
MUMBAI

**Order Reserved on: 15.07.2021**

**Date of Decision : 11.08.2021**

**Misc. Application No. 516 of 2019**

**And**

**Appeal No. 424 of 2019**

Girraj Kumar Gupta HUF  
FF 41, A F Block,  
Mangal Bazar, Laxmi Nagar,  
New Delhi – 110 095.

..... Appellant

Versus

Securities and Exchange Board of India  
SEBI Bhavan, Plot No. C-4A, G-Block,  
Bandra-Kurla Complex, Bandra (East),  
Mumbai – 400 051.

... Respondent

Mr. Sumit Kumar, Advocate i/b Legal Orbit Advocates &  
Consultants for the Appellant.

Mr. Kevic Setalvad, Senior Advocate with Mr. Nishit Dhruva,  
Mr. Hriday Khurana, Mr. Chirag Bhavsar, Mr. Yash Garach  
and Ms. Aalisha Shah, Advocates i/b MDP & Partners for the  
Respondent.

**WITH**

**Misc. Application No. 517 of 2019**

**And**

**Appeal No. 425 of 2019**

Rajeev Kumar Gupta  
5/127, 1<sup>st</sup> Floor,  
Vaishali Ghaziabad – 201 010

..... Appellant

Versus

Securities and Exchange Board of India  
SEBI Bhavan, Plot No. C-4A, G-Block,  
Bandra-Kurla Complex, Bandra (East),  
Mumbai – 400 051.

... Respondent

Mr. Sumit Kumar, Advocate i/b Legal Orbit Advocates &  
Consultants for the Appellant.

Mr. Kevic Setalvad, Senior Advocate with Mr. Nishit Dhruva,  
Mr. Hriday Khurana, Mr. Chirag Bhavsar, Mr. Yash Garach  
and Ms. Aalisha Shah, Advocates i/b MDP & Partners for the  
Respondent.

**WITH**  
**Misc. Application No. 518 of 2019**  
**And**  
**Appeal No. 426 of 2019**

Girraj Kumar Jagdish Prasad Gupta  
FF 41, A, III Floor,  
Mangal Bazar, Laxmi Nagar,  
New Delhi – 110 092.

..... Appellant

Versus

Securities and Exchange Board of India  
SEBI Bhavan, Plot No. C-4A, G-Block,  
Bandra-Kurla Complex, Bandra (East),  
Mumbai – 400 051.

... Respondent

Mr. Sumit Kumar, Advocate i/b Legal Orbit Advocates &  
Consultants for the Appellant.

Mr. Kevic Setalvad, Senior Advocate with Mr. Nishit Dhruva,  
Mr. Hriday Khurana, Mr. Chirag Bhavsar, Mr. Yash Garach  
and Ms. Aalisha Shah, Advocates i/b MDP & Partners for the  
Respondent.

**WITH**  
**Misc. Application No. 519 of 2019**  
**And**  
**Appeal No. 427 of 2019**

Ms. Neetu Gupta  
 FF-41 A, F-Block,  
 Mangal Bazar, Laxmi Nagar,  
 New Delhi – 110 092

..... Appellant

Versus

Securities and Exchange Board of India  
 SEBI Bhavan, Plot No. C-4A, G-Block,  
 Bandra-Kurla Complex, Bandra (East),  
 Mumbai – 400 051.

... Respondent

Mr. Sumit Kumar, Advocate i/b Legal Orbit Advocates &  
 Consultants for the Appellant.

Mr. Kevic Setalvad, Senior Advocate with Mr. Nishit Dhruva,  
 Mr. Hriday Khurana, Mr. Chirag Bhavsar, Mr. Yash Garach  
 and Ms. Aalisha Shah, Advocates i/b MDP & Partners for the  
 Respondent.

**WITH**  
**Appeal No. 517 of 2019**

B G Freight Shoppe India P. Ltd.  
 4/2514, First Floor,  
 Bihari Colony,  
 Shahdara, Delhi – 110 092.

..... Appellant

Versus

Securities and Exchange Board of India  
 SEBI Bhavan, Plot No. C-4A, G-Block,  
 Bandra-Kurla Complex, Bandra (East),  
 Mumbai – 400 051.

... Respondent

Mr. Rushin Kapadia, Advocate with Ms. Rinku Valanju, Mr. Pratham Masurekar and Mr. Aditya Shah, Advocates i/b R V Legal for the Appellant.

Mr. Kevic Setalvad, Senior Advocate with Mr. Nishit Dhruva, Mr. Hriday Khurana, Mr. Chirag Bhavsar, Mr. Yash Garach and Ms. Aalisha Shah, Advocates i/b MDP & Partners for the Respondent.

**AND**  
**Appeal No. 518 of 2019**

All Time Buildtech Private Ltd.  
Plot No. M-17, 4/2514,  
Bihari Colony,  
Shahdara, Delhi – 110 092.

..... Appellant

Versus

Securities and Exchange Board of India  
SEBI Bhavan, Plot No. C-4A, G-Block,  
Bandra-Kurla Complex, Bandra (East),  
Mumbai – 400 051.

