

**(2007) 08 DEL CK 0106**

**In the Delhi High Court**

**Case No : Writ Petition (Criminal) No. 1008 of 2007**

K. Venkateswarlu

APPELLANT

Vs

Securities and Exchange Board of India and Others

RESPONDENT

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**Date of Decision : 07-08-2007**

**Acts Referred:**

**Citation : (2008) 2 CompLJ 207**

**Hon'ble Judges : S.N. Dhingra, J**

**Bench : Single Bench**

**Advocate : B.S. Sai, for the Appellant;**

**Final Decision : Dismissed**

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## **Judgement**

Shiv Narayan Dhingra, J.—This Petition has been made under Article 226 of the Constitution of India alleging that Petitioner was a retired bank employee, who was investing his hard earned money in stock market because of upswing. The Petitioner also has a demat account. Petitioner invested in the shares of Respondent No. 2 company, viz., Parsvanath Developers when public issue of its shares came to market. The share price quoted at that time was Rs. 300 per share (Rs. 10 as the face value and Rs. 290 as premium). The share was later on listed in Bombay Stock Exchange at the price of Rs. 500. It is submitted by the Petitioner that it appeared that this price was artificially managed by some groups of persons or institutions. Petitioner purchased 400 shares @ Rs. 444. Thereafter, all of a sudden there was a fall in the share price and it was being traded around Rs. 290 and recently it had fallen to Rs. 250. The Petitioner sold 399 shares @ Rs. 330.33 and incurred a loss of Rs. 46,000. The Petitioner had sent a notice to SEBI and sought investigation but SEBI did not respond. Petitioner wants this Court to give directions to SEBI and to seek investigation by CBI u/s 11C, Clause 1 of SEBI Act 1992, regarding price manipulation of share price of the company. It is prayed that the small investors are getting losses in crores by inaction of SEBI under Sections 11, lib of the Securities and Exchange Board of India Act, 1992. It is stated by the Petitioner that falling of the share

price below the listed price was a result of price manipulation in the initial period by a group of persons or institutions and this must be investigated.

2. Those who deal in stock market and purchase shares as a mode of investment know very well that stock market is sometime in the grip of bulls and sometime in the grip of bears. Recent trend in the stock market has shown that the stock prices do not reflect the real value of the share and hike and fall in the price of the share takes place due to several factors like sudden interest of the foreign investors into Indian stock market or sudden fall in the stock market world over. SEBI is a specialized body constituted under the Act, which takes care of different regulations meant for stock market. SEBI is supposed to know when and where the investigation is to be done by it. This Court on the prayer of individual shareholder because of fall in price of his shares cannot give directions to SEBI to conduct investigations either itself or through CBI. It is surprising that the Petitioner had come when share price of his share has fallen. He must be earning profits when share prices went up by the same process which the Petitioner is alleging was responsible for fall in the share price and Petitioner did not approach the court at that time, although Petitioner is stated to be dealing in shares for the last ten years. When you suffer losses you suddenly feel that there is some manipulation and when you gain profits, the same feeling is not there. Moreover this Petition is in the nature of PIL. This Court cannot entertain PILs.

3. I consider that the Petition is not maintainable and is hereby dismissed.