

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: RAJEEV KUMAR AGARWAL, WHOLE TIME MEMBER**

ORDER

Under Sections 11 and 11 B of the Securities and Exchange Board of India Act, 1992 read with Regulation 11 of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.

In the matter of Innovision e-Commerce Limited.

In respect of:

1. Innovision e-Commerce Limited; and
2. Mr. Akshay Pravin Sanghavi

Appearances:

For Innovision E-Commerce Limited : Ms. Jayashree Gangurde

For Mr. Akshay Pravin Sanghavi: None

For SEBI:

1. Mr. Santosh Kumar Shukla, Joint Legal Adviser
2. Mr. Sharad K. Sharma, General Manager
3. Mr. Naveen Sharma, Asst. General Manager
4. Mr. Amitesh Kumar, Asst. Legal Adviser, and
5. Mr. Parag Kumar Sinha, Asst. Legal Adviser.

-
1. Innovision e-Commerce Limited ('ICL') is a listed company whose shares were listed on Bombay Stock Exchange Limited ('BSE'), Bangalore Stock Exchange Limited and Pune Stock Exchange Limited. The shares of ICL were, however, traded at BSE only. Mr. Akshay Pravin Sanghavi was its Managing Director. BSE informed Securities and Exchange Board of India ('SEBI') that ICL had declared un-audited quarterly results for the quarter ending December 2003 showing manifold improvements in its performances. It was also observed that the prices and volumes in the scrip of ICL had increased at the BSE prior to announcement of these quarterly results. In order to verify the authenticity and accuracy of these results, BSE had called company representatives in the meeting of its Listing Committee held on January 27, 2004 to explain the financial performance for the quarter ending December 2003. The company representatives could not give any reason for such performance to BSE. The scrip of ICL was then transferred by BSE to Z Group with effect from February 3, 2004 and subsequently suspended on May 18, 2006 due to non compliance with listing agreement.

2. It was *prima facie* observed that the aforesaid results were published by ICL/its Managing Director to induce investors to trade in the shares of the company. In order to ascertain the veracity of such results and to find out the possible violations, if any, of the provisions of the Securities and Exchange Board of India Act, 1992 ('SEBI Act') and the Rules and Regulations framed there under by ICL/any person dealing in its shares, SEBI conducted investigation into the buying, selling and dealing in the shares of ICL for the period November 10, 2003 – January 28, 2004 ('Investigation period').
3. The investigation revealed that in its quarterly results for the quarter ending December 31, 2003, ICL had shown manifold improvement in its performances. Further, from the demat account statement of Mr. Akshay Pravin Sanghavi, the Managing Director of ICL, it was observed that he had transferred 1,00,00,000 shares (10.53% of the paid up capital) of ICL to Right Finstock Private Limited ('RFPL') through off market transaction on January 02, 2004 i.e. 18 days before the announcement of aforesaid quarterly results. This resulted in change in their shareholding beyond specified threshold under relevant regulations of SEBI (Prohibition of Insider Trading) Regulations, 1992 ('PIT Regulations') and SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ('Takeover Regulations') but no disclosures were made in terms of those regulations. After receiving these 1,00,00,000 shares of ICL in off-market from Mr. Akshay Pravin Sanghavi, RFPL started offloading them in the market. It was also noted that there was an increase in the trading volume in the shares of ICL pursuant to the announcement of its quarterly results.
4. It was observed that the ICL had made false disclosures on BSE about its shareholding pattern for the quarter ending September 30, 2003, December 31, 2003 and March 31, 2004. It had disclosed that Mr. Akshay Pravin Sanghavi's shareholding was reduced from 2,09,88,000 as on September 2003 to 1,89,28,000 shares on December 2003 and it increased to 2,11,15,000 as on March 2004. However, his demat account showed his holding in ICL 1,30,15,000 shares as on September 2003, 1,23,15,000 as on December 2003 and 2,11,15, 000 as on March 2004. Further, certain public shareholders were disclosed in promoter category as on December 2003. ICL had failed to obey the summons of SEBI whereby clarification in that regard was asked for.
5. In view of the above, SEBI issued a common show cause notice dated June 16, 2008 (SCN) to ICL and Mr. Akshay Pravin Sanghavi (collectively referred to as 'the noticees') alleging that ICL had made misleading announcements of good results and lured the investors. Further, off market transfer of a large quantity of shares by Mr. Akshay Pravin Sanghavi to RFPL without any consideration along with concealment of his identity by not making disclosures as required by law and offloading large number of shares in the market by RFPL, subsequent to the announcement of quarterly results, and thus creating volume in the scrip of ICL were fraudulent and manipulative acts of ICL and its MD Mr. Akshay Pravin Sanghavi. It was,