... Respondent

Mr. Rushin Kapadia, Advocate with Ms. Rinku Valanju, Mr. Pratham Masurekar and Mr. Aditya Shah, Advocates i/b R V Legal for the Appellant.

Mr. Kevic Setalvad, Senior Advocate with Mr. Nishit Dhruva, Mr. Hriday Khurana, Mr. Chirag Bhavsar, Mr. Yash Garach and Ms. Aalisha Shah, Advocates i/b MDP & Partners for the Respondent.

CORAM : Justice Tarun Agarwala, Presiding Officer  
Justice M.T. Joshi, Judicial Member

Per : Justice Tarun Agarwala, Presiding Officer

1. The present appeals are filed against a common order dated July 31, 2019 passed by the Adjudicating Officer ('AO')

for short) of the Securities and Exchange Board of India ('SEBI' for short) imposing penalties against the appellants for violation of Regulation 3 and 4 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 ('PFUTP Regulations' for short). Since the issue is common in all the appeals, the same are being taken up together. For facility, the facts stated in Appeal No. 424 of 2019 (Giriraj Kumar Gupta HUF vs SEBI) is being taken into consideration.

2. SEBI conducted an investigation in the scrip of Ram Minerals and Chemicals Ltd. during the period December 13, 2013 to July 31, 2015 and found that there was an abnormal increase in the price of the scrip from Rs. 2.2 as on December 13, 2013 which increased to Rs. 229.5 on July 31, 2015. It was observed that the noticees including the appellants were connected to each other and they had traded in the scrip of the Company by indulging in price manipulation and by indulging in a trading pattern which created misleading appearance of trading in the scrip.

3. On October 24, 2017 a show cause notice was issued against 19 noticees which included the six appellants. The

appellants All Time Buildtech Private Ltd. is noticee no. 1, B G Freight Shoppe India P Ltd. is notice no. 2, Girraj Kumar Gupta HUF is noticee no. 10, Girraj Kumar Jagdish Prasad Gupta is noticee no. 11, Neetu Gupta is noticee no. 14 and Rajeev Kumar Ram Prasad Gupta is noticee no. 16 in the impugned order.

4. The AO after considering the replies and the material evidence on record held that connection between the noticees / appellants have been established through off market transfers in the scrip, company directorship, address and through fund transfers. It was also found that Girraj Kumar Jagdish Prasad Gupta, Neetu Gupta and Rajeev Kumar Ram Prasad Gupta received 1500 shares each through off market from noticee no. 1/appellant All Time Buildtech Private Ltd. on March 29, 2014 and therefore through such off market transaction connection was established. Further, the connection between noticee no. 1 and three other noticees, namely, Anuradha Arora, Aradhana Choudhary and B G Freight Shoppe India P Ltd. i.e. noticee no. 2 was also established through common directorship and common address. Similar connection has also been established regarding fund transactions between noticee no. 2 and notice

no. 1. The AO further found that the trading pattern of the appellants and other noticees indicated that they were acting in concert to manipulate the price and consequently imposed a penalty on the appellants.

5. The appellants have attacked the impugned order on the ground that there is delay in the issuance of the show cause notice. Further, the appellants have carried out minuscule trading which creates no impact on the market and individual LTP is minuscule which cannot be termed as price manipulation. It was further contended that the penalty imposed is excessive and an entity which has provided more LTP was given less penalty and an entity which had given less LTP was imposed a higher penalty. It was also contended that the appellants were not part of any group and that they were not connected with the counter party and therefore the impugned order was wholly erroneous and was liable to be set aside.

6. We have heard Shri Sumit Kumar, the learned counsel for the appellants in Appeal Nos. 424 of 2019, 425 of 2019, 426 of 2019 and 427 of 2019, Shri Rushin Kapadia, the learned counsel for the appellants in Appeal Nos. 517 of 2019

and 518 of 2019 and Shri Kevic Setalvad, the learned senior counsel for the respondent.

7. We find from the perusal of the impugned order that noticee no. 4 had transferred 1,50,000 shares to noticee no. 2 on March 14, 2014. Similarly, noticee no. 2 had transferred 6000 shares to noticee no. 1 on March 28, 2014. Noticee no. 1 had transferred 1500 shares each to noticee nos. 11, 14 and 16 on March 29, 2014. Noticee nos. 11, 14 and 16 acquired same number of shares from the same seller i.e. noticee no. 1 on the same date. Noticee no. 1 and noticee no. 2 share a common director Praveen Kumar Tavatiya and also share a common registered address. Thus, a connection between noticee no. 1 and noticee no. 2 is established. Noticee nos. 10 and 11 share a common address and common e-mail id. Further, noticee no. 1 transferred funds to noticee no. 2 amounting to Rs. 25 lakh on January 1, 2014, January 2, 2014 and January 21, 2014 and also transferred Rs. 20 lakh to noticee no. 4 on November 28, 2013 in this way. We are of the opinion that the connection has been established and we do not find any error in the findings given by the AO in this regard.