therefore, alleged that the noticees had contravened provisions of regulations 3(a), (b), (c), (d) and 4(1), 4(2) (d),(e), (f), (k) and (r) of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 ('PFUTP Regulations 2003').

6. The SCN issued to ICL returned undelivered and the same was published in newspaper Hindustan Times dated August 13, 2009. Even after newspaper publication, there was no response from ICL. Subsequently, during separate proceedings against ICL, it was observed that the company was responding from a new address. A copy of the SCN was, therefore, sent at that new address vide letter dated March 9, 2010 but the same was returned undelivered with remark "*Office always Closed*". The SCN was again tried to be served through speed post vide letter dated April 1, 2010 and as per speed post records, the SCN was served to ICL on that new address on April 5, 2010. The company, however, did not reply to the SCN.
7. Mr. Akshay Pravin Sanghavi vide letter dated July 4, 2008 sought time till July 21, 2008 to file reply to the SCN. No reply was, however, submitted by him after that request was made. When reminded vide letter dated May 25, 2009, he sought copies of documents relied upon and other relevant records in the matter which were provided to him by SEBI vide letters dated June 12, 2009 and July 21, 2009. Mr. Akshay Pravin Sanghavi vide letter dated August 24, 2009 again sought 30 days time to reply but no reply was filed by him.
8. An opportunity of personal hearing was granted to ICL on February 10, 2011 before the then Whole Time Member of the Board after granting two adjournments sought by it on November 30, 2010 and February 1, 2011 wherein the authorized representatives appeared on behalf of the ICL and made oral as well as written submissions. Similarly, opportunity of hearing was granted to Mr. Akshay Pravin Sanghavi on March 2, 2010 before the then Whole Time Member of the Board after granting four adjournments, sought by him, on October 9, 2009, November 18, 2009, December 17, 2009 and January 15, 2010 when Mr. Akshay Pravin Sanghavi along with his representatives appeared and made submissions. During the hearing, the reply to the SCN was also submitted by him before the then Whole Time Member.
9. Since ICL and Mr. Akshay Pravin Sanghavi were heard by the then Whole Time Member and not before me, as a principle of natural justice, an opportunity of personal hearing was granted to them on June 19, 2012 before me. Ms. Jayashree Gangurde, appeared on behalf of ICL and made oral submissions. Mr. Akshay Pravin Sanghavi did not appear. He was further provided an opportunity of personal hearing on July 03, 2012 which was adjourned to August 07, 2012 as per his request. A final opportunity for hearing was provided to him on September 13, 2012 but the hearing notice was returned undelivered twice though the earlier hearing notices were delivered at the same address. I note that Mr. Akshay Pravin Sanghavi had been granted sufficient opportunities of being heard in the proceedings. He had appeared before the then

Whole Time Member but has failed to appear before me despite several opportunities given to him. Since he has also filed his written reply to the SCN and sufficient opportunities of being heard have been provided to him, in my view, for disposal of the case in the interest of justice, the proceedings may be conducted based on the material available on record including the written reply of Mr. Akshay Pravin Sanghavi.