8. We find that the noticees contributed to positive LTP in 78 trades and in all these trades the buy orders were placed first which contributed to 62.78% to market positive LTP. Apart from the appellants there were other noticees who appeared as counter parties and contributed 46.5% to the positive LTP.

9. The appellants and other noticees by placing their sell orders with small quantities of shares and single digits indicated a trading pattern which was being done with premeditated motive and with a prior meeting of minds which can be easily inferred. In particular, noticee no. 1, 2, 4 and 15 had transferred shares in the off market through other noticees who in turn sold shares in small quantities and matched the above LTP buy orders with trade quantity in single digit. This pattern of trading clearly shows that the noticees were acting in concert in manipulating the scrip price. Further, we find that on each day only one noticee amongst the other connected noticees were placing sell orders in single digits. This trading pattern makes it clear that the intention of the noticees was to increase the price of the scrip and thereby were acting in concert to manipulate the price.

10. The AO found that 5 of the entities including the appellants traded on the buy side in 38 trades and contributed to the positive LTP. Out of 38 trades 28 trades were with 11 connected entities which included noticee nos. 1, 2 and 14 on the sell side thereby contributing to 24.46% to positive LTP. The buyers and the sellers thus made substantial contribution of Rs. 24.46% to positive LTP by trading amongst themselves and thus manipulated the price in the scrip and created misleading appearance of trading.

11. Thus, we are of the opinion that the appellants were not only connected to each other through a web of off market transfers, common address, email ids and fund transfers amongst themselves and contributed towards establishing a positive LTP and thereby increased the price of the scrip. We are of the opinion that the finding of the AO that the appellants had violated the PFUTP Regulations does not suffer from any error of law.

12. We find from the impugned order that noticee nos. 1 and 2 were a major common link for routing shares through off market which facilitated other noticees including the remaining appellants not only to establish higher LTP in the

market but also to off-load them thereby creating misleading appearance of trading in the shares. Appellant nos. 1 and 2 were further involved in the transfer of funds among themselves just before and during the investigation.

13. The contention of the appellants that there was inordinate delay in the initiation of the proceedings is erroneous. We find that the investigation started in the year 2015 which involved examining several entities in the order logs, trade logs, off market transactions and gathering evidence from the Stock Exchange. The show cause notice was issued in the October, 2017 and accordingly we find that there is no inordinate delay in the initiation of the proceedings. The contention raised is, thus, erroneous and cannot be accepted.

14. The contention that the appellants had executed miniscule trades which created no impact in the market cannot be accepted. The individual trading of the appellants cannot be taken into consideration since all the appellants were found to be connected with each other and therefore the cumulative trades executed by the appellants have to be taken holistically and not in isolation. The collective trading

indicates their contributions to positive LPT which is not miniscule.

15. We also find that against the same transactions the Whole Time Member ('WTM' for short) had passed an order dated June 4, 2019 holding them guilty of manipulation in the price of the scrip through their trading pattern. Four of the present appellants except noticee nos. 1 and 2 had filed an appeal i.e. Appeal No. 420 of 2019 (Girraj Kumar Gupta HUF vs SEBI) and other connected appeals which was decided by this Tribunal on February 25, 2020 and the finding on all the allegations against the appellants were upheld. The said order of the WTM has attained finality which operates against noticee nos. 1 and 2. Thus, we are of the opinion that the findings given by the AO also does not suffer from any error of law.

16. It was contended that the penalty imposed is excessive and harsh and whereas the entities who have contributed less LTP have been penalized higher and those who have contributed more LTP a lesser penalty has been imposed. This contention cannot be accepted in as much as we find that the appellants Girraj Kumar Gupta HUF, Girraj Kumar

Jagdish Prasad Gupta, Neetu Gupta and Rajeev Kumar Ram Prasad Gupta have been penalized a sum of Rs. 3 lakh each for violation of the PFUTP Regulations which in our opinion is neither excessive nor harsh. Insofar as noticee nos. 1 and 2 are concerned, namely, All Time Buildtech Private Ltd. and B G Freight Shoppe India P Ltd. their involvement is far deeper, namely, that noticee no. 1 had transferred funds to noticee no. 2. Further, noticee no. 1 and noticee no. 2 were major link for routing shares through off market which facilitated other noticees not only to establish a higher LTP in the market but also off loaded them and thereby created misleading appearance of trading in the shares. Accordingly, the imposition of Rs. 10 lakh each imposed by the AO on noticee nos. 1 and 2 is not excessive nor suffer from any error of law.

17. In view of the aforesaid, we do not find any merit in the appeals and are dismissed with no order as to costs. Misc. Applications are also disposed of.

18. The present matter was heard through video conference due to Covid-19 pandemic. At this stage it is not possible to sign a copy of this order nor a certified copy of this order

could be issued by the registry. In these circumstances, this order will be digitally signed by the Private Secretary on behalf of the bench and all concerned parties are directed to act on the digitally signed copy of this order. Parties will act on production of a digitally signed copy sent by fax and/or email.

Justice Tarun Agarwala  
Presiding Officer

Justice M.T. Joshi  
Judicial Member

11.08.2021  
msb