10. I have carefully considered the SCN, the replies/submissions of ICL and Mr. Akshay Pravin Sanghavi and the relevant material available on record. The regulations alleged to have been violated by the noticees are reproduced hereunder:

PFUTP Regulations

"3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

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

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:—*

-*
-*
- (d) paying, offering or agreeing to pay or offer, directly or indirectly, to any person any money or money's worth for inducing such person for dealing in any security with the object of inflating, depressing, maintaining or causing fluctuation in the price of such security;*
- (e) any act or omission amounting to manipulation of the price of a security;*
- (f) publishing or causing to publish or reporting or causing to report by a person dealing in securities any information which is not true or which he does not believe to be true prior to or in the course of dealing in securities;*
-*
- (k) an advertisement that is misleading or that contains information in a distorted manner and which may influence the decision of the investors;*

.....
(r) *planting false or misleading news which may induce sale or purchase of securities.*

....."

11. I note that ICL in its written submission filed during the hearing on February 10, 2011 has stated that there was no deliberate act to evade the summons and as and when it got to know that it has been asked to furnish certain information, it acted promptly to furnish the same. It has further stated that the matter dates back to the transactions of 2003-04 and as there was change in the registered office of the company from Mumbai to Pune, it is possible that the summons may have been overlooked. This non-deliberate oversight of the documents should not be taken as offence and it should be relieved on sympathetic grounds. Thus, the ICL has not denied the charges alleged against it in the SCN.

12. In his reply dated March 2, 2010, Mr. Akshay Pravin Sanghavi has *inter alia* submitted as under:

- (a) He ceased to be associated with ICL since 2006 and his access to all information and documents of ICL was very limited.
- (b) The quarterly results were published in the newspaper by ICL and not by him in personal capacity and also the information so published were not misleading at all.
- (c) ICL had entered into an agreement on November 2, 2000 with Manipal Control Data E-Commerce Ltd. (MCDECOM) for transfer of business. Pursuant to the said agreement, MCDECOM transferred their operations to ICL and had given control of the management of their affairs to ICL. In view of this, the clients of MCDECOM were clients of ICL. In year 2003, Colgate Palmolive, HLL, Vero President and BPCL were clients of MCDECOM and since contracts with these clients were pre-existing contracts, their billing continued in the name of MCDECOM and not ICL.
- (d) Citigate Trading – FZE, a company based in Ajman (UAE) vide letter dated December 18, 2003 had confirmed placing of a consolidated purchase order amounting AED 87 million for e-commerce software solution, integration and maintenance etc. to be provided by ICL before the end of December 2005.
- (e) J & K Bank, Tata Investment Corporation Ltd. and Atlas Equifin Pvt. Ltd. (Joint venture with Sony Pictures Entertainment) were shareholders of ICL as on January 17, 2004.
- (f) In light of the aforesaid facts, it is clear that the notes appended to the said newspaper advertisement published in the Economic Times were correct.

- (g) The SCN proceeds on a completely arbitrary basis. The said advertisement was published only on January 22, 2004. Hence, *ex facie*, there was no question of the same affecting the volumes or price of ICL scrip before that date.
- (h) In respect of non disclosure of transfer of shares to RFPL, it is submitted that penalty of Rs. 10 lakh was imposed upon him pursuant to the adjudication proceedings initiated by SEBI. Further, even assuming that no timely disclosure was made, there is no question of violating the PFUTP regulations.
- (i) The SCN proceeds in ignorance of the fact that the transfer of 1,00,00,000 shares of ICL to RFPL was made by him on January 02, 2004 i.e. before the announcement of the quarterly results for the quarter ending December 2003. His shareholding reduced from 1,30,15,000 shares in September 2003 to 1,23,15,000 shares in December 2003 and once again increased to 2,11,15,000 shares in March 2004. Hence, clearly there was no question of him seeking to take advantage of his position in the ICL to liquidate his shares in view of the improved corporate results. Further, the SCN does not establish a nexus of any nature whatsoever between him and RFPL nor does it even allege that he used RFPL as a conduit. Further, RFPL has sold only 30,19,944 shares of ICL over a period of 5 months.
- (j) The SCN proceeds on the incorrect basis that there was a sudden improvement in the financial result of ICL. In fact, ICL had sales of Rs. 18.10 crores in the fiscal year ending 2003 and Rs. 18.69 crores in the fiscal year ending 2004. The pattern of growth of ICL was not in any way unusual. The SCN ignores the facts that the business of any software provider would fluctuate as per the individual orders received from clients.

13. I note that the un-audited quarterly results of ICL for the quarter ending December 31, 2003 were presented during its Board meeting on January 20, 2004. These results were published in the Economic Times dated January 22, 2004. In the "Notes" for the aforesaid results, the company had stated as under:

- "1.
2. *The company is providing software solutions & internal messaging systems to valued clients like BPCL, Vero Presedent, Hindustan Lever, Colgate and others.*
3. *Order worth over Rs.108 cr. in hand from leading companies from U.S. and U.A.E. These orders will be completed by December, 2005.*
4. *Leading companies and Banks like TATA Investments, Bambino Indian Partners of SONY TV, J & K Bank and others have made investments in company's equity.*
5.
6. "

14. Along with his reply to the SCN filed at the time of hearing before the then Whole Time Member on March 02, 2010, Mr. Akshay Pravin Sanghavi had filed certain documents such as a copy of the agreement dated November 02, 2000 between MCDECOM at one part and Bherav Trading and Finance Company Ltd., Mr. Akshay Pravin Sanghvi and Mr. Tushar Shah on the other part and copies of the sample bills/invoices raised by MCDECOM for orders from Colgate, Vero President, BPCL, HLL for period 2000-02. On March 02, 2010, Mr. Akshay Pravin Sanghavi had also filed a copy of a letter dated January 11, 2010 written by one Mr. T. Sudhakar Pai to him wherein Mr. T. Sudhakar Pai has claimed that he was the promoter and director of MCDECOM. He has stated that during the year 2003, Colgate, Vero President, BPCL, HLL were clients of MCDECOM. Since he did not wish to disturb the pre-existing contracts of the clients, MCDECOM had agreed to continue billing in its name and not ICL.
15. I note that the agreement dated November 02, 2000 contemplated transfer of business from MCDECOM to Bherav Trading and Finance Company Ltd. (*In December 2000, Bherav Trading and Finance Company Ltd. changed its name to Innovision E-Commerce Ltd.*) However, the noticees have neither made any submission nor have produced any evidence to show that the business was actually transferred from MCDECOM to ICL. I note that for the orders of Colgate, Vero President, BPCL, HLL, the bills were raised by MCDECOM. Further, letter from Mr. T. Sudhakar Pai who was Director of MCDECOM at the relevant time clearly states that during the year 2003, Colgate, Vero President, BPCL, HLL were clients of MCDECOM. Thus, it can be inferred that the bills/invoices pertain to the contracts given by Colgate, Vero President, BPCL, HLL to MCDECOM, at least till the year 2003. I, therefore, find that during the quarter ending December 31, 2003, Colgate, Vero President, BPCL, HLL were clients of MCDECOM and not of ICL and thus the information in this regard in the Notes of the quarterly results was false and misleading.
16. Regarding statement in the Notes with respect to orders from US and UAE based companies, Mr. Akshay Pravin Sanghavi has filed, along with the reply, a letter dated December 18, 2003 from Citigate Trading- FZE, a UAE based company which confirms a consolidated purchase order of AED 87 million. However, no document has been produced in respect of any order from any company based in US. I note that one of the conditions stipulated in the said order from Citigate Trading- FZE was as follows:-
- "2. *Within 3 months you will provide us with the sample of integrating your e-commerce solution on top of the existing SAP platform of one of our clients in USA selected by us at their site.*"
17. From the above condition, I find that in order to fulfil the condition of order from Citigate Trading- FZE, ICL had to provide to it e-commerce solution to one of the clients in USA selected by Citigate Trading- FZE. ICL did not have any order directly from any US base

clients as stated in the Notes of the quarterly results. I, therefore, find that the statement in this regard in the Notes of the quarterly results was misleading.

18. I note from the shareholding pattern of ICL during October 2003- June 2004, that only Tata Investment Corporation and J & K Bank were holding shares of ICL individually. It is, thus, clear that *Bambino Indian Partners of SONY TV* had not made any investment in the equity of ICL. I, therefore, find that the statement in the Notes of the quarterly results in this regard was false and misleading.

19. In this regard, I note that the Hon'ble Securities Appellate Tribunal ("Hon'ble SAT") in matter of *V. Natarajan vs. SEBI (Order dated June 29, 2011 in Appeal No.104 of 2011)* has held that fraudulent or unfair trade practices in securities as prohibited by PFUTP Regulations include publishing any information which is not true or any advertisement that is misleading or contains information in a distorted manner. The following observations made by the Hon'ble SAT in that case are worth mentioning:

“... we are satisfied that the provisions of Regulations 3 and 4 of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 were violated. These regulations, among others, prohibit any person from employing 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 an exchange. They also prohibit persons from engaging 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 that are listed on stock exchanges. These regulations also prohibit persons from indulging in a fraudulent or unfair trade practice in securities which includes publishing any information which is not true or which he does not believe to be true. Any advertisement that is misleading or contains information in a distorted manner which may influence the decision of the investors is also an unfair trade practice in securities which is prohibited. The regulations also make it clear that planting false or misleading news which may induce the public for selling or purchasing securities would also come within the ambit of unfair trade practice in securities.”

20. It is admitted position that Mr. Akshay Pravin Sanghavi was associated with the ICL since March 2001 and became its Managing Director with effect from August 06, 2002. Further, he was looking after the day to day management of the company, as authorized in terms of the appointment as Managing Director and financial results in question of the ICL were sent to him for final approval. I, therefore, find that Mr. Akshay Pravin Sanghavi, being Managing Director, was the person handling the day to day management of ICL at the relevant time and since the quarterly results were published only after his approval, he was aware that the results would be better in 3rd/4th quarter of 2003-04.

21. There is no dispute that on January 2, 2004, Mr. Akshay Pravin Sanghavi had transferred 1,00,00,000 shares (10.53% of the equity capital i.e. 9,50,00,000 shares) of ICL to RFPL through off market transaction. This transfer and acquisition of shares attracted disclosure obligations for RFPL and Mr. Akshay Pravin Sanghavi to the company and the stock exchange

under Takeovers Regulations and PIT Regulations. RFPL failed to make the requisite disclosures and Mr. Akshay Pravin Sanghavi made the disclosures belatedly on January 28, 2004. With respect to these statutory defaults, SEBI had imposed the monetary penalties on RFPL and Mr. Akshay Pravin Sanghavi. In the adjudication proceedings against RFPL, the adjudicating Officer had imposed monetary penalty for contravention of provisions of regulations 4(1), 4(2) (a), (b), (c) and (g) of PFUTP Regulations as well as of Takeovers Regulations and PIT Regulations by it while dealing in the shares of ICL. In the appeal filed by them against the Orders of the Adjudicating Officer, the Hon'ble Securities Appellate Tribunal (SAT) vide orders dated March 22, 2010 and July 08, 2010 has upheld the findings of the Adjudicating Officer though it reduced the quantum of monetary penalty imposed upon Mr. Akshay Pravin Sanghavi.

22. Mr. Akshay Pravin Sanghavi has contended that he transferred the said 1,00,00,000 shares of ICL to RFPL since he was in need of money and had taken a loan of ₹5 lac from Mr. Purvesh Parikh, son of Mr. Vishnubhai Parikh who was Director of RFPL. However, he could not produce any document in support of this claim. He also confirmed that there was no agreement in this regard. He had stated that he was not interested in selling the shares in market, so he opted for the loan and since he could not repay the loan back, he was unable to take his shares back from RFPL. It is curious to note that if Mr. Akshay Pravin Sanghavi had taken loan of ₹5 lac from Mr. Purvesh Parikh, why did he transfer the shares to RFPL ?. It is also observed from price volume data that the price of the scrip at that time was around ₹ 0.45 (approx.). Hence, by selling shares in the market he could have easily realized ₹ 45 lac, substantially more than his claimed loan of ₹ 5 lac. In my view, this explanation of Mr. Akshay P. Sanghavi is not tenable because a person would not offer shares worth ₹ 45 lac for a loan of ₹ 5 lac and then forgo those shares since he could not repay the loan. Hence, I reject these contentions.

23. I note that the shares of ICL were thinly traded till December 2003 as evident from the following price/volume data:

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Total Turnover (₹)
Jan-03	0.9	0.9	0.5	0.5	208541	67	133560
Feb-03	0.55	0.8	0.55	0.7	3205	14	2085
Mar-03	0.75	0.75	0.5	0.5	140725	24	91495
Apr-03	0.5	0.55	0.5	0.55	2500	2	1275
May-03	0.6	0.6	0.5	0.5	2025	3	1065
Jun-03	0.46	0.5	0.37	0.4	59623	49	25544
Jul-03	0.44	0.93	0.37	0.78	169160	200	101681
Aug-03	0.76	1.1	0.64	0.98	319162	385	294887

Sep-03	1.05	1.05	0.52	0.55	64935	163	49238
Oct-03	0.6	0.6	0.32	0.34	143595	91	56834
Nov-03	0.34	0.64	0.33	0.55	373260	1010	176655
Dec-03	0.55	0.62	0.35	0.38	1772737	1236	787817
Jan-04	0.4	1.1	0.4	0.63	7013184	3736	5923048

24. There is no dispute as to the fact that after receiving 1,00,00,000 shares from Mr. Akshay Pravin Sanghavi on January 02, 2004, RFPL started trading in the scrip of ICL in the market from January 07, 2004. The offloading done by RFPL, after receiving those shares is as following:

Date	Volume	Price Range
07.01.04	100	0.58
08.01.04	100	0.63
09.01.04	100	0.69
13.01.04	8,94,618	0.72 – 0.82
14.01.04	2,08,580	0.89
15.01.04	4100	0.97
Total (Pre results)	11,07,598	
20.01.04	2,25,000	0.95 – 1.02
21.01.04	3,11,700	0.91 – 1.05
22.01.04	9,14,000	0.86 – 1.02
23.01.04	1,81,296	0.87 – 0.95
28.01.04	2,79,950	0.82 – 0.95
Total (Post results)	19,11,946	
Total	30,19,544	

25. I further note that the scrip witnessed substantial increase in trading volume during January 2004 as under when RFPL was offloading shares of ICL in the market:

Date	Sell by RFPL (a)	Total Volume (b)	(a) as % of (b)	Price range
20.01.04	2,25,000	2,68,000	83.95	0.95 – 1.02
21.01.04	3,11,700	6,80,200	45.82	0.91 – 1.05
22.01.04	9,14,000	12,21,700	74.81	0.86 – 1.02
Total	14,50,700			

26. From the above, I find that the volume in the scrip of ICL had increased substantially during the period January 20, 2004 to January 22, 2004 and the maximum volume was traded on

January 22, 2004 i.e., the day on which the quarterly results were published by the ICL. RFPL started trading in the scrip of ICL in the market since January 07, 2004 and created liquidity in the scrip of ICL which was otherwise not liquid. RFPL had offloaded total 30,19,544 shares of ICL in the market after receiving 1,00,00,000 shares from Mr. Akshay Pravin Sanghavi in the off market.

27. The SCN also alleges that ICL and its Managing Director Mr. Akshay Pravin Sanghavi had manipulated the price in the scrip of ICL. I note that the price of the scrip of ICL increased from ₹ 0.35 (Opening price on December 31, 2003) to a high of ₹ 1.10 on January 20, 2004 and closed at ₹ 0.76 on January 28, 2004. I find that the price in the scrip of ICL was low before the quarterly financial results ending December 2003 till the date when these results were presented to the Board of ICL on January 20, 2004 when the price increased to high. Since RFPL had started offloading the shares in the market and maximum offloading was done during January 20-22, 2004, the price of shares of ICL decreased after January 20, 2004. In view of this, I hold that the acts of ICL and Mr. Akshay Pravin Sanghavi had amounted to manipulation of the price of shares of ICL.

28. In view of the above, I find that ICL and Mr. Akshay Pravin Sanghavi had made false and misleading statements in the Notes of the quarterly results with positive outlook which would induce the investors to deal in securities of ICL. I further find that the entire sequence of events beginning from transfer of 1,00,00,000 shares of ICL by Mr. Akshay Pravin Sanghavi to RFPL in the off-market without consideration, Mr. Akshay Pravin Sanghavi hiding his identity by not making timely disclosures under Takeover Regulations and PIT Regulations, RFPL not making requisite disclosures at all under Takeover Regulations and PIT Regulations for information of general public, making false and misleading statements in the quarterly results by Mr. Akshay Pravin Sanghavi and ICL and then offloading substantial quantity of those shares in the market by RFPL and thus creating volume in the scrip which was otherwise illiquid, clearly shows an orchestrated device, plan or artifice on part of ICL and its Managing Director Mr. Akshay P. Sanghavi to defraud in connection with dealing with securities of ICL.

29. I also note that Hon'ble SAT in the order dated 8/7/10 while deciding the appeal filed by RFPL against the order passed in Adjudication Proceedings has also recognized the role of RFPL in the plan of Mr. Akshay Pravin Sanghavi, Managing Director of ICL as following :

"After all, the appellant (RFPL) aided and abetted the managing director of the company to offload his shares in the market and he managed to hide his identity. For obvious reasons, the managing director did not want the market to know that he was offloading his shares and the appellant helped him to achieve this objective. If the appellant had made the necessary disclosures the managing director would not have succeeded in his objective. We are satisfied that this was a well planned scheme of things."

30. I also find that the ICL had made false disclosures about shareholding of its promoter / director Mr. Akshay Pravin Sanghavi as on September 30, 2003 and December 31, 2003 to BSE. It had also in its shareholding pattern, as on December 31, 2003, ICL had disclosed two public shareholders in promoter's category and had failed to provide any justification therefor. I, therefore, find that these disclosures made by ICL to BSE and public were also false and misleading and had potential to mislead the investors.
31. I, therefore, find that ICL and its Managing Director Mr. Akshay Pravin Sanghavi have contravened the provisions of regulation 3(a), (b), (c), (d) and 4 (1), (2) (d) , (e), (f), (k) & (r) of PFUTP Regulations.
32. Considering the case in its totality and the nature of the violations committed, I, in exercise of the powers conferred upon me under Section 19 read with Sections 11 and 11B of the Securities and Exchange Board of India Act, 1992 and regulation 11 of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 hereby restrain Innovision e-Commerce Ltd.(PAN: AAACB2432J) and Mr. Akshay Pravin Sanghavi (PAN: ALQPS2784Q) from accessing the securities market and also prohibit them from buying, selling or otherwise dealing or associating with the securities market in any manner and in any capacity, for a period of two years.
33. Show Cause Notice dated June 16, 2008 issued to the noticees is accordingly disposed of.
34. A copy of this order shall be served on all recognized stock exchanges and depositories to ensure that the direction given in para 32 of this Order are complied with.
35. This order shall come into force with immediate effect.

DATE: December 4th, 2012
PLACE: MUMBAI

RAJEEV KUMAR AGARWAL
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA