

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER

ORDER

**UNDER SECTIONS 11, 11(4), 11A AND 11B OF THE SECURITIES AND EXCHANGE
BOARD OF INDIA ACT, 1992**

IN THE MATTER OF KALPA COMMERCIAL LIMITED

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

Sl. No.	NAME	PAN
1.	ABHISHEK ASHOKA	AEBPA9685A
2.	TEJAS ABHIRAMBHAI NATHWANI	ALQPN3520M
3.	ABHIRAMBHAI NATHWANI	ADSPN7560P
4.	SUNIL KUMAR	ANGPK2900A
5.	DHRUVI TRADING COMPANY	AALFD7725N
6.	NATURE INFOSOFTE PRIVATE LIMITED	AACCN6386M
7.	TOPLINE FABRICS PRIVATE LIMITED	AAACO7265J
8.	TUSHAR COMMODITIES PRIVATE LIMITED	AACCT2372F
9.	BORISHA VISHALKUMAR K	BFKPB8172A
10.	DHARMENDRA	CGMPD0771M
11.	GITIKA GUPTA	ALHPG4498G

Sl. No.	NAME	PAN
12.	HETALBEN CHANDRAKANT DHURUV	AXOPD4957E
13.	KRISHAN KUMAR	AKQPK9894C
14.	KUNAL YADAV	AJDPY2050J
15.	MAHENDRA VADILAL SHAH	GLWPS8277L
16.	MINAKSHI MAKKAR	BCTPM3492C
17.	NIKHLESH KUMAR	AFHPN8413N
18.	PRAKESH VALECHA HUF	AAKHP3116L
19.	RADHIKA CHANDRAKANTBHAI DHURUV	BRKPD7946J
20.	RAMAN JINDAL	AFIPJ3488G
21.	RAMESH KUMAR VALECHA (HUF)	AAMHR6192L
22.	RASHMI S JAIN	AWQPJ6634B
23.	ROSHAN KUMAR ARUN MANDAL	CXPPM6045P
24.	SANCHIT GOYAL	BPRPG6608F
25.	SHAH SUBHADRABEN RAMESHCHANDRA	GKCPS4278A
26.	SHILPA JINDAL	ATRPJ4399P
27.	SIVA BALAN JAIPAL	AKVPJ3453D
28.	SONIYA VALECHA	ABYPV7813M

Background:

1. Kalpa Commercial Limited (“KCL”) is a public company incorporated on December 12, 1985 and its shares got listed on Bombay Stock Exchange Limited (“BSE”) on March 18, 2015.
2. Securities and Exchange Board of India (hereinafter referred to as “SEBI”) received complaints from intermediaries alleging *inter alia* that some unknown entities are sending guaranteed return messages by using their names as IDs thereby mis-guiding the investors with unauthentic messages. In view of the same, SEBI conducted a preliminary examination into the trading in the scrip of KCL during the period from October 10, 2017 to October 18, 2017 (“**the examination period/SMS period**”) specifically in relation to bulk Short Message Services (“**SMSes**”) circulated with questionable recommendations with respect to trading in the scrip of KCL.
3. SEBI’s preliminary examination revealed that there was a major spike in the price and volume in the scrip during the period commencing from October 10, 2017 to October 18, 2017. and *prima facie* found that 28 entities viz., Abhishek Ashoka, Tejas Abhiram Nathwani, Abhirambhai Nathwani, Sunil Kumar, Dhruvi Trading Company, Nature Infosoft Private Limited, Topline Fabrics Pvt Ltd, Tushar Commodities Private Limited, Borisha Vishalkumar K, Dharmendra, Gitika Gupta, Hetalben Chandrakant Dhruv, Krishan Kumar, Kunal Yadav, Mahendra Vadilal Shah, Minakshi Makkar, Nikhlesh Kumar, Prakesh Valecha HUF, Radhika Chandrakantbhai Dhruv, Raman Jindal, Ramesh Kumar Valecha (HUF), Rashmi S Jain, Roshan Kumar Arun Mandal, Sanchit Goyal, Subhadraben Rameshchandra Shah, Shilpa Jindal, Siva Balan Jaipal and Soniya Valecha (hereinafter collectively referred to as “**Noticees/group entities/connected entities** and individually by their respective names”) who were connected as a group on the basis of KYC documents, off market transfers, fund transfers etc., had employed a scheme for offloading a large number of shares of KCL in a fraudulent and manipulative manner. Such offloading was facilitated by group entities by sending misleading ‘buy’ recommendations through over 3.42 crore bulk SMSes which was designed to create investor interest to buy those shares, in contravention of provisions of section 12A

(a) (b) and (c) of the SEBI Act, 1992 (hereinafter referred to as “**SEBI Act**”) and regulation 3 (a), (b), (c) and (d) and regulation 4(1) and 4(2) (f) and (r) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003(hereinafter referred to as “**PFUTP Regulations**”).

Interim Order:

4. In view of the above, SEBI, vide Interim Order dated April 27, 2018 (hereinafter referred to as “**interim order**”), issued the following directions against the Noticees:
 - i. *prohibited from buying, selling or dealing in securities, directly or indirectly, in any manner whatsoever, till further directions;*
 - ii. *directed to cease and desist from directly or indirectly disseminating messages or news in any form related to the securities market, by any means whatsoever.*
5. The interim order was passed taking into account the facts and circumstances described therein, which are, *inter alia*, summarised as under:-
 - *The Noticees were found to be connected as a group on the basis of KYC documents, off market transfers, fund transfers etc. The group indulged in sending misleading ‘buy’ recommendations through over 3.42 crore bulk SMSes designed to create investor interest to buy those shares.*
 - *The SMSes recommending purchase of scrip of KCL were circulated during the period October 10, 2017 to October 18, 2017*
 - *Around 3.42 crore bulk SMSes recommending purchase of KCL scrip were circulated through Telecom Service Provider -Airtel, of which more than 99% were sent through Smart Technology (SMS Aggregator/ Telemarketer).*
 - *During the SMS period, the per day trading volume increased from 1,793 shares(pre-SMS period) to 5,06,460 shares, witnessing a rise by 281 times.*
 - *During the SMS period, number of investors (based on PANs) who traded in the scrip increased from 35 (pre-SMS period) to 3,123 i.e. increased by 88 times.*
 - *There was no significant corporate announcements or change in the fundamentals of the*

company to warrant such increased trading volume and participation.

- *During the SMS period the Noticees, gross sold 22, 72,571 shares and net sold 14,66,144 shares.*
- *2100 SMS recipients (not forming part of connected group) purchased 18,50,037 shares during the SMS period.*
- *The Noticees had acted as counterparties to the above mentioned purchases of SMS recipients to the extent of 14,87,751 shares accounting for 80.41% of the total purchases by the SMS recipients.*
- *Prior and during the SMS period, large quantity of KCL shares were transferred through off market transfers to five entities viz., Abhishek, Rashmi S.Jain, Roshan Kumar Arun Mandal, Siva Balan Jaipal and Hetalben Chandrakant Dhruv.*
- *Abhishek funded total amount of Rs 54.94 lakhs on October 12 &13, 2017 to Smart Technology -Telemarketer/SMS Aggregator who circulated the bulk SMSes during the examination period.*
- *From the funds received on sale of KCL shares during the SMS period, Abhishek transferred a total amount of Rs. 25 Lakhs to Dhruvi Trading Company on October 18& 23, 2017.*
- *Dhruvi Trading Company in turn transferred the amount received to Abhiram Nathwani (father of Managing Director of KCL viz., Tejas Abhiram Nathwani) on the same day of receipt of funds.*
- *Eventually, Abhishek, who received maximum number of shares in the off market transfers from the majority of public shareholders who held more than 1% shares in the Company, was found to be the top net seller during the SMS period.*
- *Abhishek Ashoka is prima facie found to be one of the major recipients of this shares through off market transactions. Abhishek Ashoka on receipt of the shares through off market transactions has sold significant number of shares and used the consideration received from his brokers for the purpose of causing the SMS to be sent through Smart Technology. He also transferred a part of the sale consideration to father of the Managing Director of KCL viz., Abhirambhai Nathwani through Dhruvi Trading Company which acted as a conduit for such transfer.*

Considering the above *modus operandi* of the connected entities including Abhishek Ashoka, the *interim order* alleges that the acts and omissions of the Noticees indicate a scheme, plan, device, artifice or contrivance which is 'fraudulent' as defined in regulation 2(1)(c) of the PFUTP Regulations and are in contravention of the provisions of section 12A (a) (b) and (c) of the SEBI Act and regulation 3 (a), (b), (c) and (d) and regulation 4(1) and 4(2) (f) and (r) of the PFUTP Regulations.

6. Vide said interim order, the Noticees were advised to file their objections/replies if any, within thirty (30) days from the date of the said interim order and also indicate in its reply whether they desire to avail an opportunity of personal hearing on a date and time to be fixed on a specific request made in that regard, if any. The said interim order also mentioned that if the Noticees had failed to file the reply or request for an opportunity of personal hearing within the said 30 days, the preliminary findings of the said interim order and ad-interim directions shall stand confirmed against the Noticees automatically, without any further orders.

Service of Interim Order:

7. The interim order was sent to the Noticees vide letter dated May 02, 2018 through Speed Post with acknowledgment and SEBI received acknowledgments from (1)Tejas Abhirambhai Nathwani, (2) Abhirambhai Nathwani, (3) Topline Fabrics Private Limited, (4) Tushar Commodities Private Limited, (5) Borisha Vishalkumar K, (6) Gitika Gupta, (7) Hetalben Chandrakant Dhruv, (8) Prakash Valecha (HUF), (9) Radhika Chandrakantbhai Dhruv, (10) Ramesh Kumar Valecha (HUF), (11) Subhadraben Rameshchandra Shah, (12) Shilpa Jindal and (13) Soniya Valecha. As per the Speed Post Tracking status, the interim order is served to the Noticees viz., (14) Abhishek Ashoka, (15) Sunil Kumar, (16) Dharmendra, (17) Krishan Kumar, (18) Minakshi Makkar, (19) Nikhlesh Kumar and (20) Sanchit Goyal and replies were received from these entities. The interim order was served to (21) Rashmi S Jain and (22) Siva Balan Jaipal by way of hand delivery and acknowledgment received. As per the SPAD tracking status, the interim order was served on (23) Raman Jindal on May 23, 2018. As regards (24) Dhruvi Trading Company the interim order was returned undelivered, hence, the same was served through speed post to the partners of Dhruvi Trading Company viz. Jay Prakash Kataria

and Parul Jai Prakash Kataria on May 24, 2018. With respect to (25) Nature Infosoft Private Limited the interim order was returned undelivered, hence, the same was served through the Broking Firm viz., Multiplex Capital Limited and acknowledgment received. I also note that the interim order was also served to Subhadraaben Rameshchandra Shah through the Broking Firm viz., MNM Stock Broking Private Limited and acknowledgment received. Further, it is noted that the interim order could not be served to three Noticees viz., (26) Mahendra Vadilal Shah, (27) Kunal Yadav and (28) Roshan Kumar Arun Mandal. The same was served through publication in the newspaper.

8. It is noted that four (4) entities viz. Rashmi S Jain, Subhadraaben Rameshchandra Shah, Borisha Vishalkumar K and Siva Balan Jaipal failed to file any objection/ reply to the interim order within 30 days of the date of receipt of the order, hence, the interim directions passed against the said Noticees stand confirmed automatically. I note that three (3) entities viz., Kunal Yadav, Mahendra Vadilal Shah and Roshan Kumar Arun Mandal had not submitted any reply in the matter. I note that replies/objections were received from the remaining twenty one (21) entities viz., Abhishek Ashoka, Tejas Abhiram Nathwani, Abhirambhai Nathwani, Sunil Kumar, Dhruvi Trading Company, Nature Infosoft Private Limited, Topline Fabrics Pvt Ltd, Tushar Commodities Private Limited, Dharmendra, Nikhlesh Kumar, Sanchit Goyal, Hetalben Chandrakant Dhruv, Radhika Chandrakantbhai Dhruv, Prakesh Valecha HUF, Ramesh Kumar Valecha (HUF), Soniya Valecha, Minakshi Makkar, Gitika Gupta, Krishan Kumar, Shilpa Jindal and Raman Jindal, therefore, the instant order is in respect of twenty four (24) entities only.

9. In response to the interim order, reply/submissions/objections filed by the Noticees are as under:

9.1 Nikhlesh Kumar

9.1.1 Nikhlesh Kumar vide letter dated May 24, 2018 sought relevant documents relied upon in the matter and also made, inter alia, the following submissions:

- i. *“...On the plain reading of the interim order, I understand that sweeping, bald and random observations/allegations are made against me merely on the ground that I transferred shares of the company in off market to abhishek ashoka and also alleged common mobile number shared with Sanchit Goyal and Dharmendra; Thereby a grave charge of 'fraud' has been slapped on me.*
- ii. *I deal in cotton fabric items and textile related trading.*
- iii. *On 16.10.2017, I transferred 3,42,419 shares of the company in off market to Mr. Abhishek Ashoka. Apart from the off market transfer of shares to Mr. Abhishek Ashoka and consideration received thereto, I do not have any connection with him. The trading member while opening the account for myself and the other two entities, must have erroneously entered the said mobile number for all.*
- iv. *I would like to submit that off market transaction are not illegal per se.*
- v. *I humbly request you pending inquiry/ investigation by SEBI, that I may be permitted to sell the shares and securities held by me and utilize the proceeds thereof for my personal use.”*

9.2 Sanchit Goyal

Sanchit Goyal vide letter dated May 22, 2018 sought relevant documents relied upon in the matter and also made the following submissions:

- i. *“The present allegation is leveled against me since I sold 1,89,241 shares of Kalpa Commercial during the investigation period i.e. from 10.10.2017 to 18.10.2017. While selling the said shares, I had no idea of any alleged 'modus operandi' of any entity in the said Company, as alleged or otherwise.*
- ii. *I further submit that if I was aware of or if I was a party to any "scheme" of manipulation as alleged in the Interim Order, I would have sold all my shares in the scrip in Kalpa Commercial at the highest possible price in the market and exited from the scrip. In fact, I still own 16,541 shares of Kalpa Commercial in my account.*
- iii. *Strict proof required for a serious charge of fraud.*

- iv. *Present order is in gross violation of principles of natural justice.*
- v. *As a consequence of interim order, my demat account has been frozen and SEBI has acted beyond its scope and demat accounts should be treated as alike and akin to bank accounts and SEBI needs to follow the due process of law by securing the prior approval of Judicial Magistrate as mentioned in Section 11(4) (e).*
- vi. *I humbly request that the proceeding initiated against me be dropped and I may be discharged at the earliest.”*

9.3 **Dharmendra Kumar**

Dharmendra vide letter dated May 26, 2018 sought relevant documents relied upon in the matter and also made the following submissions:

- i. *“I strongly & vehemently contend the allegations and observation against me contained in said Order.*
- ii. *Besides recording generic common allegations against several entities, no single instance or observation on my specific role is delineated in the order.*
- iii. *I am a businessman involved in handloom items and textile related trading.*
- iv. *The interim order is passed against the principle of equity, fair play and natural justice.*
- v. *On plain reading of the ex-parte order, it is evidently clear that SEBI has made sweeping, bald and common observations against me, amongst others, in the Ex-parte Order and there has been no attempt to examine my particular and individual role in the matter. Thus I submit that SEBI’s Ex-parte Order is based on surmises, conjectures, probabilities and hypothesis which is impermissible in law.*
- vi. *The present allegation is leveled against me since I sold 1,64,003 shares of Kalpa on 11.10.2017, 12.10.2017 and 13.10.2017.*
- vii. *I regularly monitor my investments in capital market and when value of my investment in Kalpa had grown, I thought it was appropriate time to sell. Thus*

I acted as any other investor and sold shares of Kalpa in regular basis on the trading platform of the stock exchange. However, it is only my sale in the investigation period which has been singled out and it is allegedly considered to be manipulative in nature.

- viii. If I was aware of or if I was a party to any "scheme" of manipulation as alleged in the Interim Order I would have sold all my shares in the scrip in Kalpa. However, I still own 130,012 shares of Kalpa.*
- ix. I am not connected to Mr. Nikhlesh Kumar as alleged in the Ex parte Order. Further, I do not share any mobile number with Mr. Nikhlesh Kumar.*
- x. Strict proof required for a serious charge of fraud.*
- xi. The Interim Order as far as it is applicable to me be made inoperative.”*

9.4 Minakshi Makkar

Minakshi Makkar vide letter dated May 21, 2018 sought relevant documents relied upon in the matter and also made *inter alia* the following submissions:

- i. “I am a house wife.*
- ii. It is alleged that I have sold shares through off market transactions during period of investigation i.e. Oct 10, 2017 to Oct 18, 2017.*
- iii. I was holding 7815 shares of Kalpa Commercial Ltd. since 2015. In the month of October, 2017, someone introducing himself as a Dealer in Securities Market approached me for selling these shares and asked me to transfer the shares into the Demat account of one Abhishek Ashoka and assured that I will get the payment within a week. Since, I was in need of money also and was not aware of the system of the Securities Market I signed certain documents for transfer of these shares into the Demat account of Abhishek Ashoka. Thereafter, I tried to contact that person for payment so many times but I could not.*
- iv. I have not done any trading in the shares of Kalpa Commercial Ltd. except for off Market transfer of 7815 shares as stated above.*
- v. I have not received any amount for the said transfers so it cannot be said that I have made any profit from this transaction and cheated any investors.*

- vi. *I did not have any direct or indirect connection with Abhishek Ashoka or any other group or director promoter of KCL.*
- vii. *I have not received or forwarded any SMS regarding any shares of KCL. I was not involved in any way/manner in spreading out any wrong news, false or misleading news through SMS/publication...”*

9.5 Topline Fabrics Pvt Ltd

Topline Fabrics vide letter dated June 20, 2018, *inter alia* submitted the following:

- i. *“Our Company is a manufacturing Company engaged in textiles, leather and other apparel products. Trading in shares and securities is not our primary objective.*
- ii. *On October 17, 2017, our Company had entered into an agreement with Abhishek Ashoka, Mr, Roshan Kumar Arun Mandal and Mr. Siva Balan Jaipal to lend 1,42,500, 1,25,000 and 1,25,000 shares of Kalpa Commercial Ltd respectively to aforesaid entities.*
- iii. *Such shares were to be used as security by them for obtaining financial limits to undertake trading activities.*
- iv. *However, the Company has not received any consideration from the aforesaid entities towards sale of shares of Kalpa Commercial Limited.*
- v. *We genuinely had no idea of any alleged modus operandi by any entity in KCL and we were not part of any game plan.*
- vi. *Off market transactions are not illegal per se.*
- vii. *Strict proof required for a serious charge of fraud. It is wholly untenable for any authority to arrive at a finding of fraud solely on the basis of that shares of KCL were transferred in off market by us to three entities.*
- viii. *Present order is in gross violation of principles of audi alteram partem.*
- ix. *As a consequence of interim order, my demat account has been frozen and SEBI has acted beyond its scope and demat accounts should be treated as alike and akin to bank*

accounts and SEBI needs to follow the due process of law by securing the prior approval of Judicial Magistrate as mentioned in Section 11(4) (e).”

- x. The company has requested for revocation of the and an opportunity of personal hearing be provided.

9.6 Sunil Kumar

Sunil Kumar vide letter dated nil received by SEBI on May 26, 2018, sought relevant documents relied upon in the matter and also made the following submissions:

- i. *“I was working with KCL. That the allegations were forged fabricated and fraudulent. Mr. Abhishek Ashoka offered me a job in Kalpa Commercials Ltd as a Non Independent- Non Executive Director in the company and employed me in Kalpa Commercials on an average salary of Rs. 6,00,000 per annum.*
- ii. *That the allegation against me is that I am connected with the entities and sold 750 shares during the SMS period. These shares were sold by my broker against my debit amount. I was never involved in such activities.”*

9.7 Tejas Nathwani

Tejas Nathwani vide letter dated May 25, 2018 made the following submissions and also sought an opportunity of hearing in the matter:

- i. *“Mr. Abhiram Nathwani, my father has filed his separate reply/ objections in the matter wherein he has stated that he had advanced a sum of Rs. 55,70,000/- to Dhruvi Trading Company much before the examination period of October 10 - 18, 2017 and the transfer of funds by Dhruvi Trading Company was made towards part repayment of the said advance.*
- ii. *I also state that I was never connected in any manner with any persons or entities mentioned except my father Abhiram Nathwani, and that I had no involvement whatsoever in the alleged activities related to the shares of Kalpa Commercial Ltd.*

- iii. *The transfer of funds of Rs. 25,00,000/- found out by you was received by my father towards part repayment of the loans/ advance given by him to Dhruvi Trading Company.*
- iv. *I had joined KCL as Managing Director to handle its textile trading business. I have never held any shares of KCL nor dealt in the said shares. I was not connected to any entities. It is just coincidence that I was Managing Director of the Company and I have resigned from the Company.”*

9.8 Abhiram Nathwani

Abhiram Nathwani vide letter dated May 25, 2018 made the following submissions and also sought an opportunity of hearing in the matter:

- i. *“My name is appearing at Sr. Nos. 26 - 27 and the basis of my alleged connection is stated to be the transfer of funds to me by one Dhruvi Trading Company.*
- ii. *I had advanced a sum of Rs. 55,70,000/- to Dhruvi Trading Company as under:*

<i>Bank</i>	<i>Account No.</i>	<i>Nature of Account</i>	<i>Date</i>	<i>Amount-Rs.</i>
<i>Bank of India, Malaviva Road, Rajkot</i>	<i>310210110009303</i>	<i>Personal Savings Account</i>	<i>25.02.2016</i>	<i>26,50,000</i>
<i>Citizens Co-op Bank, Rajkot</i>	<i>47003001004625</i>	<i>Savings Account (Jt. With Wife)</i>	<i>24.03.2016</i>	<i>29,20,000</i>
			<i>TOTAL</i>	<i>55,70,000</i>

- iii. *I have enclosed copies of the bank statements for the relevant period evidencing the above payments made by me to Dhruvi Trading Company. I also wish to highlight that the above advance was made by me to Dhruvi Trading Company much before the examination period of October 10 - 18, 2017 stated in Paragraph 2 of the Order.*
- iv. *I categorically deny all averments and charges made against me in the Order and confirm that I had no role whatsoever in the alleged fraudulent or manipulative acts related to the shares of Kalpa Commercial Ltd.*

- v. *SEBI's analysis of dealings in the scrip of Kalpa Commercial Ltd. disclosed in Paragraph 29 of the Order nowhere mentions about my role except transfer of funds to me by Dhruvi Trading Company stated in sub paragraph (I).*
- vi. *I now request you to drop all charges against me and relieve me in the matter.”*

9.9 Radhika Chandrakant Dhruv and Hetalben Chandrakant Dhruv

- Radhika Chandrakant Dhruv and Hetalben Chandrakant Dhruv vide letters each dated May 18, 2018, have denied all the allegations since no opportunity of hearing was provided to them and also sought an opportunity of hearing in the matter.

9.10 Abhishek Ashoka

- Abhishek Ashoka vide letter dated May 07, 2018, sought inspection of documents and copies of the relevant documents. He has authorised Mr. Vikas Bengani for the same. Further, he has submitted *inter alia* that the interim Order is totally unjust and unfair and in gross violation of principle of natural justice as it was passed without providing an opportunity to represent the matter. He has denied every allegation contained in the Ad-Interim Ex-Parte Order.

9.11 Dhruvi Trading Company

- Dhruvi Trading Company vide letter dated May 21, 2018 sought all the relied upon records in the matter to file reply and also submitted *inter alia* that they neither violated any law or any circular related to SEBI nor indulged in any unfair practice.

9.12 Nature Infosoft Pvt Ltd and Tushar Commodities Pvt Ltd

- Tushar Commodities Pvt. Ltd and Nature Infosoft Pvt. Ltd. vide letters dated May 30, 2018 and May 31, 2018 respectively, denied the allegations in the Order and stated that the Order was passed without providing an opportunity to present the case. Further, they sought all the relied upon records in the matter to file a proper reply.

9.13 **Soniya Valecha**

Soniya Valecha vide letter dated May 30, 2018, sought documents relied upon in the matter and also made the following submissions:

- i. *“I would accentuate on the fact that from 20/8/15 till the examination period, there has been only one transaction by me of sale of shares and that too only on 12/10/17. In my case, the shares were purchased in 2015 denoting absolutely no connection with the allegation.*
- ii. *Also that on 12/10/17 I did not sell my entire shares but kept 37,084 shares vis-a-vis 12,500 shares sold .The intention please be taken as long term investment and not speculation.*
- iii. *Scrip price on BSE ranged from a low of Rs. 26.6 to a high Rs.33.45 during the examination period " I sold my shares at 29.15 on 12/10/17 and despite of shares going upto as high as Rs. 33.45*
- iv. *An Off-market transaction in the scrip of KCL was made on 16/6/15, which is 2 years past the examination period and bears no relevance with the impugned interim order. After 16/06/15 I have not transacted even a single time with Tushar Commodities Pvt. Ltd. Therefore I beg not to assume any connection with him.”*

9.14 **Ramesh Valecha** (HUF)

Ramesh Valecha vide letter dated May 30, 2018 sought documents relied upon in the matter and also made the following submissions:

- i. *“I would like to inform you that I am holding shares of Kalpa Commercial Ltd from 2015 till date, and my intention may please be taken as bona-fide for reasons mentioned.*
- ii. *I would accentuate on the fact that from 20/8/15 till the examination period, there has been only one transaction by me of sale of shares and that too only on 12/10/17.*
- iii. *Also that on 12/10/17 I did not sell my entire shares but kept 14,500 shares vis-a-vis 20,500 shares sold. I sold my shares at Rs.29.15 on 12/10/17 and despite of shares going upto as high as Rs. 33.45.*

- iv. *I am connected to Mr. Prakash Valecha, Karta of Prakash Valecha HUF as he is my sibling and Sonia Valecha is my wife. The registered phone number belongs to me and being the family member I take care of all decisions related to financial matters and hence correspondence number is common”.*

9.15 Prakesh Valecha (HUF)

Prakash Velecha vide letter dated May 30, 2018 sought documents relied upon in the matter and also made the following submissions:

- i. *“I would like to inform you that I am holding shares of Kalpa Commercial Ltd from 2015 till date, and my intention may please be taken as bona-fide for reasons mentioned.*
- ii. *In this respect I would accentuate on the fact that from 20/8/15 till the examination period, there has been only one transaction by me of sale of shares and that too only on 12/10/17. It can be seen that all transfers are in 2017, whereas in my case, the shares were purchased in 2015 denoting absolutely no connection with the allegation.*
- iii. *Also that on 12/10/17 I did not sell my entire shares but kept 17,000 shares vis-a-vis 18000 shares sold.*
- iv. *It is alleged that Tushar Commodities is connected to me. I would like to draw relevance with the "basis of Connection " column mentioned in the interim order . It clearly states " Off-market transfer in the scrip KCL on 16/6/15" , the date mentioned is 2 years past the examination period and has absolutely no connection with the impugned interim order . After 16/06/15 I have not transacted even a single time with Tushar Commodities Pvt. Ltd*
- v. *I am connected to Mr. Ramesh Valecha, Karta of Ramesh Valecha HUF as he is my sibling and consequently connected to his wife Sonia Valecha. The registered phone number belongs to Ramesh Valecha and being the family member he takes care of all decisions related to financial matters and hence correspondence number is common.*
- vi. *Net Sell Volume " by various sellers and it is worthy to note that Sellers from point 7 to 9 (3 sellers) together sold about 3.4% of the total Net Sale Volume of 14,66,144*

shares . This not only indicates the insignificance of the shares sold but also the insignificant power that these 3 sellers would have possessed to topple the whole Stock Market during the examination period.”

9.16 Though no reply was filed by Krishan Kumar, Raman Jindal, Gitika Gupta and Shilpa Jindal within the time stipulated in the interim order, I note that they filed identical replies dated April 02, 2019 and *inter alia* submitted the following:

- i. *At the outset I humbly request your goodself to kindly condone the delay in reply to the order caused due to the reasons beyond my control. It is submitted that although the letter in reference was received by me at my present address, however, due to renovation work at the stated address and shifting to an alternate location for interim period, the order got misplaced in transit and I could not reply to the letter on time.*
- ii. *Therefore, I request your goodself to condone the delay in reply and kindly consider the submissions elucidated by me in the below paragraphs:*
- iii. *It is stated that my name in the order dated April 27, 2018 appeared merely based on my single off-market transaction for sale of 6,100 shares purely on recommendation of my sub-broker namely “MSS Capital Services, Ludhiana”.*
- iv. *It is brought to your notice that I am a business class person dealing with clothing and textile products and having very little knowledge about the share market and its related products. So, I do not trade in share on regular basis. I am a law abiding person and have been conducting in a very fairly and lawful manner.*
- v. *Regarding Kalpa Commercial Limited, I had purchased 13, 000 shares of the Company as normal course of investment in the year 2014. As, I earlier stated, I am not acquainted with the share market, the purchase was made purely on the recommendation of the sub-broker namely “MSS Capital Services, Ludhiana”. Post purchase of these shares, I have sold 6,100 shares from my holding via multiple transactions carried out online during the year 2015, 2016 and till May 2017 through the Sub-broker.*

- vi. *The off-market sale of 6,100 shares by me was based on the recommendation of the sub-broker and was purely in the normal course of investment. I am in no way connected with what transferee had done with the shares given by me. Neither, I have any relationship with any of the net seller nor any association with any person in the group or promoters of the Company.*
- vii. *I had no intention to create false and misleading appearance of trading on days concerned and alleged or otherwise. I have no knowledge about the bulk SMSes circulated nor do I have any connection /relationship with any person/entity involved in bulk SMSes circulation. My selling of shares was through market mechanism on the recommendation of the sub-broker and does not set on or establish any false or misleading appearance.*
- viii. *Para 9 of the Order wrongly lumped, bunched, clubbed and linked me to the 'Group/connected entities', as alleged, when in reality I am not. I had neither prior meeting of minds with anyone, nor any contemporaneous knowledge about anything in the matter. I did not act in concert or in collusion with anyone. I was not a part of any group for off market transactions. I am not guilty of conduct which is contumacious or dishonest or acted in conscious disregard of law. I have not acted in defiance of law. I did not indulge in any high frequency trades and no 'speculative attack' was made to sway or swing the price or increase the volatility in the said scrip. It appears that I am wrongly included in the group and putting me therein is unwarranted.*
- ix. *It is pertinent to mention that the sub-broker had promised better price of the share but actually cheated me by carrying out this transaction. He has forwarded instruction slip to broker without giving me complete information about the transferee. I further state that I have not received the consideration of the shares so far although I have been communicating with the sub-broker for the same but no satisfactory reply was received from him.*
- x. *In view of the above clarifications, I submit that there was no motive or any manipulative intention or lapse or wrong doing on my part as alleged or otherwise.*

- xi. *It is trite of law that, in case an authority wish to pass any interim order based on some prima facie finding/conclusion, the conclusion or finding either be reached based on the documents which are already in possession of the authority and in case it wish to rely upon the document and details submitted by the judgment debtor, he should be provided an opportunity to respond and/or deconstruct the alleged conclusions, before the same can be treated as prima facie by the adjudicating authority. However, in the present matter no such opportunity was provided to me.*
- xii. *In view of the foregoing, the restrictions imposed vide interim order be called off and if deemed necessary, please be provided an opportunity if hearing to justify the request.”*

9.17 Thereafter, the said Noticees viz., Shilpa Jindal, Raman Jindal, Gitika Gupta and Krishan Kumar, vide identical letters dated May 31, 2019 *inter alia*, submitted the following:

- i. *“I, in the interest of natural justice, once again request you to provide an opportunity of hearing to justify my appeal.*
- ii. *As I have already explain in my reply dated April 02, 2019 that although the letter in reference was received by me at my present address, however, due to renovation work at the stated address and shifting to an alternate location for interim period, the order got misplaced in transit and I could not reply to the letter on time. The delay in replying your letter was purely inadvertent error beyond my control which merits condonation of delay.*
- iii. *Further, the Ad interim Ex-parte Order dated April 27, 2018 is against the principles of natural justice. I am being framed in the order wrongly.*
- iv. *By not providing me an opportunity of personal hearing, the above order itself becomes contrary to the legal provisions and the intention of the legislation. Here I wish to draw your attention towards second proviso of Section 11(4).*

- v. *provided further that the Board shall, either before or after passing such orders, give an opportunity of hearing to such intermediaries or persons concerned.*
- vi. *Hence, by rejecting my application for the opportunity of personal hearing, I am being deprived of my right for natural justice, I am otherwise entitled to.*
- vii. *In view of the foregoing, I reiterate my appeal for personal hearing before proceeding with the investigation further.”*

10. It is noted that Abhishek Ashoka sought an opportunity of inspection and the same was granted on June 18, 2018. However, he did not avail the said opportunity and sought the copy of relevant documents. The same was furnished to his authorised representative vide e-mail dated July 06, 2018. Further, various Noticees viz., Abhishek Ashoka, Sunil Kumar, Dhruvi Trading Company, Nature Infosoft Private Limited, Tushar Commodities Private Limited, Dharmendra, Nikhlesh Kumar, Prakesh Valecha HUF, Ramesh Kumar Valecha (HUF), Sanchit Goyal and Soniya Valecha sought relevant documents in the matter. SEBI vide its various communication i.e. letters dated June 12, June 22, 2018, August 21 and 29, 2018, provided the relevant documents to the said Noticees.

Opportunity of hearing:

11. In the interest of principles of natural justice, an opportunity of hearing was granted to the Noticees. The details of the same are as under:

11.1 An opportunity of hearing was granted to the Noticees viz., Mahendra Vadilal Shah, Roshan Kumar Arun Mandal and Kunal Yadav. Since, the said Noticees were not available at their last known addresses, SEBI vide newspaper publication, as detailed below, had notified the said Noticees that an ad interim ex-parte order dated April 27, 2018 was passed against them and an opportunity of hearing had been granted to them on October 11, 2018. Further, it was also informed that the failure to attend the said hearing would be construed as waiver of the opportunity and the matter would be proceeded based on the material available on record.

- Kunal Yadav ‘Times of India’ and ‘Dainik Jagran’ dated August 30, 2018, Delhi &NCR Edition,
- Roshan Kumar Arun Mandal- ‘Times of India’, ‘Nav Bharat Times’ and ‘Maharashtra Times’ dated August 30, 2018, Mumbai Edition and
- Mahendra Vadilal Shah- ‘Times of India’, “Gujarat Samachar” and “Gujarat Vaibhav” each dated August 30, 2018, Ahmedabad Edition.

11.2 Further, vide hearing notices dated September 17, 2018, an opportunity of hearing was granted to the Noticees viz., Abhishek Ashoka, Tejas Nathwani, Abhiram Nathwani, Dhruvi Trading Company, Nature Infosoft Pvt Ltd., Dharmendra Kumar, Nikhlesh Kumar and Sanchit Goyal on December 18, 2018. The hearing notices were served to Abhishek Ashoka, Tejas Nathwani, Abhiram Nathwani and Sanchit Goyal through Speed Post with acknowledgment. However, the hearing notices issued to Dhruvi Trading Company, Nature Infosoft Pvt Ltd., Dharmendra Kumar, Nikhlesh Kumar could not be served as they were not available on their last known addresses. Subsequently, SEBI vide notification dated December 04, 2018 published the same in the newspapers viz., ‘Dainik Jagran’ (Meerut Edition for Nikhlesh Kumar), ‘Times of India’ and ‘Dainik Jagran’ (Delhi & NCR Edition for Dharmendra Kumar and Nature Infosoft Pvt Ltd.) and ‘Times of India’, ‘Amar Ujala and Gujrat Samachar (Rajkot Edition for Dhruvi Trading Company).

11.3 Vide hearing notices dated September 17, 2018, Noticees viz., Minakshi Makkar, Prakash Valecha HUF, Ramesh Valecha HUF, Soniya Valecha, Topline Fabrics Pvt. Ltd, Tushar Commodities Pvt. Ltd., Sunil Kumar, Radhika Chandrakant Dhruv and Hetalben Chandrakant Dhruv were granted an opportunity of hearing on December 19, 2018. The said notices were served to the Noticees except Tushar Commodities Pvt. Limited, through Speed Post with acknowledgment. Subsequently, SEBI vide notification dated December 04, 2018 published the same for Tushar Commodities Pvt. Ltd. in the newspapers viz., ‘Times of India’ and ‘Dainik Jagran’ (Delhi Edition).

11.4 In response to the hearing notice, Minakshi Makkar, vide e-mail dated November 28, 2018, sought an adjournment and the same was acceded to and another opportunity of hearing was granted to the Noticee on January 30, 2019.

11.5 Considering the requests of Krishan Kumar, Raman Jindal, Gitika Gupta and Shilpa Jindal, in the interest of principles of natural justice, an opportunity of hearing was granted to them on August 08, 2019. The hearing notices dated July 26, 2019 were served to the said Noticees through SPAD and also through e-mail dated July 29, 2019. In response, they confirmed their presence through authorized representatives.

Hearing on October 11, 2018

11.6 I note that no one appeared on behalf of the said Noticees viz., Mahendra Vadilal Shah, Roshan Kumar Arun Mandal and Kunal Yadav nor they filed any reply/written submissions to the interim order till date.

Hearing on December 18, 2018

11.7 Ms. Shailashri Bhaskar, practicing Company Secretary, authorised representative on behalf of Tejas Nathwani and Abhiram Nathwani appeared before me and made the following submissions:

11.7.1 Abhiram Nathwani and Dhruvi Trading are all engaged in Cotton trading business.

11.7.2 That Abhiram Nathwani advanced an unsecured loan to Dhruvi Trading Company for some commercial purpose, around 18 months before the investigation period.

- The AR was advised to submit documents to support that Abhiram Nathwani and Dhruvi Trading are in same business (Cotton Traders). Also, third party verifiable documents with respect to advancing loan such as agreement, promissory note etc. AR was also advised to give details of such instances of advancing loan with Dhruvi Trading or with any other traders during the course of business.

11.7.3 As regards Tejas Nathwani, it was submitted that he got a call from the Promoters of KCL to join their Company and he accepted the same. The moment he got SEBI letter, he has resigned from the Company to avoid any issues.

11.7.4 That no financial transactions were done by Tejas Nathwani. That no shares were transferred either through off market or on market during the period by any of them.

- AR was advised to submit the Bio-Data of Tejas Nathwani. AR was also advised to submit Income Tax Returns both personal as well as business of Tejas Nathwani and Abhiram Nathwani, for the financial years 2015-2016, 2016-2017 and 2017-2018.

11.8 Mr. Prashant Sharma Advocate appeared on behalf of Abhishek Ashoka and submitted medical records as to his ailments and sought adjournment. Upon perusal of the medical records, the said Noticee was granted time upto January 10, 2019 to file written submissions along with details as to relation with Dhruvi Trading Company, funding to Smart, Share purchase details and the source of funds, Income Tax Returns during the time of purchase of shares and ITRs of last three financial years.

11.9 Ms. Preeti Mittal, authorised representative of Nikhlesh Kumar appeared before me and submitted a detailed reply to the interim order along with annexures such as Memorandum of Association of KCL, Financial statements of KCL, Stock Prices of KCL, Bank Statement, Legal Notice dated April 04, 2018 sent to Abhishek Ashoka for the outstanding payment towards transfer of shares of KCL, etc.

11.10 Mr. Pranabh Kapoor authorised representative of Sanchit Goyal and Dharmendra Kumar appeared before me and submitted that they were in the cotton business and were trading in the scrip of KCL prior to the Investigation period in the normal course. AR was advised to submit the trading details of all the scrips, 6 months prior to and after of the investigation period. AR was also advised to submit Income Tax Returns for the financial year 2015-2016, 2016-2017 and 2017-2018.

Hearing on December 19, 2018

- 11.11 Mr. Navin Chaturvedi, authorised representative for Radhika Chandrakant Dhruv and Hetalben Chandrakant Dhruv appeared before me and submitted that they are siblings and he used to trade using their accounts. They do investments regularly. Accordingly, they did trading in the scrip of KCL also. AR was advised to submit written submissions along with the details of trading during the period by January 10, 2019.
- 11.12 Mr. Diwakar Agrawal, authorised representative for Topline Fabrics Private Limited (Topline) appeared before me and submitted that Topline purchased 80,000 shares of one Freesia Constructions which was later amalgamated with KCL and they received 4,00,000 shares of KCL. The AR was advised to submit the source of income for the said purchase, ITRs prior to 2 years of purchase of shares. It is also submitted that Topline had entered into an agreement with Abhishek Ashoka, Roshan Kumar Arun Mandal and Siva Balan Jaipal to lend the shares of KCL upon payment of interest at the rate of Rs. 0.50 per share per annum which is payable quarterly to Topline. However, Topline has not received any agreed amount of interest. Topline has also sent a legal notice dated March 27, 2018 to the said entities. The Noticee was granted time till January 10, 2019 to file written submissions along with details.

Hearing on January 30, 2019

- 11.13 CA Nitin Mittal and CA Rajesh Kumar Sharma authorised representative for Minakshi Makkar appeared before me and submitted that she is a house wife and she bought the shares of KCL 3 years prior to the investigation period through off market. When there was price increase, someone advised to sell the shares and she transferred the shares in the off market. It is also submitted that she was not part of any group. AR was advised to give the reasoning for investing in the scrip of KCL and transfer through off market by February 04, 2019.

Hearing on August 08, 2019

11.14 Mr. Rattan Lal, Mr. Nikhil Katra and Mr. Sumit Ghai of Lal Ghai and Associates, authorised representatives for Krishan Kumar, Raman Jindal, Gitika Gupta and Shilpa Jindal (“Noticees”) appeared before me and submitted the following:

11.14.1 That the Noticees are family members. Krishan Kumar is father of Raman Jindal, Gitika Gupta is wife of Raman Jindal and Shilpa Jindal is wife of another son of Krishan Kumar.

11.14.2 The shares in the scrip was purchased in the year 2014. The shares were purchased in physical form. They wanted to invest their money and as per the recommendation of their sub-broker MSS Capital services, they bought the shares. They did certain sales on market also.

11.14.3 They are into the business of clothing. They have only shares of KCL with them.

11.14.4 They are not connected to Abhishek Ashoka directly or indirectly. They sold the shares off market at the advice of their sub-broker and they signed the DIS and had given to them and they did not receive any payment. They were not even aware of when the shares were transferred by the DP. They did not receive any information as to the transfer of their shares from DP.

11.14.5 Upon query as to whether any action was initiated against sub-broker, ARs submitted that they are pursuing the matter with sub-broker for payment, however, action such as FIR or complaint were not initiated against them.

11.15 Dhruvi Trading Company, Nature Infosoft Private Limited, Tushar Commodities Private Limited, Sunil Kumar, Kunal Yadav, Mahendra Vadilal Shah, Prakash Valecha (HUF), Ramesh Kumar Valecha (HUF), Soniya Valecha and Roshan Kumar Arun Mandal did not avail the opportunity of hearing granted to them nor filed any adjournment request or additional written submissions till date. Hence, I am constrained to proceed against them with the material available on record.

Additional Written Submissions:

12. Subsequently, the following Noticees, submitted the reply on merits/additional written submissions as follows:

12.1Nikhlesh Kumar

12.1.1 *"I have made investments in the shares of KCL since the year 2015, as any other investor for the purpose of capital gain as a long term investor.*

12.1.2 *Over the period of three years I had acquired 3,42,419 shares till March 31, 2017 and average purchase price of Equity Shares purchased by me of KCL was Rs. 141/-*

12.1.3 *Till the period of July 2017 price of shares of Kalpa Commercial Limited was rising and price touched to Rs. 152.00 but subsequently price of shares began to fall and it closed at Rs. 75.20 by July 31, 2017. Price of the shares continued to slip downwards and it closed at Rs. 31.75 by September 30, 2017.*

12.1.4 *It is evident from the data available on the website of BSE that in the initial period October 2017 and in the month of September 2017 there was no liquidity in the scrip of Kalpa Commercial Limited as trading volume in the scrip were very low.*

12.1.5 *Meanwhile I had been approached by one Mr. Abhishek Ashoka who offered to buy my whole holding in the scrip of Kalpa Commercial Limited at the price of Rs. 20.00 per share, so I accepted the proposal of Abhishek. Further when I asked Abhishek for the payment of shares he requested me some time for the payment.*

12.1.6 *On October 16, 2017, on verbal assurance of Abhishek, I had transferred my whole quantity of 3,42,419 shares in two tranches of 1,42,419 and 200,000 to Abhishek and October 17, 2017, he had transferred part payment amounting to Rs. 12,00,000/- out of Rs. 68,48,380 to me in my Bank account. Enclosed a copy of Bank Statement which reflected Rs. 12,00,000/- credited in the account.*

12.1.7 *I have served legal demand notice dated April 4, 2018 to Abhishek through my counsel for the recovery of remaining amount of Rs. 56,48,380/- but it is pertinent*

to mention that I have not received any reply of my demand notice or further payment from him.

12.1.8 Cause of action i.e. transfer of off market shares of Company. In this regard I would like to draw your kind attention that off market transaction are not illegal per se which was held in the order of Hon'ble SAT in the case of Rajendra G Parikh v. SEBI (Appeal No. 44 of 2009);

12.1.9 In Para 9 of the Impugned Interim Order, SEBI first cited my name at serial no. 23 connects with Mr. Dharmendra and serial no. 24 connects with Mr. Sanchit Goyal as connected entities/group on the basis of alleged common telephone no. viz, 9958880567 in KYC documents. In this regard I would like to state:

- That I do not share the alleged Mobile Number with the above mentioned common entities.*
- This is to apprise you that I belong to very small town in Uttar Pradesh where I had no acquaintance with anyone in my town at the time of opening of trading and demat account. I have got trading and demat account opened through one Mr. Jai Narayan, who was marketing agent of many share brokers. It seems that he has mentioned his own contact number as I had only signed account opening form and it was duly filed by Mr. Jai Narayan. It seems that this error has been made by Mr. Jai Narayan inadvertently.*

12.1.10 I specifically deny that I am not connected to any other entity/group in the manner it has been depicted in your Impugned Interim ex-parte Order. I had been approached by Abhishek for acquisition of shares of "KCL" held by me in my name.

12.1.11 Further, I was seeking the opportunity to sell these shares at any cost desperately with the intention to save my remaining capital. Therefore, I had accepted the proposal of Abhishek.

12.1.12 It is pertinent to mention that I am not part of any wrong doing and genuinely had no idea of any modus operandi of any group/entity as alleged or otherwise and in this regard I state that I was not a part of any game plan, 'fraudulent scheme devise' or 'artifice' as alleged or otherwise.

12.1.13I was not making illegal gains by transfer of Equity Shares of KCL through off market to Abhishek. In fact I have made substantial loss by trading in the scrip of KCL.

12.1.14A penal action has been taken against me under Para 35 (a) of the Interim Order was arbitrarily and indiscriminately which prejudice me and my employees to earn livelihood with dignity and it has adversely affected my economic growth, operation of business and damage of social reputation of me.

12.1.15I further state that the passing of such a unilateral open ended Interim Order has subjected my investment to a huge risk of devaluation. I am afraid that I may lose an opportunity to sell my present holding in securities due to freezing of my demat account. Thus such an open ended Restraint Order against me is in breach of fundamental right of carrying on business bestowed upon every citizen under the "Constitution of India".

12.1.16 In conclusion, I repeat and reiterate that the present Interim Order is indiscriminately and inappropriately passed against me without giving me a fair chance of explaining my case and I have been condemned unheard. The ex-parte Order is totally silent on my specific role in relation in the alleged scheme by entities mentioned therein. It is untenable for any authority to arrive at a grave finding of fraud, and that too on 'prima facie' findings, without demonstrating any connection of whatsoever nature.

12.1.17In the light of above mentioned circumstances, I humbly pray to the Hon'ble Whole Time Member, SEBI:

- The present Interim Order be vacated against me on the grounds that it has been issued ex-parte;
- I sincerely request your kind selves that I may be permitted to buy, sell and deal in the shares and securities of the Capital Market; and/or
- Pass any such other orders as it may deem fit."

12.2 Sanchit Goyal

- 12.2.1 *"I had started investment in the shares of KCL since the year 2016 as a common investor for the purpose of capital gain as a long term investor.*
- 12.2.2 *Further in the normal course of trading on the Stock Exchange (BSE), I sold my shareholding of 1,89,241 shares of "KCL" during the investigation period started from 10.10.2017 to 18.10.2017.*
- 12.2.3 *I was liquidating my holding in the scrip of KCL ever since April, 2017 on regular basis. I had sold nearly 1,72,000 shares & purchased approx. 87,000 shares during the period between April 2017 till September 12, 2017*
- 12.2.4 *It is pertinent to mentioned here that price of the scrip of KCL was at down Freeze price circuit from July 20, 2017 till September 8, 2017 eroding the share price from Rs. 113.55/- on July 20, 2017 to Rs. 37/- price on September 8, 2017. Share Price of scrip continued its downward journey even thereafter, which forced my decision of selling most of the holding in the scrip of KCL, owned by me, as I feared for further downfall in the price of KCL. So, influenced by the falling share prices of KCL, I had sold further 1,89,241 shares at market price(s) of the scrip on the BSE in online trading between 11.10.2017 to 13.10.2017.*
- 12.2.5 *Sale of shares of KCL by me during the investigation period has only been highlighted and considered to be manipulative and fraudulent, which I strongly object and deny.*
- 12.2.6 *In Para 9 of the Impugned Interim Order, SEBI first cited my name at serial no. 24 connects with Mr. Nikhlesh Kumar as connected entities/group on the basis of alleged common telephone no. viz, 9958880567 in KYC documents. In this regard I would like to state:*
- *I do not share the alleged Mobile Number with any of the above mentioned common entities.*
 - *I came to know that Mr. Nikhlesh Kumar has the same Stock Broker. It is apprehended that the Trading Member while opening the account for myself*

*and the other entity must have erroneously entered the said mobile number.
This alleged mobile no. does not/belongs to me.*

12.2.7 I will like to draw your kind attention to the following judicial pronouncement:

- In the case of HB Stockholdings Limited Vs. Securities and Exchange Board of India in appeal No. 114 of 2012 (Decided on 27.08.2013) along with appeal No. 160 and 165 of 2012, it was held by Hon'ble SAT, Mumbai "Mere factum that Appellants sharing common address were not in themselves sufficient to bring home residual charge against Appellants and Impugned order deserve to be quashed - Appeal allowed"*

12.2.8 Trading of shares was an ordinary course of business and I hereby reiterated that I was liquidating my holding in the scrip of KCL ever since April, 2017 on regular basis. I had sold nearly 181,500 shares & purchased approx.1,86,099 shares during the period between February 2017 till September 12, 2017. I had subsequently sold 1,89,241 shares at market price(s) of the scrip on the BSE in online trading between 11.10.2017 to 13.10.2017.

12.2.9 A penal action has been taken against me under Para 35 (a) of the Interim Order was arbitrarily and indiscriminately which prejudice me to earn livelihood with dignity.

12.2.10I further state that the passing of such a unilateral open ended Interim Order has subjected my investment to a huge risk of devaluation. Such an open ended Restraint Order against me is in breach of fundamental right of carrying on business bestowed upon every citizen under the 'Constitution of India'.

12.2.11I genuinely had no idea of any alleged 'modus operandi' by any entity in Company, as alleged or otherwise and in this regard I state that I was not a part of any game plan, 'fraudulent scheme', 'devise' or 'artifice' as alleged or otherwise.

12.2.12 In conclusion, I repeat and reiterate that the present Interim Order is indiscriminately and inappropriately passed against me without giving me a fair chance of explaining my case and I have been condemned unheard.

12.2.13 *In the light of above mentioned circumstances, I humbly pray to the Hon'ble Whole Time Member, SEBI:*

- *The present Interim Order be set aside against me on the ground that it has been issued ex-parte;*
- *I sincerely request your kind selves that I may be permitted to buy, sell and deal in the shares and securities of the Capital Market; and/or to sell the securities lying in my demat account as on the date; and/or*
- *Pass any such other orders as it may deem fit.”*

The Noticee has submitted the following documents :-

12.2.14 Trading Account Statement for 6 months prior and 6 months subsequent to investigation period i.e. 01.10.2017 to 18.10.2017:

- Detail Financial Statement of Trading Account maintained with Wegmans Financial Services Ltd (broker) for the period 01.04.2017 and to 14.12.2017. It is pertinent to mention that no transaction has taken place after 14.12.2017. Therefore, no transaction is reflected in the Detailed Financial Statement of Trading Account

12.2.15 Demat Account Statement for 6 months prior and 6 months subsequent to investigation period i.e. 01.10.2017 to 18.10.2017:

- Demat Transaction Statement for the period 01.04.2017 to 30.04.2018 which covered 6 months prior & 6 month post investigation period as mentioned above.

12.2.16 Income Tax Return Acknowledgement for the Assessment Year 2015-16, 2016-17 and 2017-18.

12.3 Dharmendra Kumar

12.3.1 *“I had started investment in the shares of KCL since the year 2016, besides my investment & trading in other shares, as a common investor for the purpose of capital gain as a long term investor.*

- 12.3.2 Further in the normal course of trading on the Stock Exchange (BSE), I sold my shareholding of 1,64,003 shares of KCL during the investigation period starting from 10.10.2017 to 18.10.2017.
- 12.3.3 I have sold shares of KCL in online trading in the market in fair and transparent manner over the period of time without any ulterior motive and no grievance has ever been raised on execution of my trades by anyone.
- 12.3.4 I was liquidating my holding in the scrip of KCL since April, 2017 on regular basis. I had sold nearly 53,937 shares & purchased approx. 76,734 shares during the period between April 2017 till September 3, 2017. Value of my investments in the scrip of KCL was going down day by day as share price of KCL has fallen from high of Rs.110 as on March 31, 2017 to Rs. 31.75 as on September 30, 2017. Share Price of scrip continued its downward journey even thereafter, which forced my decision of selling most of the holding in the scrip of KCL, owned by me, as I feared for further downfall in the price of KCL. So, under the pressure of falling share prices of KCL, I had sold further 1,64,003 shares at market price of the scrip on the BSE in online trading between 12.10.2017 to 14.10.2017.
- 12.3.5 The sale of shares of KCL by me during the investigation period has only been highlighted and considered to be manipulative and fraudulent, which I strongly object and deny.
- 12.3.6 SEBI has made very generalized and common observations against me in the interim ex parte order and there have been no efforts to determine my particular and individual role in the matter.
- 12.3.7 In Para 9 of the Impugned Interim Order, SEBI first cited my name at serial no. 23 connects with Mr. Nikhlesh Kumar as connected entities/group on the basis of alleged common telephone no. viz, 9958880567 in KYC documents. In this regard I would like to state:
- I do not share the alleged Mobile Number with any of the above mentioned common entities.
 - It is apprehended that the Trading Member while opening the account for myself and the other entity must have erroneously entered the said mobile

number & had the broker done the re-KYC this issue might have sorted out then and there itself. This alleged mobile no. does not/ belongs to me.

12.3.8 Without Prejudice, I would like to draw your kind attention to the following judicial pronouncement:

- In the case of HB Stockholdings Limited Vs. Securities and Exchange Board of India in appeal No. 114 of 2012 (Decided on 27.08.2013) along with appeal No. 160 and 165 of 2012, It was held by Hon'ble SAT, Mumbai "Mere factum that Appellants sharing common address were not in themselves sufficient to bring home residual charge against Appellants and Impugned order deserve to be quashed - Appeal allowed"*

12.3.9 It is further pertinent to mention that the adverse inferences drawn against me based on trading done by other entities are totally misplaced and devoid of any basis.

12.3.10 I was astonished and surprised, when I received the copy of Interim Order of SEBI, that my name is included in the list of connected entities/group on the basis of common mobile no. in KYC form with another person namely Mr. Nikhlesh Kumar who sold off market transfer to a person namely Mr. Abhishek Ashok.

12.3.11 A penal action has been taken against me under Para 35 (a) of the Interim Order was arbitrarily and indiscriminately which prejudice me to earn livelihood with dignity.

12.3.12 I further state that the passing of such a unilateral open ended Interim Order has subjected my investment to a huge risk of devaluation.

12.3.13 I am afraid that I may lose an opportunity to buy shares and also to sell my present holding in securities due to any unforeseen circumstances. Thus such an open ended Restraint Order against me is in breach of fundamental right of carrying on business bestowed upon every citizen under the 'Constitution of India'.

12.3.14 In conclusion, I repeat and reiterate that the present Interim Order is indiscriminately and inappropriately passed against me without giving me a fair chance of explaining my case and I have been condemned unheard. The ex-parte

Order is totally silent on my specific role in relation in the alleged scheme by entities mentioned therein.

12.3.15 In the light of above mentioned circumstances, I humbly pray to the Hon'ble Whole Time Member, SEBI:

- The present Interim Order be set aside against me on the grounds that it has been issued ex-parte and without giving the opportunity of being heard following the due process of law;*
- I sincerely request your kind selves that I may be permitted to buy, sell and deal in the shares and securities of the Capital Market; and/or to sell the securities lying in my demat account as on the date; and/or*
- Pass any such other orders as it may deem fit.”*

12.3.16 The Noticee has also submitted the following documents:

- Trading Account Statement for 6 months prior and 6 months subsequent to investigation period i.e. 01.10.2017 to 18.10.2017*
- MIS Statement of Trading Account maintained with Adinath Capital Services Limited for the period 01.04.2017 to 17.10.2017. It is pertinent to mention that no transaction has taken place after 17.10.2017.*
- Demat Account Statement for 6 months prior and 6 months subsequent to investigation period i.e. 01.10.2017 to 18.10.2017:*
- Income Tax Return Acknowledgement for the Assessment Year 2015-16, 2016-17 and 2017-18.*

I hereby disclose that 27.04.2016 was the date of first buying of 2,000 shares at the rate of Rs. 140.90/- of Kalpa Commercial Ltd. and 13.10.2017 was the date of last trading that is sale of 4,000 shares at the rate of Rs. 32.20/- of Kalpa Commercial Ltd.”

12.4 Minakshi Makkar

The Noticee has inter alia submitted the following additional written submissions dated January 29, 2019 during the personal hearing:

- 12.4.1 *“I submit that I am/was not connected/related with Mr. Abhishek or any other member of entities/persons mentioned in order. I have not employed any device, scheme or artifice to defraud in connection with dealing on securities which are listed on recognized stock exchange.*
- 12.4.2 *Further I have not bought/sold/otherwise dealt in securities in a fraudulent manner. The only thing I did was transfer 7,815 shares of M/s Kalpa Commercial Limited in offline mode and that was too done because of lack of knowledge and technicalities involved in buying and selling of shares rather I am a victim of fraud done to me by not paying me for the shares transferred to Mr. Abhishek Ashoka.*
- 12.4.3 *I am a housewife and nobody advised me including the dealer and participant not to transfer shares in offline mode. I have not received any amount till date, I have not made any profit at the cost of other investors in this transaction. No financial transaction happened between me and any member of connecting group.*
- 12.4.4 *A simple housewife with a layman's knowledge who cannot understand techniques, rules, regulations, SEBI law, cannot be said to be connected in framing devices, schemes, of circulating SMSes, planting circulating false or misleading news or reports or publications.*
- 12.4.5 *Transferring 7,815 shares of M/s Kalpa Commercial Limited to Mr. Abhishek Ashoka is merely a co-incidence as far as connecting members and time of dealing is concerned.*
- 12.4.6 *It is humbly requested, in view of the earlier submissions and above submissions, please remove my name from connecting group as I am not connected with circulation rather I have been cheated in good faith by the person who introduced me as a dealer in securities market.*
- 12.4.7 *So you are requested not to put me in connecting group in case of dealing in shares of KCL and you are also requested to withdraw interim order issued against me in matter of KCL.”*

12.5 Topline Fabrics Pvt Ltd

The Noticee has *inter alia* submitted the following additional written submissions dated December 10, 2018:

12.5.1 *“Before putting my objection/submission/averments on behalf of the Company, It is necessary to place before you certain admitted facts, which will clear the whole factual matrix of the matter:*

- *That the Company had purchased 80,000 shares of M/s Freesia Construction Private Limited (hereinafter referred as "Freesia") on 28th Day of Oct, 2011. Thereafter Freesia had come out with Bonus Share issue on 30th Day of December, 2011 and the Company was allotted 20,000 shares as Bonus shares.*
- *That the Company's holding thereby was increased to 1,00,000 shares in "Freesia". The said "Freesia" was subsequently has been amalgamated with Kalpa Commercial on 12.03.2013 vide Company Petition No. 523 of 2012 connected with Company Application No. (M) 168 of 2012.*
- *That pursuant to amalgamation with "Kalpa Commercial" the Company has been allotted 4,00,000 shares according to Swap ratio of 4:1 which was decided by Hon'ble High Court Delhi.*

12.5.2 *That the Company had not carried out any of the trading activity in the stock market since inception nor its management is aware about the intricacies of trading on stock market and not maintained any Trading Account with any Stock Broker but the Company has maintained its Demat Account vide Account no. 1205290000015971 with Adinath Capital Services Limited.*

12.5.3 *I would like to state that the Company was approached in and around October, 2017 with a proposal to borrow the shares held by the Company in the scrip of Kalpa Commercial against a due consideration of interest to be received by the company by lending of such securities held by it.*

12.5.4 *Thereby the Company had entered into an agreement with Mr. Abhishek Ashoka, Mr. Roshan Kumar Arun Mandal and Mr. Siva Balan Jaipal to lend 1,42,500, 1,25,000 and 1,25,000 shares of Kalpa Commercial respectively. As stated herein above such shares were to be used as security by them for obtaining financial limits*

for their personal use & for in consideration, for such usage of the shares in the manner stated herein, borrower was required to pay interest at the rate of Rs. 0.50 per share per annum which is payable quarterly, to "the company". However, "the Company" has not received any agreed amount of interest from the aforesaid entities payable towards lending of shares of Kalpa Commercial.

12.5.5 The Company has served a legal cum demand notice through the Counsel on 27.03.2018 and in the respect of legal cum demand notice, no reply, shares or payments or payment of agreed interest has been received from the above cited parties.

12.5.6 I refute and deny that the Company has sold any of the shares of Kalpa Commercial to the parties as defined above. It was transferred to the above defined parties in the form of lending of shares for the consideration as stated above at the agreed price & rate.

12.5.7 The Company was shocked and surprised when the Company received the copy of Interim Order of SEBI that the Company's name is included in the list of connected entities/group on the basis of off market transfer to a person namely Mr. Abhishek Ashok, Mr. Roshan Kumar Arun Mandal and Mr. Siva Balan Jaipal on 17.10.2017. I hereby reiterate that off market transaction are not illegal per se which was held in the order of Hon'ble SAT in the case of Rajendra G Parikh v. SEBI [Appeal No. 44 of 2009].

12.5.8 A penal action has been taken against me under Para 35 (a) of the Interim Order was arbitrarily and indiscriminately which prejudice the Company to earn livelihood with dignity and it has adversely affected my goodwill and operation of business.

12.5.9 The Company and its Board genuinely had no idea of any alleged 'modus operandi' by any entity in Company, as alleged or otherwise and in this regard I state that the Company was not a part of any game plan, 'fraudulent scheme', 'devise' or 'artifice' as alleged or otherwise. In fact, it was only from the present Interim Order, the Company came to know about the alleged wrongdoing by some entities named therein.

12.5.10 In the light of above mentioned circumstances, I humbly pray to the Hon'ble Whole Time Member, SEBI:

- The present Interim Order should be vacated against the Company on the grounds that it has been issued ex-parte and is not tenable against the company;
- The freeze from our demat should be lifted which is suspended for debit as well as credit in pursuant to impugned ex parte interim order;
- I sincerely request your kind selves that I may be permitted to buy, sell and dealing the shares and securities of the Capital Market; and/or
- Pass any such other orders as it may deem fit.

12.5.11 The Noticee has also submitted the following documents/information :-

A) Relation between Topline Fabrics Private Limited and Freesia Construction Private Limited

- In this regard we would like to bring into your kind notice that during the Financial Year 2011-12 when the Company had purchased shares of Freesia Construction Private Limited Mr. Arun Jain (DIN: 01646383) was the common director in the Company i.e. Topline Fabrics Private Limited and Freesia for the financial year ending 31st March, 2012.
- Income Tax Return (Form ITR-6) for the Financial Year(s) 2010-11, 2011-12 & 2012-13.
- We had purchased 80,000 (Eighty Thousand Rupees only) shares of Freesia from Four (4) different shareholders at the rate of Re. 1/- (Rupee One Only) Per shares total amounting to Rs. 80,000/- (Rupees Eighty Thousand only) from the proceeds of sale of investment existing as on 31st March 2011.

B) Relationship with Mr. Abhishek Ashoka, Mr. Arun Mandal and Mr. Siva Balan Jaipal.

- The management of the Company and Mr. Abhishek Ashoka, Mr. Arun Mandal and Mr. Siva Balan Jaipal is having a formal Business Relationship.
- A copy of an Agreement dated October 5, 2017 between the Company and Mr. Abhishek Ashoka is also enclosed.

12.5.12 *It is requested to withdraw the Ad interim Ex-parte Order dated 27.04.2018 against the Company and may be permitted the Company to buy, sell and dealing the shares and securities of the Capital Market.”*

12.6 Sunil Kumar

The Noticee has *inter alia* submitted the following additional written submissions dated January 18, 2019

“ ...

12.6.1 *That I am not connected to/ connected entity as mentioned in Para 9 of your Order and only activity assigned to me is the offline sale of shares of Kalpa commercial Limited on 18.09.2017 which has been well as per law and against due consideration.*

12.6.2 *That I had been purchasing shares of KCL, in anticipation of the Company/KCL working well, from market and also procured through off market transactions. Uday Shankar Singh (10,000) and Lalit Vijay (9800) from whom I had advanced loans of Rs. 5,00,000/- each and against consideration in those loans, the shares were acquired by me.*

12.6.3 *That I sold 17,847 shares to Abhishek Ashoka against consideration through Sh. Deepak Aggarwal CA who acted as intermediary and sold rest of the shares in market transactions.*

12.6.4 *That I am not aware of any SMSs as referred to in Para 13-15 of the Order dated 27.04.2018 and had sold only 750 shares in the market at a price lower than my purchase price.*

12.6.5 *That I agreed to be appointed as Additional Director (Independent) on request of Sh. Deepak Aggarwal CA who was an intermediary in sale of shares in off market transactions and on 05.12.2017.*

12.6.6 *That the ad interim ex parte order against me is not based on true and correct facts and is against proposition of law and against principles of natural justice.*

12.6.7 *There are no specific reasons for entering into off market transaction except investment speculating profit in the scrip.*

12.6.8 Purchase was for investment purposes. However, the shares were transferred at purchase price for adjustment of loan payable in off market transactions and were sold at a loss as the remaining quantity was quite less and did not serve the purpose of investment.

12.6.9 There is no relationship with promoters or other directors of Kalpa Commercial Limited except Sh. Deepak Aggarwal CA who is known both to me and Promoters/directors of KCL.

12.6.10 Abhishek Ashoka transferred shares in off market transactions since I had taken loans from him and there was outstanding loan liability.

12.6.11 That I state that I have done no illegality and have not entered into any unlawful transaction and I am not related to Rohit Singh/Rohit Solutions, Web arrival I Technology and Smart Technology. I became an independent Additional Director at instance of Sh. Deepak Aggarwal, CA who is known to me. The shares were transferred to Mr. Abhishek Ashoka also on instance of Sh. Deepak Aggarwal who acted as mediator between us in my loan-financial dispute with Abhishek Ashoka.”

12.7 Tejas Nathwani and Abhiram Nathwani

The Noticees have *inter alia* submitted the following additional written submissions dated December 31, 2018:

12.7.1 There is a common practice in our region to grant unsecured loans to known parties doing good business and we had granted such loan to Dhruvi Trading Co. in accordance with such practice. There is no practice of executing formal agreements or getting promissory notes as the parties are known to each other. Though there was no formal agreement for granting loans to Dhruvi Trading Co., we had reduced the nature of loan in writing by way of a letter which is confirmed and acknowledged by Dhruvi Trading Co.

12.7.2 We have enclosed copies of the bank statements duly highlighting the entry with regard to the lending of the amount of Rs. 55.70 Lacs as well as the receipt of Rs.25 lac from Dhruvi Trading.

- 12.7.3 *It is not our regular practice to give loans to other entities. We grant such loans to known parties only and that too when we have surplus funds available and such funds are not likely to be utilised for a long time.*
- 12.7.4 *Loans granted to Dhruvi were unsecured, and at the time of granting the said loans, we were confident of its repayment as agreed. We have enclosed copies of the Bank Statements of the account of Dhruvi Trading Co. and its proprietor Mr. Jayprakash Kataria. Business volumes of the party and the transactions in these accounts support our faith in recovering our loans.*
- 12.7.5 *We have no contacts with Mr. Jayprakash Kataria and we have not been able to reach him on his mobile phone since about eight months. As per our information, he is absconding and our efforts for recovery of loans have failed.*
- 12.7.6 *Mr. Abhiram Nathwani is 12th pass and Mr. Tejas Nathwani is a commerce graduate. Both are presently engaged in the business of hospitality and real estate, Mr. Tejas Nathwani has also dealt in trading of commodities including cotton for about two years. Dhruvi Trading Co. was in the business of dealing in agricultural produce in market yards.*
- 12.7.7 *Since Mr Tejas Nathwani had necessary experience in the business of cotton trading, he was approached by the management of Kalpa Commercial Ltd. to handle their textile trading business. Kalpa Commercial Ltd. was a small company and required a person in Gujarat with some experience who can handle multi functions of the Company. It was only on this basis that Mr Tejas Nathwani was appointed as CFO/ MD of Kalpa Commercial Ltd.*
- 12.7.8 *Mr Abhiran Nathwani earns his income from business and enclosed the Income Tax Returns filed by him for the last three years i.e. Assessment Years 2017-18, 2016-17 and 2015-16.*
- 12.7.9 *We had only business relations with Mr. Jayprakash Kataria, proprietor of Dhruvi Trading Co. We do not know any other entities/ notices and we do not know the source of funds by which Dhruvi Trading Co. made partial repayment of our loans*

12.7.10 We request you to consider the above and relieve us from the charges. We also request you to treat this reply as additional submissions on behalf of both Abhiram Nathwani and Mr Tejas Nathwani.

12.8 Hetalben Chandrakant Dhruv and Radhika Chandrakant Dhruv

The Noticees have *inter alia* submitted the following additional written submissions dated January 14, 2019:

12.8.1 “I am attaching my trades here from which it can be construed that I am an ordinary trader. The only motive for me while trading in Kalpa Commercial Ltd shares was to encash the shares which were given to me by Mr.Jai Prakash Kataria (Director of Kalpa Commercial Ltd), who owed money to me and had given KCL shares to me to pay back his dues. I do not think that my trades are manipulative in nature or they have caused any loss to anyone.

12.8.2 Where Mr.Jai Prakash Kataria owed me Rs.25 lakh, I was only able to recover Rs.19 lakhs through the sale of KCL shares. If the price would have touched Rs.152, I would have sold all my KCL shares and would have recovered my dues, but this did not happen. When the price closed below Rs.105, I wanted to sell all my shares but due to continuous lower circuits I could not do the same and started selling my holding in KCL when the lower circuit stopped.

The Noticees have furnished contract notes of their trades in various scrips.

12.9 Krishan Kumar, Raman Jindal, GitikaGitika Gupta and Shilpa Jindal

The Noticees have *inter alia* submitted the following reply on merits/ written submissions during the hearing held on August 08, 2019.

“...

12.9.1 *It is humbly submitted that the answering respondents are innocent, impeccable and faultless. They are neither the part of the scheme, plan, devise, artifice, contrivance nor they have any type of the connection with the any person of the group except among themselves. They have not acted in any manner which is*

deceitful or fraudulent in any way. They have no involvement in misguiding the investors either through SMSes or otherwise. They neither have any kind of association with the persons/entities involved in fund transfers or with the SMS Aggregator/ Telemarketer nor have any kind of communication directly or indirectly in any manner.

12.9.2 They have been included in the Group of Connected Entities merely due to the off-market sale of shares which is not otherwise debarred by the SEBI or under any other law of the land for the time being in force. The off-market sales of shares done by them are through market mechanism on the recommendation of the sub-broker namely "MSS Capital Services, Ludhiana". They have no intention to create false or misleading appearance of trading on the days concerned as alleged or otherwise.

12.9.3 They innocently made the off-market sale of the shares in good faith on the sub-broker. The sub-broker namely "MSS Capital Services, Ludhiana" promised a better price of the share but actually cheated them by carrying out this transaction. On the advice of the sub-broker, they signed the Delivery Instructions Slip (DIS) and handed over it to the Sub-broker. There was no detail of the transferee given in the DIS. All the details i.e. beneficiary code etc., were filed by the Sub-broker only.

12.9.4 They have no relationship with the transferee and have never had any kind of meeting, discussion or communication directly or indirectly with the transferee. The sub-broker ensured them that the sale proceeds of the shares would be credited to their respective accounts on completion of the transfer. He also forwarded instruction slip to broker without giving complete information about the transferee to the Answering Respondents.

12.9.5 They have not received any communication either thru SMS, Phone call, email or otherwise from any of the intermediaries i.e. sub-broker, broker or DP etc. with regards to the execution of the transfer of the shares. Hence, they have never followed-up with the sub-broker for update or sale proceeds till the time they

received your office letters in the month of March 2019. They have not received any consideration of the shares so far in spite of regular communicating with the sub-broker (post the receipt of your letter) for the same but no satisfactory reply has been received from him.

12.9.6 Now, the above said Order wrongly lumped, bunched, clubbed and linked the Answering Respondents to the "Group/Connected Entities". They have not acted in concert or in collusion with anyone. They are not a part of any group for off-market transactions. Their off-market sale of shares cannot be presumed as guilty of conduct which is contumacious or dishonest or acted in conscious disregard of law. They have not indulged in any high frequency trades and no 'speculative attack' has been made to sway or swing the price or increase volatility in the said scrip by them. It appears that the Answering Respondents have wrongly been included in the group of connected entities.

12.9.7 That the answering respondents are innocent, impeccable and faultless. They are neither the part of the scheme, plan, devise, artifice, contrivance nor they have any type of the connection with the any person of the group except among themselves. They have not acted in any manner which is deceitful or fraudulent in any way. They have no involvement in misguiding the investors either through SMSes or through otherwise.

12.9.8 That the answering respondents have not done any misrepresentation or have any kind of association in events which have caused major spike in the price and volume in the scrip during the period commencing from October 10, 2017 to October 18, 2017. They have never communicated in any way whether thru SMSes or otherwise any trading recommendation in the scrip of KCL. They neither have any role in circulation of misleading bulk SMSes nor any interest in offloading their shares in manipulative manner by taking advantage of the volumes created through misleading SMS. Factually, they even had no knowledge of any such SMSes or spike in the volume of the scrip.

- 12.9.9 *That the Answering Respondents have been included in the Group of Connected Entities merely due to the off-market sale of shares which is not otherwise debarred by the SEBI or under any other law of the land for the time being in force. They neither have any kind of association with the persons/entities involved in fund transfers or with the SMS Aggregator/ Telemarketer nor have any kind of communication directly or indirectly in any manner.*
- 12.9.10 *That the Answering Respondents have no connection or relationship with the top net sellers. The quantity of shares sold by the Answering Respondents is insignificant. The Combined sale of shares of all the Answering Respondents clubbed together is less than 2% of the total quantity of off market transfers to top net sellers.*
- 12.9.11 *The facts & merits, of the off-market transaction carried out by the Answering Respondents, are submitted herewith before the Learned Member for consideration in the detailed investigation.*
- 12.9.12 *That the Answering Respondents belong to one business class family having business of dealing with clothing & textile products. The earning source of the Answering Respondents is the business only. They are not acquainted with the share market and have very limited knowledge about the share market and its related products. They are not dealing or trading in shares on regularly basis.*
- 12.9.13 *That the Answering Respondents are law abiding persons and have been conducting in a very fair and lawful manner including filing of income tax returns. Whatever capital gains/losses have been there from dealing in the shares have been honestly disclosed in the income tax returns as required under the relevant laws.*
- 12.9.14 *That the Answering Respondents neither have any relationship with any of the net seller nor any association with any person in the group or promoters of the Company. They have no knowledge about the bulk SMSes circulated nor do have any connection/relationship with any person/entity involved in bulk SMSes-circulation.*
- 12.9.15 *That the Answering Respondents have no intention to create false or misleading appearance of trading on the days concerned as alleged or otherwise. The off-*

market sales of shares done by them are through market mechanism on the recommendation of the sub-broker namely "MSS Capital Services, Ludhiana"

12.9.16 That the Answering Respondents innocently made the off-market sale of the shares in good faith on the sub-broker. The sub-broker namely "MSS Capital Services, Ludhiana" promised a better price of the share but actually cheated them by carrying out this transaction. On the advice of the sub-broker, they signed the Delivery Instructions Slip (DIS) and handed over to the sub broker. There was no detail of the transferee given in the DIS. All the details i.e. beneficiary code etc., were filed by the Sub-broker only.

12.9.17 That the Answering Respondents have no relationship with the transferee and have never had any kind of meeting, discussion or communication directly or indirectly with the transferee. The sub-broker ensured the Answering Respondents that the sale proceeds of the shares would be credited to their respective accounts on completion of the transfer. He also forwarded instruction slip to broker without giving complete information about the transferee to the Answering Respondents.

12.9.18 That the Answering Respondents have not received any communication either thru SMS, Phone call, email or otherwise from any of the intermediaries i.e. sub-broker, broker or DP etc. with regards to the execution of the transfer of the shares. Hence, they have never followed-up with the sub-broker for update or sale proceeds till the time they received your office letters in the month of March 2019. They have not received any consideration of the shares so far in spite of regular communicating with the sub-broker (post the receipt of your letter) for the same but no satisfactory reply has been received from him.

12.9.19 Now, the above said Order wrongly lumped, bunched, clubbed and linked the Answering Respondents to the "Group/Connected Entities". They never had any meeting of minds with anyone nor any knowledge about anything in the matter. They have not acted in concert or in collusion with anyone. They are not a part of

any group for off-market transactions. Their off-market sale of shares cannot be presumed as guilty of conduct which is contumacious or dishonest or acted in conscious disregard of law. They have not acted in defiance of law. They have not indulged in any high frequency trades and no 'speculative attack' has been made to sway or swing the price or increase volatility in the said scrip by them. It appears that the Answering Respondents have wrongly been included in the group of connected entities,

12.9.20 That the Answering Respondents have not acted, expressed, omitted or concealed in any manner while selling their shares off-market to induce any person to deal in securities. There is neither any misrepresentation of the truth nor concealment of material fact in order that another person may act to his detriment by them. They have not given any kind of suggestion to anyone with regards to dealing in the securities. They have no knowledge about the scrip which they have concealed or could have concealed. They have not made- any kind of promise to anyone with regards to dealing in the securities. They have not made any kind of representation with regards to the scrip of KCL. The transfer of off- market shares is not debarred under any law of land tor the time being in force. The Answering Respondents have not conducted in any way where their behavior could be termed as deceptive. They have not made any kind of statement publicly or otherwise with regards to the scrip of KCL. They are not the issuer of the scrip in question. 10.It is also submitted that the off-market sale of shares carried out by the Answering Respondents neither fall under the purview of Section 12A (a) (b) and (c) of the SEBI Act nor regulation 3(a), (b), (c) and (d) and regulation 4(1) and 4(2) (f) and (r) of the PFUTP Regulations on the basis of following grounds:

12.9.21 That the Answering Respondents have not carried out the off-market sale of shares with any intention of manipulation or deceptive device or contrivance in contravention of the provision of SEBI Act or rules & regulations made there under. They have not employed any device, scheme or artifice to defraud anyone in their dealing in the securities of KCL. They are not into the business of any kind which

deals in share market or its related products. They have not sold their share through off-market transaction with any fraudulent intention or with any purpose of manipulative or deceptive device or contrivance in nature. They have neither published or reported or caused to report by any person any matter related to dealing in securities in the scrip of KCL.

12.9.22 In view of the aforementioned facts and circumstances, it is most respectfully prayed that the Hon'ble Whole Time Member may be graciously pleased to:

- Call off the impugned order against the Answering Respondents and remove the prohibition imposed on them for buying, selling or dealing in securities, directly or indirectly, in any manner whatsoever.”*

12.9.23 The Noticees submitted the following documents along with their submissions:

- The Income Tax Returns for last three years*
- The person-wise history of dealings in the scrip of KCL along with other details of the Demat account.*

13. Considering the submissions of certain Noticees viz., Sunil Kumar, Topline Fabrics Private Limited, Nikhlesh Kumar, Radhika Chandrakant Dhruv and Hetalben Chandrakant Dhruv, vide e-mails dated July 26, 2019, they were advised to submit documentary evidence to substantiate their claims/contentions.

13.1 In response, Topline fabrics Private Ltd., vide e-mail dated July 29, 2019 sought time till August 02, 2019 and subsequently, vide e-mail dated August 13, 2019 submitted the following:

13.1.1 “Without prejudice to the above, we would submit that as mentioned earlier, the company is only in the possession of duly executed and notarized agreement with only Mr Abhishek Ashoka. The partially executed copies of agreements with Mr Roshan and Mr Shiva have also been shared. The reason for non-availability of the same is that the group of these 3 persons was represented by Mr Abhishek Ashoka

only and he had dealt with the then management of the company. He had executed his personal agreement and had promised to get the other 2 agreements executed as well which was not fulfilled later. The copy of the notarized agreement and the unsigned agreement is being attached herewith for your reference.

13.1.2 Further, as you may verify from the facts that the such shares were lent to Mr Abhishek Ashoka and group only in October 2017 with an understanding to pay quarterly interest on such shares. The first due date was December 31, 2017 for payment of such monies. Initially, there were only verbal and informal follow ups for the execution of pending agreements and the payment of such interest monies. Finally, when the second quarter came to a close, still the earlier payments were not received and agreements not executed, there was a doubt at the end of management and a legal notice was issued to Mr Abhishek Ashoka and others at his last known address on March 27, 2019. The certified true copy of the notice has been attached with this email. The proof of delivery is not available in the records of the company. It is pertinent to note that the management of the company was not aware of the fraudulent activities of the concerned persons at that point in time.

13.1.3 Following the same, before management would have proceeded for any other serious action, the company received the impugned order dated April 27, 2018 whereby the management was shocked to learn about the fraudulent activities allegedly undertaken by Mr Abhishek Ashoka and group and it was even more shocking that the company was deemed to be a party to the same. The aggrieved was made the accused.

13.1.4 We hope that you will consider our submissions in the objective light and not take any coercive action the company as the company has had no role in any of the fraudulent transactions of the group and nor is any person from the management associated with them in any other personal or professional capacity whatsoever.”

The Noticee has furnished agreements executed with Abhishek Ashoka, Roshan Kumar Arun Mandal and Siva Balan Jaipal.

13.2 Vide e-mail dated July 29, 2019, Radhika Chandrakant Dhruv and Hetalben Chandrakant Dhruv submitted that they do not have any evidence to prove their contentions.

13.3 Vide e-mail dated July 31, 2019, Sunil Kumar stated that he will submit the information as fast as possible. However, till date no submissions/documentary evidence has been furnished by him.

13.4 No reply has been received from Nikhilesh Kumar till date.

Issues for Consideration and Findings:

14. I have perused the material available on record such as interim order, replies, oral and written submissions made by the Noticees along with the documents/information contained therein. The issue to be considered at this stage is as follows:

Issue: *Whether the directions issued against the Noticees vide the interim order need to be confirmed, vacated or modified in any manner, during the pendency of investigation in the matter?*

15. I note that an interim order was passed against the Noticees herein, for being part of a scheme in which the alleged circulation of SMSes with a recommendation to purchase the shares of KCL, which was found to be fraudulent, an unfair and manipulative practice and detrimental to genuine investors in the securities market.

15.1 I note that Noticees viz., Abhishek Ashoka, Dharmendra Kumar, Sanchit Goyal, Nikhlesh Kumar, Topline Fabrics Private Limited, Sunil Kumar, Radhika Chandrakant Dhruv and Hetalben Chandrakant Dhruv raised a preliminary contention that the interim order was passed in gross violation of principles of natural justice since they were not granted an opportunity to represent in the matter. It is pertinent to mention that the power of SEBI to pass interim orders flows from Sections 11 and 11B of the SEBI Act which empowers SEBI to pass appropriate directions in the interests of investors or securities market, pending investigation or inquiry or on completion of such investigation or inquiry. The second proviso to Section 11(4) of the SEBI Act clearly provides that *"Provided further that the Board shall, either before or after passing such orders, give an opportunity of hearing to such intermediaries or persons concerned"*. Further, various Courts, while considering the aforesaid sections of the SEBI Act have also held that principles of natural

justice will not be violated if an interim order is passed and a post-decisional hearing is provided to the affected entity. In this regard, the Hon'ble High Court of Bombay in the matter of Anand Rathi & Others Vs. SEBI (2002) 2 Bom CR 403, has held as under:

"Thus, it is a settled position that while ex parte interim orders may always be made without a pre decisional opportunity or without the order itself providing for a post decisional opportunity, the principles of natural justice which are never excluded will be satisfied if a post decisional opportunity is given, if demanded."

Further, I was convinced that this was a fit case, where pending investigation/detailed inquiry, effective and expeditious action was required to be taken to prevent any further harm to investors and to prevent any person from indulging in similar acts of omissions and commissions. Most of the Noticees were still holding shares of KCL making it imperative for taking urgent action by way of passing interim order. Therefore, pending final determination on merits, the subject-matter was to be maintained in status quo position and the relative positions of the parties was to be preserved, through an ex-parte order. Thus, the balance of convenience in the case was in favour of taking interim measures and if the same would have not taken, then it could have led to irreparable injury to the investors and to the confidence of the investors which is the corner stone of development of capital market. Hence, the ex-parte interim order dated April 27, 2018 was passed in the matter.

I note that the interim order has been passed qua the Noticees on the basis of *prima facie* findings observed during the preliminary inquiry undertaken by SEBI. Considering the facts and circumstances as detailed therein, the directions were issued vide the interim order. I note that post decisional hearing as envisaged under Section 11(4) was granted to all the Noticees including Abhishek Ashoka, Dharmendra Kumar, Sanchit Goyal, Nikhlesh Kumar, Topline Fabrics Private Limited, Sunil Kumar, Radhika Chandrakant Dhruv and Hetalben Chandrakant Dhruv wherein their authorised representatives appeared and represented their case. In view of the same, I do not find any merit in the contention of the Noticees that principles of natural justice have been violated.

15.2 Further, I note that Topline Fabrics Private Limited and Sanchit Goyal have contended that their demat accounts were frozen pursuant to the interim order and SEBI has acted beyond its scope and demat accounts should be treated as alike and akin to bank accounts and SEBI needs to follow the due process of law by securing the prior approval of Judicial Magistrate as mentioned in Section 11(4) (e). In this regard, it is pertinent to mention that section 11(4) (e) of the SEBI Act requires an approval of the Judicial Magistrate of the first class only for the purpose of attachment of “bank account(s)”. It is important to mention that section 11(4)(e) does not apply to demat accounts. Demat accounts cannot be considered as alike and akin to bank accounts as Demat accounts are used to hold securities in dematerialized form for the purpose of dealing in securities. I note that vide the interim order, the Noticees have been “*restrained from accessing the securities market and buying, selling or dealing in securities, either directly or indirectly, in any manner, till further directions*”. I note that the interim directions to freeze the demat accounts of the Noticees were issued considering the modus operandi adopted by the Noticees which, prima facie, was fraudulent and with the apprehension that the offence could be repeated. Further, the possible directions such as debarment, disgorgement etc. under final order in the matter should not become infructuous. Towards implementation of the said direction, the demat accounts of the Noticees have been suspended for credit and debit. The legal effect of this direction is different from the legal effect of attachment. Thus, neither any direction of attachment of the Noticee’s accounts has been issued vide the interim order nor have any of the accounts been attached pursuant to SEBI’s order. Therefore, the requirement of prior permission of Judicial Magistrate under section 11(4) (e) of the SEBI Act does not arise and SEBI has acted well within its scope and powers. In view of the above, balance of convenience is not in favor of said Noticees, hence I do not find any merit in the contention of the said Noticees in this regard.

15.3 I note that the Noticees who had executed off market transfers with Abhishek Ashoka have relied upon the observation of Hon’ble SAT in the matter of *Rajendra G. Parikh Vs. SEBI* wherein the AO order was set aside *inter alia* on the ground that “*apart from a bald*

assertion in the SCN, there is not an iota of material on record to show that these persons formed a cartel or that the promoters of the Company were in any way linked with these persons to whom the shares had been transferred in off market transactions... Merely because the promoters transferred the shares to them in off market transactions is no ground to hold that there was a link between the two. Off market transactions are not per se illegal.”

15.4 In this regard, it is pertinent to distinguish the present matter from that of *Rajendra G.Parikh’s* decision. I note that the present matter is not based only on a mere allegation of off-market transfers. The interim directions were issued against the Noticees considering various factors such as price and volume spike in the scrip during the period, circulation of around 3.42 crore Bulk SMSes with a ‘Buy’ recommendation of the scrip, Abhishek Ashoka was found to be the person behind such SMSes as he funded the SMS aggregator; Abhishek Ashoka was found to be the top net seller during the period of SMS circulation, etc. It is in this context, the off market transfers made by several Noticees to Abhishek Ashoka becomes relevant.

16. The prima facie findings mentioned in the interim order which are not contested by the Noticees are reproduced hereunder based on the material available on record:

16.1. There was a major spike in the price and volume in the scrip of KCL during the period commencing from October 10, 2017 to October 18, 2017. During the period, the average daily volume on BSE was 5,06,460 shares compared to 1,793 shares during Pre-SMS period and 1,537 shares during Post SMS period. Further, the scrip price on BSE ranged from a low of Rs. 26.60 to a high of Rs. 33.45 during the examination period. In February 2018, post SMS period, the price of the scrip declined to Rs. 12.6 i.e. approximately by 62% within a span of four months.

16.2. Around 3.42 crore bulk SMSes were circulated from SENDER IDs - AD-ANGBRK, AM-ANGBRK, AD-EDELWS, AM-EDELWS, AD-ARATHI and AM-ARATHI, which were found to be registered with Telecom Service Provider -Bharti Airtel. On further enquiry, it was observed that Smart Technology had circulated 99% of the Bulk

SMSes using these SENDER IDs. Sender IDs were designed to mislead unsuspecting investors pretending to be sent by large broking houses viz., Angel Broking, Edelweiss, Anand Rathi etc. along with specific mention of target price and target dates.

16.3. The impact of such bulk SMSes on the volume and price is very well depicted in the interim order which is reproduced hereunder:

Category	Time period	No. of trading days	Total traded volume	Daily Average traded volume (approx.)	No. of PANs trading
Pre-SMS period	September 28, 2017 – October 9, 2017	7	12,551	1,793	35
SMS period	October 10, 2017 – October 18, 2017	7	35,45,224	5,06,460	3,123
Post SMS period	October 19, 2017 – October 30, 2017	7	10,757	1,537	78

16.4. Further, high/low analysis of the price of scrip shows the following:

	Open	High	Low	Close
Price (Rs)	26.60	33.45	26.60	32.80
Date	October 10, 2017	October 17, 2017	October 10, 2017	October 18, 2017

16.5. The top sellers in the scrip during the SMS period were found to be Abhishek Ashoka, Rashmi Sanjay Jain, Sanchit Goyal, Dharmendra Kumar, Siva Balan Jaipal, Roshan Kumar Arun Mandal, Ramesh Kumar Valecha (HUF), Prakash Valecha (HUF), Soniya Valecha, Hetalben Chandrakant Dhruv, Radhika Chandrakantbhai Dhruv and Sunil Kumar. Their net sell volume in the scrip of KCL during SMS period/examination period was found to be 14,66,144 shares.

16.6. Abhishek Ashoka was found to be the top net seller wherein he net sold 5,96,800 shares of KCL during the SMS period. Further, it was found that during the SMS period,

Abhishek Ashoka transferred part of the sale consideration to Smart Technology -the SMS Aggregator/Telemarketer- who circulated the Bulk SMSes.

16.7. The details of the off market transactions during the period are mentioned below:

Date	Transferor		Transferee		No of shares
	PAN	Name	PAN	Name	
10/04/2017	AACCT2372F	Tushar Commodities Private Limited	AXOPD4957E	Hetalben Chandrakant Dhruv	25,000
18/09/2017	ANGPK2900A	Sunil Kumar	AEBPA9685A	Abhishek Ashoka	17,847
10/10/2017	AACCN6386M	Nature Infosoft Private Limited	AEBPA9685A	Abhishek Ashoka	1,05,778
10/10/2017	AACCN6386M	Nature Infosoft Private Limited	AWQPJ6634B	Rashmi S Jain	2,00,000
13/10/2017	AACCT2372F	Tushar Commodities Private Limited.	AEBPA9685A	Abhishek Ashoka	1,66,144
16/10/2017	AFHPN8413N	Nikhlesh Kumar	AEBPA9685A	Abhishek Ashoka	3,42,419
17/10/2017	AAACO7265J	Topline Fabrics Private Limited	CXPPM6045P	Roshan Kumar Arun Mandal	1,25,000
17/10/2017	AAACO7265J	Topline Fabrics Private Limited	AKVPJ3453D	Siva Balan Jaipal	1,25,000
17/10/2017	AAACO7265J	Topline Fabrics Private Limited	AEBPA9685A	Abhishek Ashoka	1,42,500
10/10/2017	AJDPY2050J	Kunal Yadav	AEBPA9685A	Abhishek Ashoka	4,318
12/10/2017	ALHPG4498G	Gitika Gupta	AEBPA9685A	Abhishek Ashoka	6,100
12/10/2017	AKQPK9894C	Krishan Kumar	AEBPA9685A	Abhishek Ashoka	6,100
12/10/2017	ATRPJ4399P	Shilpa Jindal	AEBPA9685A	Abhishek Ashoka	6,100
12/10/2017	AFIPJ3488G	Raman Jindal	AEBPA9685A	Abhishek Ashoka	6,500
17/10/2017	BCTPM3492C	Minakshi Makkar	AEBPA9685A	Abhishek Ashoka	7,815
	Total				12,86,621

16.8. Abhishek Ashoka received maximum number of shares i.e. 8,11,621 shares through off market transfers from Noticees viz., Sunil Kumar, Nature Infosoft Private Limited, Tushar Commodities Private Limited, Nikhlesh Kumar, Topline Fabrics Private Limited, Kunal Yadav, Gitika Gupta, Krishan Kumar, Shilpa Jindal, Raman Jindal and Minakshi Makkar.

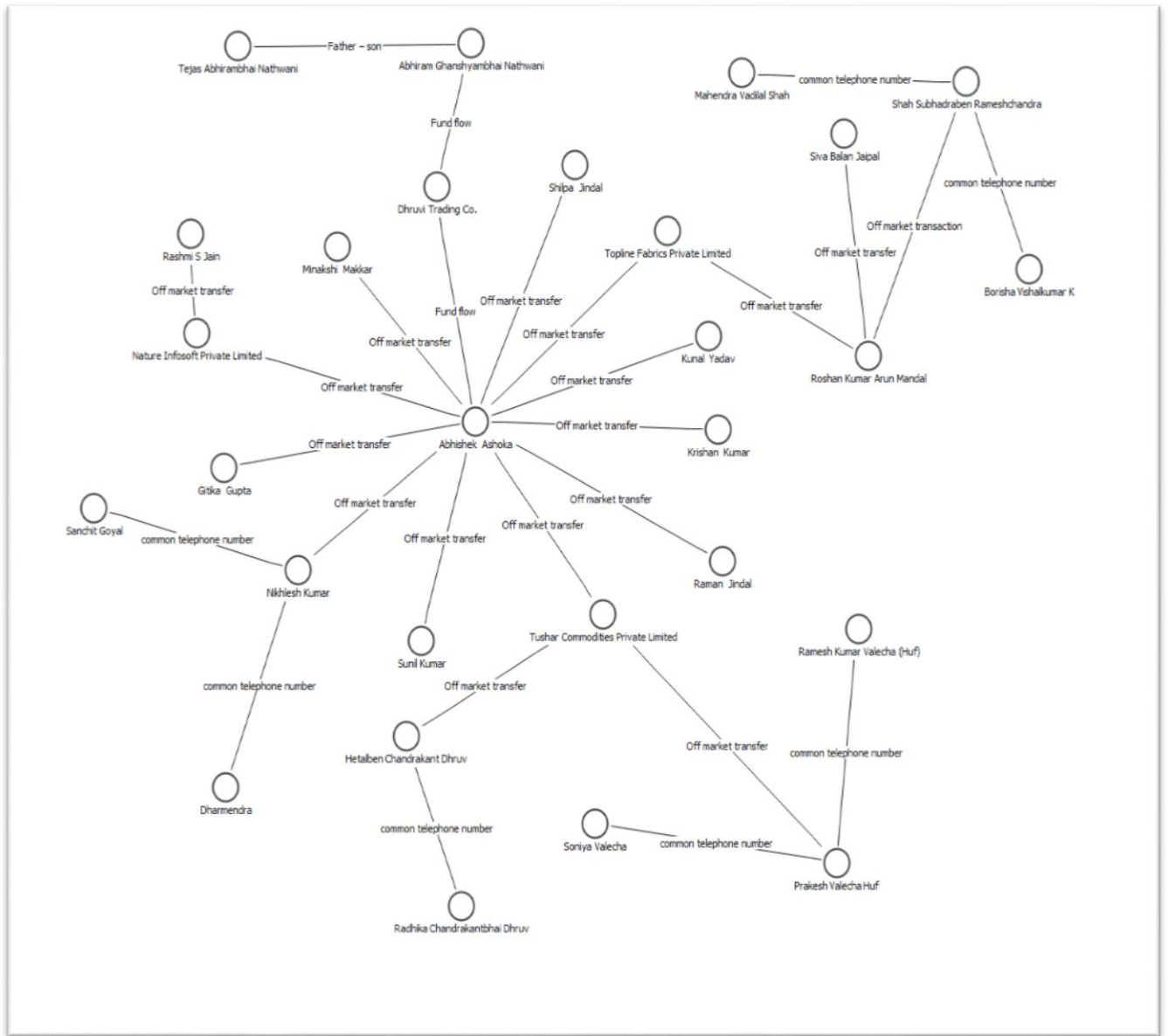
16.9. Out of 12,86,621 shares of KCL transferred through off market, 12,43,774 shares i.e. 96.67% shares were transferred during SMS period. SMSes have been used as a tool for creating investor interest and offloading shares in a manipulative manner through layering of off market transactions or directly taking advantage of the volumes created through misleading SMSes.

17. I note that interim order has given prima facie findings in respect of connection among different Noticees, the same are reproduced below:

Serial No.	Entities		Connected with		Basis of connection
	PAN	Name	PAN	Name	
1	ANGPK2900A	Sunil Kumar	AEBPA9685A	Abhishek Ashoka	Off market transfer in the scrip KCL on 18/09/2017
2	AEBPA9685A	Abhishek Ashoka	AACCN6386M	Nature Infosoft Private Limited	Off market transfer in the scrip KCL on 10/10/2017
3	AEBPA9685A	Abhishek Ashoka	AAACO7265J	Topline Fabrics Private Limited	Off market transfer in the scrip KCL on 17/10/2017
4	AEBPA9685A	Abhishek Ashoka	AACCT2372F	Tushar Commodities Private Limited	Off market transfer in the scrip KCL on 13/10/2017
5	AEBPA9685A	Abhishek Ashoka	AFHPN8413N	Nikhlesh Kumar	Off market transfer in the scrip KCL on 16/10/2017
6	AEBPA9685A	Abhishek Ashoka	AJDPY2050J	Kunal Yadav	Off market transfer in the scrip KCL on 10/10/2017
7	AEBPA9685A	Abhishek Ashoka	ALHPG4498G	Gitika Gupta	Off market transfer in the scrip KCL on 12/10/2017
8	AEBPA9685A	Abhishek Ashoka	AKQPK9894C	Krishan Kumar	Off market transfer in the scrip KCL on 12/10/2017
9	AEBPA9685A	Abhishek Ashoka	ATRPJ4399P	Shilpa Jindal	Off market transfer in the scrip KCL on 12/10/2017
10	AEBPA9685A	Abhishek Ashoka	AFIPJ3488G	Raman Jindal	Off market transfer in the scrip KCL on 12/10/2017
11	AEBPA9685A	Abhishek Ashoka	BCTPM3492C	Minakshi Makkar	Off market transfer in the scrip KCL on 17/10/2017
12	AACCN6386M	Nature Infosoft Private Limited	AWQPJ6634B	Rashmi S Jain	Off market transfer in the scrip KCL on 10/10/2017
13	AAACO7265J	Topline Fabrics Private Limited	CXPPM6045P	Roshan Kumar Arun Mandal	Off market transfer in the scrip KCL on 17/10/2017

Serial No.	Entities		Connected with		Basis of connection
	PAN	Name	PAN	Name	
14	AACCT2372F	Tushar Commodities Private Limited	AAKHP3116L	Prakesh Valecha Huf	Off market transfer in the scrip KCL on 16/06/2015
15	AACCT2372F	Tushar Commodities Private Limited	AXOPD4957E	Hetalben Chandrakant Dhruv	Off market transfer in the scrip KCL on 10/04/2017
16	CXPPM6045P	Roshan Kumar Arun Mandal	AKVPJ3453D	Siva Balan Jaipal	Off market transfer in the scrip Comfort Commotrade Ltd on 17/08/2017
17	CXPPM6045P	Roshan Kumar Arun Mandal	GKCPS4278A	Shah Subhadraaben Rameshchandra	Off market transaction in the scrip Birdhi Chand Pannalal Agencies Ltd on 30/05/2017
18	AAKHP3116L	Prakesh Valecha Huf	AAMHR6192L	Ramesh Kumar Valecha (Huf)	Both the entities have common telephone number viz , 9229227750
19	AAKHP3116L	Prakesh Valecha Huf	ABYPV7813M	Soniya Valecha	Both the entities have common telephone number viz , 9229227750
20	AXOPD4957E	Hetalben Chandrakant Dhruv	BRKPD7946J	Radhika Chandrakantbhai Dhruv	Both the entities have common telephone number viz , 8980888887
21	GKCPS4278A	Shah Subhadraaben Rameshchandra	BFKPB8172A	Borisha Vishalkumar K	Both the entities have common telephone number viz , 9512112428
22	GKCPS4278A	Shah Subhadraaben Rameshchandra	GLWPS8277L	Mahendra Vadilal Shah	Both the entities have common telephone number viz , 7778049781
23	AFHPN8413N	Nikhlesh Kumar	CGMPD0771M	Dharmendra	Both the entities have common telephone number viz , 9958880567
24	AFHPN8413N	Nikhlesh Kumar	BPRPG6608F	Sanchit Goyal	Both the entities have common telephone number viz , 9958880567
25	AEBPA9685A	Abhishek Ashoka	AALFD7725N	Dhruvi Trading Company	Fund transfer to Dhruvi Trading Company
26	AALFD7725N	Dhruvi Trading Company	ADSPN7560P	Abhirambhai Nathwani	Fund transfer to Abhirambhai Nathwani
27	ADSPN7560P	Abhirambhai Nathwani	ALQPN3520M	Tejas Abhirambhai Nathwani	Father of Tejas Abhirambhai Nathwani. Also same address as per KYC

Pictorial representation of connection is given as under:



The contentions made by various Noticees on the aspect of connection are dealt with separately while dealing their contention on merits in subsequent paragraphs.

18. I would like to place reliance on the observations of the Hon'ble Supreme Court in the matter of SEBI Vs. Rakhi Trading Private Limited (Civil Appeal Nos 3174-3177 of 2011) held:

"...Proof of manipulation might depend upon inferences drawn from factual details. Such inferences could be gathered from pattern of trading data and the nature of the transactions etc. The conclusion has to be gathered from various circumstances like that volume of the trade effected; 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..."

In the quasi-judicial proceeding before SEBI, the standard of proof is preponderance of probability. In the said matter, reliance was also placed on the Hon'ble Supreme Court in SEBI v. Kishore R. Ajmera (2016) 6 SCC 368, wherein Supreme Court held that

".....It is a fundamental principle of law that proof of an allegation levelled against a person may be in the form of direct substantive evidence or, as in many cases, such proof may have to be inferred by a logical process of reasoning from the totality of the attending facts and circumstances surrounding the allegations/charges made and levelled. While direct evidence is a more certain basis to come to a conclusion, yet, in the absence thereof the Courts cannot be helpless. It is the judicial duty to take note of the immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded and to reach what would appear to the Court to be a reasonable conclusion therefrom. The test would always be that what inferential process that a reasonable/prudent man would adopt to arrive at a conclusion....."

19. Keeping in mind the case laws above mentioned, I shall now deal with the contention of the Noticees on merits. Based on the replies as well as oral and additional written submissions given by the Noticees in response to the interim order dated April 27, 2018, my observations and finding as to their role in the alleged manipulation and their contentions/objections are as under:

Abhishek Ashoka:

16.1 I note that the allegation against Abhishek Ashoka in the interim order is that he was responsible for circulation of SMSes in the scrip of KCL with an intention to mislead the investors and influence them to invest in the scrip whereby Abhishek Ashoka and other connected entities could off load their significant holdings in the scrip of KCL.

16.1.1 I note that Abhishek Ashoka has not submitted any reply on merits to the said allegation except a mere denial of the entire allegations. I note that during the course of hearing, the authorized representative of Abhishek Ashok has stated that he was suffering from memory loss and liver disease and submitted the medical record purportedly to that effect. Considering the claimed medical condition of Abhishek Ashoka, it was advised to the Authorized Representative of Abhishek Ashoka to submit written submission (if Abhishek Ashoka is able to submit) along with the documents such as details as to relation with Dhruvi Trading Company, funding to Smart (SMS aggregator), Share purchase details and the source of funds, Income Tax Returns during the time of purchase of shares and ITRs of last three financial years. Despite being granted time till January 10, 2019 to submit the documents, the same was not submitted and thus I am constrained to proceed against Abhishek Ashoka on the basis of material/evidence available on record. I note from the medical record, the concerned doctor has recorded the submission of the patient on the aspect of memory loss. However, no proof of incapacitation by virtue of memory loss by Abhishek Ashoka in the form of any medical certificate from a recognized medical institution is adduced in this proceeding. Neither did the said Noticee submit any reply or documents sought during the course of hearing.

16.1.2 Further, I also note that Abhishek Ashoka has played a key role in the entire scheme of manipulation. He was the major off-market transferee who received shares from other Noticees viz., Sunil Kumar, Nature Infosoft Pvt. Ltd., Tushar Commodities Pvt. Ltd, Nikhlesh Kumar, Topline Fabrics Pvt. Ltd., Kunal Yadav, Gitika Gupta, Krishan Kumar, Shilpa Jindal, Raman Jindal and Minakshi Makkar during the SMS period. I also note that he made payment of Rs.9.94 lakhs and Rs. 45 lakhs on October 12, 2017 and October 13, 2017 respectively to the SMS aggregator/telemarketer "Smart Technology" during the SMS period. He was the top net seller in the scrip and traded only in the scrip of KCL

during the SMS period i.e. bought 1,21,704 shares and sold 7,18,504 shares i.e. Net Sold 5,96,800 shares. Considering the same, I am convinced that there is a *prima facie* case made out against the said Noticee. In view of the same, I am not inclined to modify or revoke the interim directions against the said Noticee at this juncture.

Abhiram Nathwani, Tejas Nathwani and Dhruvi Trading Company

16.2 I note that the prim facie finding against Abhiram Nathwani in the interim order was that Abhishek Ashoka who received major shares of KCL through off market has sold the shares and a part of sale consideration was transferred to Abhiram Nathwani through Dhruvi Trading Company which acted as a conduit for such transfer. Further, Abhiram Nathwani was found to be the father of Tejas Nathwani who was the Managing Director of KCL during the period.

16.2.1 In this regard, I note that Abhiram Nathwani has contended that he had advanced a sum of Rs. 55,70,000/- to Dhruvi Trading Company in the year 2016 and also provided the bank statements evidencing the said transaction. I have perused the bank statements submitted by the Noticee. The opening balance of Bank of India account of the Noticee was Rs.5,504.91/- and I note that till February 23, 2016, there were credits of only a meagre amount of hundreds or two hundreds in the account. On February 23, 2016, an amount of Rs. 26,63,278/- was credited in the account of the Noticee through RTGS from Bajaj Finance Limited Mumbai. Out of the said amount Rs. 26,50,000/- was transferred to Dhruvi Trading through RTGS on February 24, 2016. The said transaction was shown as rejected and once again attempted on February 25, 2016. The same was also rejected. Thereafter, the said amount was transferred to Dhruvi in two tranches of Rs. 5,00,000/- and Rs.21,50,000/-. Similarly, in the joint account of the Noticee in Citizen Co-operative Bank, it is noted that an amount of 29,20,456/- was credited on March 03, 2016 and the same was transferred to Dhruvi Trading on March 04, 2016.

16.2.2 Further, the Noticee has furnished ITRs for the Assessment years 2015-16, 2016-17 and 2017-18. Upon perusal of the same, I note that his total income was mentioned as Rs.12,91,590, Rs.17,62,490 and Rs.16,17,200 respectively which includes his profit from

his business and profession viz., Hotel Tej Palace, Tej Associates, Radheshyam Builders and Developers and Krishna Petroleum.

16.2.3 I note that there is no dispute to the fact that there were fund transfers between Abhiram Nathwani and Dhruvi Trading. The issue that arises here is the purpose for which the transfer happened. I note that the said Noticees submitted that it is not their regular practice to give loans to other entities and they grant such loans to known parties only and that too when they have surplus funds available and such funds are not likely to be utilised for a long time, hence, an unsecured loan was extended to Dhruvi Trading being a known party. Considering the replies and evidences detailed above and in the absence of any adverse evidence, at this stage, as to the use of such amounts by Dhruvi Trading in relation to the manipulation in the scrip of KCL, I am of the view that the prima facie case against Abhiram Nathwani is not sustainable, and therefore, continuation of interim directions against Abhiram Nathwani is not warranted at this stage. However, considering the fact that unsecured loans for such large sums have been granted and there is sudden credit of funds in Abhiram Nathwani's accounts, there exists reasonable grounds for further investigation into his role in the scheme, if any.

16.2.4 I note from the submission of Tejas Nathwani that promoters of KCL approached him since they required an experienced person to handle their textile trading business and he claims that it is a mere coincidence that he was MD of the said Company during the SMS Period and he has subsequently resigned from KCL. I note that Tejas Nathwani was prim facie, considered as a connected entity in the entire manipulation based on the fund transfer between his father Abhiram Nathwani and Dhruvi Trading which received funds from Abhishek Ashoka, the key person in the entire scheme. However, considering replies and evidence furnished by Abhiram Nathwani and in the absence of any adverse evidence, at this prima facie stage, as to the use of funds transferred by Abhiram Nathwani to Dhruvi Trading Company, in relation to the manipulation in the scrip of KCL, I am of the view that continuation of interim directions against Tejas Nathwani is also not warranted at this stage.

16.2.5 Dhruvi Trading Company merely denied the allegations and submitted that they have not violated any law or circular related to SEBI and have not indulged in any unfair practice. I note that the Company had received funds to the tune of Rs.15 lakhs and Rs.10 lakhs on October 18, 2017 and October 23, 2017 from Abhishek Ashoka. Dhruvi Trading had transferred the said amounts to Abhiram Nathwani (father of KCL director Tejas Abhiram Nathwani) on the same day. I note that the main prima facie finding against the Dhruvi Trading Company was that they acted as a conduit between Abhishek Ashoka and Abhiram Nathwani (father of KCL director Tejas Abhiram Nathwani). However, considering the replies and evidences brought before me by Abhiram Nathwani as regards fund transfers and in the absence of any adverse evidence, at this stage, as to the use of such amounts by Dhruvi Trading in relation to the manipulation in the scrip of KCL, I am of the view that continuation of interim directions against Dhruvi Trading Company is not warranted at this stage. Even though facts prima facie found against them cannot be sufficient for a prima facie findings against Dhruvi Trading Company, the same facts stand as materials for forming reasonable grounds to further investigate the role of Dhruvi Trading Company in the scheme, if any.

16.2.6 Therefore, if the involvement of the said Noticees viz., Abhiram Nathwani, Tejas Nathwani and Dhruvi Trading Company as regards the manipulation in the scrip of KCL is found in the detailed investigation by SEBI, they shall be proceeded with in accordance with law.

Sunil Kumar

16.3 I note that the allegation against Sunil Kumar in the interim order is that he is connected to Abhishek Ashoka through off market transfer and he had net sold the shares of KCL during the SMS period. It was also found that he became an additional director of KCL.

16.3.1 Sunil Kumar denied any connection with the group, however, he has admitted that he has transferred shares through off market to Abhishek Ashoka. Further, he has submitted that he had transferred the said shares to Abhishek Ashoka towards his outstanding loan liability. Though he has denied any connection to the group, I note from his reply dated

May 26, 2018 that Abhishek Ashoka offered him job in KCL as a Non Independent- Non Executive Director and employed him on an average salary of Rs. 6,00,000 per annum. Also he has made a contradictory statement vide his additional written submissions dated January 18, 2019 that he became an Independent Additional Director of KCL at the instance of one Mr. Deepak Aggarwal, CA who is known to him.

16.3.2 Further, I note that the Noticee contended that he had purchased the shares of KCL for investment purpose from the market and also through off market transactions. He has also stated that he had advanced loans to certain entities and in consideration to the said loans he had acquired 19,800 shares of KCL. I note that the said statements of Sunil Kumar is contradictory in nature. His statements were not supported by any documentary evidence, therefore correctness of said statements are not verifiable. Hence the same cannot be accepted.

16.3.3 As regards his off market transfers to Abhishek Ashoka, he has contended that the same was towards the outstanding loan liability with him. I note that vide reply dated May 26, 2018, he has contended that the shares were sold by his broker against his debit amount and he was never involved in such activities. However, I note that the Noticee contradicted the said statement vide his additional written submissions dated January 18, 2019 that the shares were transferred to Abhishek Ashoka at the instance of one Mr. Deepak Aggarwal who acted as mediator for the loan-financial dispute with Abhishek Ashoka. Thus, the said statements of Sunil Kumar are contradictory in nature. His statements were not supported by any documentary evidence, therefore correctness of said statements are not verifiable. Hence the same cannot be accepted.

16.3.4 Considering the above submissions of the Noticee with respect to his loan liability with Abhishek Ashoka and also loans provided to others etc., vide e-mail dated July 27, 2019, the Noticee was advised to submit third party verifiable documents such as loan agreements, banks statements, etc., in support of his claims. In this regard, I note that the Noticee has failed to furnish any such document to substantiate the claim till date, despite being granted sufficient opportunity to submit the same. I also note that he has not denied the connection with Abhishek Ashoka who played a key role in the entire manipulation.

16.3.5 Upon consideration of all his replies/written submissions as detailed above, I find that the connection of Sunil Kumar with Abhishek Ashoka is prima facie established and there is a preponderance of probability that Sunil Kumar has been prima facie involved in manipulation, as part of the whole scheme. In view of the same, I am not inclined to modify or revoke the interim directions against the said Noticee at this juncture.

Nikhilesh Kumar

16.4 I note that the prima facie finding, in the interim order against Nikhilesh Kumar, in the larger role of violation of FUTP Regulations, is that he had transferred his entire holding in the scrip of Kalpa Commercial Ltd of 3,42,419 shares to Abhishek Ashoka through off market. It is also alleged that he was sharing common mobile number with Sanchit Goyal and Dharmendra Kumar and they are connected entities.

16.4.1 Nikhilesh Kumar submitted that he made investments in shares of KCL since 2015 and he had acquired 3,42,419 shares till March 31, 2017 and average purchase price of Equity Shares purchased by him was Rs. 141/-. As regards his sale of shares to Abhishek Ashoka, he has contended that price of the scrip continued to slip downwards and there was no liquidity in the scrip during the period hence, he accepted the proposal of Abhishek Ashoka and sold the entire shares for Rs. 20/-. However, Abhishek Ashoka made only part payment for the said transactions. He has also submitted that a legal notice was sent to Abhishek Ashoka for recovery of the said amount.

16.4.2 I note that he has admitted that he knew Abhishek Ashoka and he had transferred his entire holdings to Abhishek Ashoka through off market.

16.4.3 Further, I note that the transfer of shares was done for a price of Rs.20 per share which is substantially lower than the closing price of Rs. 32.80 of the scrip on market during October 16, 2017 (the date on which the off market transfer was executed) and much lower than his purchase price at the rate of Rs. 141/-. No prudent investor will sell his shares at a lower price than the prevailing market price. I have perused the transaction statement of the Noticee and I note that from January 11, 2016 upto March 31, 2017, he was continuously purchasing the shares of KCL. The opening balance of his demat account on January 11, 2016 was 7,610 and his closing balance as on March 31, 2017 was 3,42,419. It is noted

that except one sale transaction of 2000 shares of KCL on January 18, 2016, the Noticee has not sold until October 16, 2017 (SMS period) that too through off market to Abhishek Ashoka at a lower price than the prevailing market price.

16.4.4 In this regard, I note the contention of the Noticee that during September 2017 and initial period of October 2017 there was no liquidity in the scrip of Kalpa Commercial Ltd. However, it is observed that during the period from October 10, 2017 to October 18, 2017 (i.e., the SMS period) there was sufficient liquidity (average volume of 5,06,460 shares) in the scrip and the Noticee could have sold the shares during the aforesaid period and exited from the scrip instead of executing off market transfer of shares on October 16, 2017 to Abhishek Ashoka that too at a lower price than the prevailing market price. No prudent investor will sell his entire shareholding at a price lower than the prevailing market price, when volume is available unless he is part of a larger scheme of manipulation. Hence, I am not inclined to accept the contentions of the Noticee.

16.4.5 I also note the contention of the Noticee that Abhishek Ashoka had failed to make the entire payment and for the remaining amount of Rs. 56,48,380/-, a legal notice dated April 4, 2018 was served upon Abhishek Ashoka. As regards the said contention, I note that the Noticee has provided a copy of the legal notice. However there is no evidence as to the proof of dispatch/ service of the said demand notice. In this regard, vide e-mails dated July 26 and 29, 2019, the Noticee was advised to submit the proof of despatch and proof of delivery of the aforesaid legal cum demand notice claimed to have sent to Abhishek Ashoka. However, the Noticee has failed to furnish any document to substantiate his claim despite being granted an opportunity to furnish the same. Further, I note that considering the large amount of Rs. 56,48,380/- remain unpaid to Nikhilesh Kumar by Abhishek Ashok, Nikhlesh Kumar had neither provided the status update of legal notice nor provided the follow up steps taken for the recovery of said amount like filing of police complaint etc. Thus, the absence of these materials are further prima facie circumstances indicating involvement of Nikhilesh Kumar in the whole scheme. Therefore, in view of the same, I am not inclined to accept the contentions of the Noticee.

16.4.6 The Noticee submitted that his investments are at a huge risk of devaluation due to freezing of his Demat account which is in breach of fundamental right of carrying on business

bestowed upon every citizen under the “Constitution of India”. I note that the interim directions to freeze the demat accounts of the Noticees were issued considering the modus operandi adopted by the Noticees which was prima facie fraudulent and with the apprehension that the violation could be repeated. Therefore, the present directions were issued to prevent further violation and the possible directions such as debarment, disgorgement etc. under final order in the matter should not become infructuous. Considering the off market transfers to the key manipulator Abhishek Ashoka at a lower price than the prevailing market price during the SMS period and his trading behavior, etc., I am of the view that the balance of convenience is not in favour of the Noticee. Hence, I am not inclined to consider the request of the Noticee to defreeze his demat account.

16.4.7 Upon consideration of all his replies/written submissions as detailed above, I find that the connection of Nikhilesh Kumar with Abhishek Ashoka is clearly established and there is a preponderance of probability that Nikhilesh Kumar has been prima facie involved in manipulation, as a part of the whole scheme. In view of the same, I am not inclined to modify or revoke the interim directions against the said Noticee at this juncture.

Sanchit Goyal

16.5 I note that the allegation in the interim order against Sanchit Goyal is that he had executed sell transaction wherein the entity has sold 1,89,241 shares during the SMS period and he is connected to Nikhilesh Kumar on the basis of common telephone number.

16.5.1 Sanchit Goyal denied all the allegations and connection with Nikhilesh Kumar and submitted that he has traded in the scrip of KCL in the normal course of investment. From the perusal of ITRs submitted by him for the assessment years 2015-16, 2016-17 and 2017-18, I note that his total income were shown as Rs.2,62,950, Rs.2,73,980 and Rs.3,16,340 respectively. However, the Noticee had net bought 3,40,099 shares of Kalpa Commercial Ltd for a net consideration of Rs.4,55,04,262.20/- during the assessment year 2017-18 which is significantly high when compared to his total income for the last three assessment years.

16.5.2 Sanchit Goyal claimed that the telephone number based on which Nikhilesh Kumar is connected to him does not belong to him and that the Trading Member while opening the

account for him as well as for Nikhlesh Kumar might have erroneously entered the said mobile number. In this regard, I note that Sanchit Goyal had opened his trading / demat account with Indo Thai Securities Limited, Indore and Nikhilesh Kumar had opened his trading / demat account with Wegmans Financial Services Limited, New Delhi i.e. the trading accounts of both Sanchit Goyal and Nikhilesh Kumar is not with same trading member but with different trading member. Further, the trading member of Sanchit Goyal and trading member of Nikhilesh Kumar are situated at different places. Hence the contention of the Sanchit Goyal that Trading Member while opening the account for him as well as for Nikhlesh Kumar might have erroneously entered the said mobile number is highly unlikely. Both the trading members could not have mentioned the same mobile number in trading account opening form until and unless the same was provided by Sanchit Goyal and Nikhilesh Kumar. Further, I am also of the view that clients takes due care to ensure that their telephone number should be correctly provided while opening their account with their broker, as that is the primary means of contact between the broker and the client. Hence, I am of the view that Sanchit Goyal and Nikhilesh Kumar are connected to each other through the common mobile number. Hence, I do not find any merit in the said contention of Sanchit Goyal.

16.5.3 However, from the trading pattern of Sanchit Goyal during the period January 01, 2017 to April 27, 2018, it is noted that he had traded in 28 scrips including KCL. During the said period the major concentration of his trading as well as holding was in the scrips of KCL, Divinus Fabrics Limited, ICICI Pru Life Ins Co Ltd. and Capital Trade Links Limited. Further, it is noted that, during the period January 01, 2017 to April 27, 2018, Sanchit Goyal was continuously trading in the scrip of KCL from January 2017 till October 2017 including SMS Period but he has not traded after SMS period. Thus, I am of the view that the trading of Sanchit Goyal in the scrip of KCL prima facie appears to be the normal trading practice.

16.5.4 Therefore, considering the normal trading practice of Sanchit Goyal in the scrip of KCL i.e. continuous trading in the scrip of KCL even prior to the SMS period, I am of the view that, at this prima facie stage there is a preponderance of probability that Sanchit Goyal

was not involved in manipulation, as a part of the whole scheme. Thus, I am of the view that continuation of interim directions against Sanchit Goyal is not warranted at this stage.

16.5.5 However, it is noted that detailed investigation by SEBI in the matter is pending. Therefore, during the investigation, considering the connection of Sanchit Goyal with Nikhlesh Kumar who had off market transfer with Abhishek Ashoka (who played a primary role in manipulation of whole scheme) and Sanchit Goyal's extensive trading in the scrip of KCL with disproportionate income levels, if the involvement of Sanchit Goyal as regards the manipulation in the scrip of KCL is found, then he shall be proceeded with in accordance with law.

Dharmendra

16.6 I note that the allegation in the interim order against Dharmendra Kumar was that he had executed sell transaction wherein the entity has sold 1,64,003 shares during the SMS period and he is connected to Nikhlesh Kumar on the basis of common telephone number.

16.6.1 Dharmendra Kumar denied all the allegations and connection with Nikhlesh Kumar and submitted that he has traded in the scrip of KCL in the normal course of investment. I have perused the transaction statement for the period from April 01, 2010 to May 19, 2018 submitted by the Noticee. I note that though he has opened his trading account in the year 2013, he has started purchasing shares from May 18, 2016. As on February 17, 2017 his shareholding was 1,92,881/-. He started liquidating his holding only from February 21, 2017 and sold regularly from June 02, 2017 in the range of 10,000 to 12,000. However, I note that he sold extensively during the SMS period ranging from 40,000 to 80,000 shares. From the perusal of ITRs submitted by him for the assessment years 2015-16, 2016-17 and 2017-18, it is noted that his total income were shown as Rs.2,75,340, Rs.2,80,860 and Rs.3,55,620 respectively. However, it is observed that the entity had net bought 3,38,817 shares of KCL for a net consideration of Rs.4,49,37,098/- during the assessment year 2017-18 which is significantly high when compared to his total income for the three Assessment Years.

16.6.2 Dharmendra claimed that the telephone number based on which Nikhlesh Kumar is connected to him does not belong to him and that the Trading Member while opening the

account for him as well as Nikhlesh Kumar might have erroneously entered the said mobile number. In this regard, I note that Dharmendra had opened his trading / demat account with Adinath Capital Services Limited, Darya Ganj, New Delhi and Nikhilesh Kumar had opened his trading / demat account with Wegmans Financial Services Limited, East of Kailash, New Delhi i.e. the trading accounts of both Dharmendra and Nikhilesh Kumar is not with same trading member but with different trading member. Further, the trading member of Dharmendra and trading member of Nikhilesh Kumar are situated at different place. Hence the contention of Dharmendra that Trading Member while opening the account for him as well as for Nikhlesh Kumar might have erroneously entered the said mobile number is highly unlikely. Both the trading members could not have mentioned the same mobile number in trading account opening form until and unless the same was provided by Dharmendra and Nikhilesh Kumar. Further, I am also of the view that, clients takes due care to ensure that their telephone number should be correctly provided while opening their account with their broker, as that is the primary means of contact between the broker and the client. Hence, I am of the view that Dharmendra and Nikhilesh Kumar are connected to each other through common mobile number. Hence, I do not find any merit in the said contention of Dharmendra.

16.6.3 However, from the trading pattern of Dharmendra during the period January 01, 2017 to April 27, 2018, it is noted that he had traded in 5 scrips including KCL. During the said period the major concentration of his trading as well as holding was in the scrips of KCL and Divinus Fabrics Limited. Further, it is noted that, during the period January 01, 2017 to April 27, 2018, Dharmendra was continuously trading in the scrip of KCL from January 2017 till October 2017 including SMS Period but he has not traded after SMS period. Thus, I am of the view that the trading of Dharmendra in the scrip of KCL prima facie appears to be the normal trading practice.

16.6.4 Therefore, considering the normal trading practice of Dharmendra in the scrip of KCL i.e. continuous trading in the scrip of KCL even prior to the SMS period, I am of the view that, at this prima facie stage there is a preponderance of probability that Dharmendra was not involved in manipulation, as a part of the whole scheme. Thus, I am of the view that continuation of interim directions against Dharmendra is not warranted at this stage.

16.6.5 However, it is noted that detailed investigation by SEBI in the matter is pending. Therefore, during the investigation, considering the connection of Dharmendra with Nikhlesh Kumar who had off market transfer with Abhishek Ashoka (who played a primary role in manipulation of whole scheme) and Dharmendra's extensive trading in the scrip of KCL with disproportionate income levels, if the involvement of Dharmendra as regards the manipulation in the scrip of KCL is found, then he shall be proceeded with in accordance with law.

Topline Fabrics Private Limited (Topline)

16.7 I note that the allegation in the interim order against Topline Fabrics Pvt Ltd is that they transferred 1,25,000 shares each to Roshan Kumar Arun Mandal and Siva Balan Jaipal and 1,42,500 shares to Abhishek Ashoka through off market transfer on October 17, 2017 i.e. during the SMS period.

16.7.1 As regards the said allegation, the Noticee submitted that the Company had entered into an agreement with Abhishek Ashoka, Mr. Roshan Kumar Arun Mandal and Mr. Siva Balan Jaipal to lend 1,42,500, 1,25,000 and 1,25,000 shares of Kalpa Commercial Ltd respectively to the aforesaid entities. In this regard, I note that the Noticee vide its reply dated January 19, 2019 has furnished an agreement dated October 5, 2017 between Topline and Abhishek Ashoka for lending the shares of Kalpa Commercial Ltd. It is *prima facie* observed that the agreement is on a stamp paper of Rs.100/-, however the said agreement was not notarized. Further, it is observed from the submissions made by the Noticee that an agreement dated October 5, 2017 has been entered by Topline with Abhishek Ashoka for lending of 1,42,500 shares of Kalpa Commercial at an interest of Rs.0.50 per share per annum. Further, it is noted that vide said reply Topline had not submitted any evidence regarding any agreement with Roshan Kumar Arun Mandal and Siva Balan Jaipal for lending of shares .

16.7.2 SEBI vide email dated July 26, 2019 had advised Topline to furnish third party verifiable documents in the form of notarized loan agreements with Mr. Abhishek Ashoka, Mr. Roshan Kumar Arun Mandal and Mr. Siva Balan Jaipal. In this regard, Topline vide e-mail dated August 13, 2019 had stated that Topline is only in the possession of duly executed

and notarized agreement with only Mr. Abhishek Ashoka and with respect to Mr. Roshan Kumar Arun Mandal and Mr. Siva Balan Jaipal, Topline had partially executed agreements. Topline further stated that reason for the same is that the group of these 3 persons was represented by Mr Abhishek Ashoka only and he had dealt with the then management of the company. He had executed his personal agreement and had promised to get the other 2 agreements executed as well which was not fulfilled later. Topline had furnished the copy of duly executed and notarized agreement with Abhishek Ashoka and provided unsigned agreements on stamp paper with Mr. Roshan Kumar Arun Mandal and Mr. Siva Balan Jaipal.

16.7.3 In this regard, with respect to the agreement of Topline with Mr. Abhishek Ashoka, it is noted that vide reply dated January 19, 2019 Topline had submitted the copy of agreement dated October 05, 2017 between Topline and Mr. Abhishek Ashoka on Rs. 100 stamp paper (bearing no. EN 607676) and the same was not notarized. The said stamp paper did not specify the name of purchaser of stamp paper and purpose for which it was purchased. I also note that Topline vide email dated August 13, 2019 had once again furnished the copy of copy of agreement dated October 05, 2017 between Topline and Mr. Abhishek Ashoka on Rs. 100 stamp paper (bearing no. EN 607676) and the same was duly notarized on October 9, 2017. The said stamp paper also specify the name of purchaser of stamp paper i.e. Mr. Abhishek. Thus, I am of the prima facie view that subsequent to the hearing, Topline could have back dated the Notarization of the agreement dated October 05, 2017 between Topline and Mr. Abhishek Ashoka. Also Topline by means of forgery could have mentioned the name of purchaser Mr. Abhishek on the Stamp paper. Hence, it is difficult to conclude regarding the genuineness / correctness of the said stamp paper and agreement thereon. Thus, in view of the same, I am not inclined to accept the said submission of agreement between Topline and Mr. Abhishek Ashoka.

16.7.4 With respect to the agreement of Topline with Mr. Roshan Kumar Arun Mandal, it is noted that vide reply dated January 19, 2019 Topline had not submitted any agreement with Mr. Roshan Kumar Arun Mandal. Further, I note that Topline vide email dated August 13, 2019 had furnished the copy of agreement dated October 05, 2017 between Topline and Mr. Roshan Kumar Arun Mandal on Rs. 100 stamp paper (2 stamp paper of Rs. 50 each bearing

no. BR 819416 and BR819417) and the same was signed by only Topline and was neither notarized nor signed by Mr. Roshan Kumar Arun Mandal. However, it is noted that stamp paper was purchased in the name of Mr. Roshan Kumar Arun Mandal. Thus, this appears to be absurd that the stamp paper was purchased in the name of Mr. Roshan Kumar Arun Mandal but while executing the agreement on the said stamp paper, the agreement was not signed by Mr. Roshan Kumar Arun Mandal. Thus, I am of the prima facie view that subsequent to the hearing, Topline could have back dated / forged the agreement dated October 05, 2017 between Topline and Mr. Roshan Kumar Arun Mandal. Hence, it is difficult to conclude regarding the genuineness / correctness of the said stamp paper and agreement thereon. Thus, in view of the same, I am not inclined to accept the said submission of agreement between Topline and Mr. Roshan Kumar Arun Mandal.

16.7.5 With respect to the agreement of Topline with Mr. Siva Balan Jaipal, it is noted that vide reply dated January 19, 2019 Topline had not submitted any agreement with Mr. Siva Balan Jaipal. Further, I note that Topline vide email dated August 13, 2019 had furnished the copy of undated agreement on Rs. 50 stamp paper (bearing no. BR 819419). The first page of the said agreement does not contain the name of parties and the same was signed by only Topline and was neither notarized nor signed by Mr. Siva Balan Jaipal. Further, the last page of said agreement mentioned the name of Mr. Roshan Kumar Arun Mandal. However, it is noted that stamp paper was purchased in the name of Mr. Siva Balan Jaipal. Thus, this appears to be absurd that the stamp paper was purchased in the name of Mr. Siva Balan Jaipal but while executing the agreement on the said stamp paper, the agreement was not signed by Mr. Siva Balan Jaipal, whereas the name of Mr. Roshan Kumar Arun Mandal was mentioned in the last page of agreement. Thus, I am of the prima facie view that subsequent to the hearing, Topline could have forged the agreement between Topline and Mr. Siva Balan Jaipal. Hence, it is difficult to conclude regarding the genuineness / correctness of the said stamp paper and agreement thereon. Thus, in view of the same, I am not inclined to accept the said submission of agreement between Topline and Mr. Siva Balan Jaipal.

16.7.6 Thus, the loan transactions between Topline and Abhishek Ashoka is prima facie not proved. Further, the loan agreement between Topline and Roshan Kumar Arun Mandal and

between Topline and Mr. Siva Balan Jaipal are further unsigned and suspect, which does not substantiate the claimed loan transaction. Thus, the claimed agreements between Topline and Abhishek Ashoka, Roshan Kumar Arun Mandal and Siva Balan Jaipal do not stand as acceptable material to prove the claimed loan transactions.

16.7.7 Further, with respect to the evidence of legal cum demand notice dated March 27, 2018 furnished by the entity for demanding shares along with the unpaid interest on the lent shares from Abhishek Ashoka, Roshan Kumar Arun Mandal and Siva Balan Jaipal, it is observed that the Noticee has not provided any evidence/supporting proof of dispatch/delivery. Vide e-mail dated July 26, 2019, the Noticee was specifically advised to submit the proof of dispatch/service and in response, they submitted that proof of delivery is not available on their record and therefore, the preponderance of probability leads to the inference that can be drawn at this juncture is that the said legal notice claimed to be issued a few days before the interim order is an afterthought. Further, I note that considering the loan of 3,92,500 equity shares on October 17, 2018 (approx. price Rs.33/- per share) plus Rs. 0.50 /- per share interest which is not refunded to Topline by Abhishek Ashok, Roshan Kumar Arun Mandal and Siva Balan Jaipal, Topline had neither provided the status update of legal notice nor provided the follow up steps taken for the recovery of said shares like filing of police complaint etc. Thus, these facts not only does not support prima facie, his case of existence of loan transactions but also leads to the circumstantial evidence of prima facie involvement of Topline in the whole scheme.

16.7.8 Thus, considering the circumstances such as off market transfers of shares of KCL by Topline to Roshan Kumar Arun Mandal, Siva Balan Jaipal and Abhishek Ashok (Abhishek Ashoka who played key role in the manipulation), lack of prima facie proof of loan transaction / agreement between Topline and Abhishek Ashok, Roshan Kumar Arun Mandal and Siva Balan Jaipal, I am of the view that there is a preponderance of probability that Topline has been prima facie involved in manipulation, as a part of the whole scheme. In view of the same, I am not inclined to modify or revoke the interim directions against the said Noticee at this juncture.

Soniya Valecha, Prakesh Valecha (HUF) and Ramesh Valecha (HUF)

16.8 I note that the allegations against Soniya Valecha, Prakesh Valecha (HUF) and Ramesh Valecha (HUF) in the interim order is that they have executed sell transactions in the scrip during the SMS period and Prakash Valecha (HUF) is connected with Tushar Commodities Pvt. Ltd. on the basis of off market transfer in KCL on June 16, 2015.

16.8.1 In this regard, the Noticees submitted that they purchased shares two years prior to the investigation period and denied any connection with Tushar Commodities Pvt. Ltd. However, I note that these Noticees had admitted the fact that they had entered into off market transfers with Tushar Commodities Pvt. Ltd in the past. I note that Tushar Commodities Pvt. Ltd through off market transfer is connected with Abhishek Ashoka, who played key role in the manipulation. I also note that the family relationship between the Valechas were also admitted by the Noticees.

16.8.2 It is observed that the Soniya Valecha, Prakesh Valecha (HUF) and Ramesh Valecha (HUF) had 100% trading concentration in this scrip vis-a-vis all other scrips in the market during the SMS period and during the period January 1, 2017 to October 18, 2017 they had traded only in 2 other scrip on 1 day only other than KCL which is not at all in normal course of trading. Further, Soniya Valecha, Prakesh Valecha (HUF) and Ramesh Valecha (HUF) stated that they were holding the shares of KCL since 2015 and have traded in the scrip of KCL only on 1 day i.e. October 12, 2017. From the trading pattern of Soniya Valecha, Prakesh Valecha (HUF) and Ramesh Valecha (HUF), it is noted that on market during the period of January 2014 to December 2018, Soniya Valecha, Prakesh Valecha (HUF) and Ramesh Valecha (HUF) have traded in the scrip of KCL only on 1 day i.e. October 11, 2017 (during SMS period). Further, from the trading pattern Soniya Valecha, Prakesh Valecha (HUF) and Ramesh Valecha (HUF) during the period of January 2014 to December 2018, it is also noted that the said 3 person had traded only on 2 days in 2 scrips only (i.e. in total the said 3 person during the period 5 years had traded only on 3 days in 3 scrips). Thus, I am of the view that it cannot be a mere co-incidence that after holding the shares of KCL for so many days, Soniya Valecha, Prakesh Valecha (HUF) and Ramesh Valecha (HUF) have sold the shares only during the SMS Period without knowing the

scheme of manipulation. Thus, this leads to the circumstantial evidence of involvement of Soniya Valecha, Prakesh Valecha (HUF) and Ramesh Valecha (HUF) in whole scheme.

16.8.3 Hence, I am of the view that Soniya Valecha, Prakesh Valecha (HUF) and Ramesh Valecha (HUF), Tushar Commodities Pvt. Ltd and Abhishek Ashoka are connected through off market transfers coupled with the fact that Soniya Valecha, Prakesh Valecha (HUF) and Ramesh Valecha (HUF) have traded only on 1 day (October 11, 2017 i.e. during SMS period) during the period January 2014 to December 2018 in the scrip of KCL and had 100% concentration in the scrip of KCL during SMS Period. Thus, there is a preponderance of probability that Soniya Valecha, Prakesh Valecha (HUF) and Ramesh Valecha (HUF) has been prima facie involved in manipulation, as a part of the whole scheme. In view of the same, I am not inclined to modify or revoke the interim directions against the Soniya Valecha, Prakesh Valecha (HUF) and Ramesh Valecha (HUF) at this juncture.

Minakshi Makkar

16.9 I note that the allegation against Minakshi Makkar in the interim order is that she had transferred 7,815 shares through off market transfer to Shri Abhishek Ashoka on October 17, 2017 i.e. during the SMS period and hence connected to Abhishek Ashoka.

16.9.1 The Noticee denied the connection with Abhishek Ashoka and submitted that she was holding the shares of KCL since 2015 and someone approached her to sell the shares to Abhishek Ashoka and she signed certain documents for transfer of shares. She has also submitted that due to lack of technical knowledge she transferred the shares through off market.

16.9.2 I have perused the transaction statement for the period from July 01, 2017 to May 24, 2018 submitted by the Noticee. There is no dispute to the fact that she has transferred 7,815 shares on October 17, 2017 to Abhishek Ashoka who played a key role in the entire scheme of manipulation.

16.9.3 I note that she has denied the connection with Abhishek Ashoka and claimed that due to lack of knowledge and technicalities involved in share transactions, she has executed off market transactions at the behest of a dealer. I do not find any merit in her contentions for the following reasons:

- i. I note that off market transactions are executed between two parties on mutually agreed terms and conditions without using the stock exchange mechanism. I note that off market transfers are *per se* not illegal. However, 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. I note that the Noticee who was holding the shares since 2015, executed the said off market transfer of 7,815 shares on October 17, 2017 i.e. during the period when the SMSes were in circulation, to Abhishek Ashoka who was found to be primarily responsible for causing such SMSes. Further, I note that average trading volume during the SMS period in the scrip of KCL was 5,06,460 shares per day. Hence there was enough liquidity available in the market. Thus, no prudent investor will sell the shares off-market without knowing the buyer, if enough liquidity is available on market.
- ii. Further, the Noticee's reasoning for such off market transfer was that she was in need of money. In this regard, I note the submissions of the Noticee that she has admittedly not received any money/payment from Abhishek Ashoka. Surprisingly, she has not initiated any legal proceedings against Abhishek Ashoka for the recovery of the money/payment due to her since July 2017. This fact further belies her contention that they are not connected or known to each other.
- iii. Further, the Noticee contended that since she was not aware of the system of securities market, she signed certain documents for transfer of shares to Abhishek Ashoka. I note that in off market transfers, the selling client will have to give a delivery instruction to his/her Depository Participant (DP) to transfer securities from his/her depository account to the buying client's depository account. I note that no prudent investor will sign such documents without knowing the parties be that a dealer or buyer.
- iv. I also note that the Noticee failed to place any material/evidence to prove that she was cheated by a person who introduced himself as a dealer in the Securities Market such as filing any complaint/FIR against the said dealer.

16.9.4 Considering the above facts and circumstances detailed above, I am not inclined to accept the contentions/objections of the Noticee. Further, there is a preponderance of probability that Minakshi Makkar has been prima facie involved in manipulation, as a part of the whole scheme. In view of the same, I am not inclined to modify or revoke the interim directions against Minakshi Makkar at this juncture.

Hetalben Chandrakant Dhruv (Hetalben) and Radhika Chandrakant Dhruv (Radhika)

16.10 I note that the interim order prima facie finds that Hetalben Chandrakant Dhruv and Radhika Chandrakant Dhruv executed sell transaction during the SMS period and Hetalben Chandrakant Dhruv received 25,000 shares through off market transfer from Tushar Commodities Pvt. Ltd. on April 10, 2017 which was connected to Abhishek Ashoka through off market transfers. Further, Hetalben Chandrakant Dhruv and Radhika Chandrakant Dhruv are connected to each other through common telephone number.

16.10.1 Hetalben claimed that she had received shares of KCL from Mr. Jai Prakash Kataria (Director of KCL). In this regard, I note that Hetalben had not submitted any documentary evidence to substantiate her claim that she had received shares of KCL from Mr. Jai Prakash Kataria (Director of KCL) and not from Tushar commodities Pvt. Ltd. From the transaction statement of Tushaar commodities Pvt. Ltd. obtained from CDSL and transaction statement of Hetalben obtained from NSDL, I note that Hetalben had received 25,000 shares of KCL through off market from Tushaar commodities Pvt. Ltd. on April 10, 2017. I note that Tushar Commodities Pvt. Ltd through off market transfer is connected with Abhishek Ashoka, who played key role in the manipulation. Hence, in the absence of documentary evidence, I do not find any merit in the said contention of Hetalben.

16.10.2 Hetalben further contended that she is an ordinary trader and she wanted to encash the shares given by Mr. Jai Prakash Kataria (Director of Kalpa Commercial Ltd), who owed money to her and had given KCL shares to pay back his dues. It is further stated that Mr. Jai Prakash Kataria owed her Rs. 25 lacs and she could recover only Rs. 19 lacs through the sale of shares of KCL. I note that Hetalben did not file any agreement to substantiate the claim that Mr. Jaiprakash Kataria owed her money nor any document indicating that

she demanded the repayment of amount loaned to him. In this regard, vide e-mail dated July 26, 2019, Hetalben was specifically advised to submit third party verifiable documents to prove her claim of loan transactions with Mr. Jaiprakash Kataria. In response, they have admitted that they do not have any documentary evidence to prove the said claim. In view of this I am not inclined to accept her contention that she sold the shares of KCL to recover her money.

16.10.3 I note that Radhika Chandrakant Dhruv did not file any reply on merits. During the hearing the AR admitted that Hetalben Chandrakant Dhruv and Radhika Chandrakant Dhruv are siblings, hence they are connected to each other. I note that post hearing, vide e-mail dated January 14, 2019, Radhika Chandrakant Dhruv submitted that she is a trader and investor and claimed that she sold the shares of KCL to recover the money due from Mr. Jaiprakash. I note that Radhika Chandrakant Dhruv has taken the same contention raised by Hetalben Dhruv. Vide e-mail dated July 26, 2019, Radhika Chandrakant Dhruv was specifically advised to submit third party verifiable documents to prove her claim of loan transactions. In response, they have admitted that they do not have any documentary evidence to prove the said claim. In the absence of any document to substantiate her claim such as any agreement to lent money to Mr. Jaiprakash Kataria, bank statement to show such lending nor any evidence / communication that KCL shares were given to her as collateral to the said amount nor any demand letter for repayment of the same, I am not inclined to accept the contention of the Noticee.

16.10.4 Hence, I am of the view that Hetalben Chandrakant Dhruv and Radhika Chandrakant Dhruv, Tushar Commodities Pvt. Ltd are connected through off-market transactions. I also note that Tushar Commodities Pvt. Ltd through off market transfer is connected with Abhishek Ashoka, who played key role in the manipulation. Thus, there is a preponderance of probability that Hetalben Chandrakant Dhruv and Radhika Chandrakant Dhruv has been prima facie involved in manipulation, as a part of the whole scheme. In view of the same, I am not inclined to modify or revoke the interim directions against Hetalben Chandrakant Dhruv and Radhika Chandrakant Dhruv at this juncture.

Krishan Kumar, Raman Jindal, Gitika Gupta and Shilpa Jindal

- 16.11 I note that the prima facie finding against the Noticees namely Krishan Kumar, Raman Jindal, Gitika Gupta and Shilpa Jindal in the interim order is that they had transferred more than 6,000 shares each through off market transfer to Abhishek Ashoka on October 12, 2017 i.e. during the SMS period and hence were connected to Abhishek Ashoka.
- 16.11.1 The said Noticees though filed separate replies/objections to the interim order, it is noted that they made identical submissions/objections. Hence, the same are dealt together. I note that the said Noticees denied any connection with Abhishek Ashoka and submitted that they innocently made the off-market sale of the shares in good faith on the sub-broker namely "MSS Capital Services, Ludhiana" whom promised a better price of the share but actually cheated them by carrying out this transaction. They have stated that on the advice of the sub-broker, they signed the Delivery Instructions Slip (DIS) and handed over it to the Sub-broker. There was no detail of the transferee given in the DIS. All the details i.e. beneficiary code etc., were filed by the Sub-broker only. They have also claimed that they did not receive any payment for the said share transfers till date.
- 16.11.2 I note that there is no dispute to the fact that the said Noticees namely Krishan Kumar, Gitika Gupta and Shilpa Jindal had transferred 6,100 shares each and Raman Jindal had transferred 6,500 shares on October 12, 2017 to Abhishek Ashoka who played a key role in the entire scheme of manipulation. Thus, I am of the view that Krishan Kumar, Raman Jindal, Gitika Gupta and Shilpa Jindal through off market transfer are connected to Abhishek Ashoka, who played key role in the manipulation.
- 16.11.3 The said Noticees also claimed that they had no knowledge of any manipulation in the scrip of KCL and their sub-broker had cheated them and also they had not received any payment for the sale of said shares. In this regard, I note that till date they have not initiated any legal proceedings against the sub-broker or Abhishek Ashoka for the recovery of the money/payment due since October 2017. Considering the large amount of money that remained unpaid to Krishan Kumar, Raman Jindal, Gitika Gupta and Shilpa Jindal from Abhishek Ashok / sub-broker, for which till date they have not initiated any legal proceedings against the sub-broker or Abhishek Ashoka, it raises the suspicion of involvement of Krishan Kumar, Raman Jindal, Gitika Gupta and Shilpa Jindal in whole

scheme. Therefore, in view of the same, I am not inclined to accept the contentions of the said Noticees.

16.11.4 I am of the view that Krishan Kumar, Raman Jindal, Gitika Gupta and Shilpa Jindal through off market transaction are connected to Abhishek Ashoka, who played key role in the manipulation. Therefore, there is a preponderance of probability that Krishan Kumar, Raman Jindal, Gitika Gupta and Shilpa Jindal has been *prima facie* involved in manipulation, as a part of the whole scheme. In view of the same, I am not inclined to modify or revoke the interim directions against Krishan Kumar, Raman Jindal, Gitika Gupta and Shilpa Jindal at this juncture.

16.12 I note that Kunal Yadav, Roshan Kumar Arun Mandal and Mahendra Vadilal Shah did not file any reply in the matter. I also note that Nature Infosoft Pvt Ltd and Tushar Commodities Pvt Ltd, did not file any reply on merits till date. In the absence of any submissions/objections from Nature Infosoft Pvt Ltd, Tushar Commodities Pvt Ltd, Kunal Yadav, Roshan Kumar Arun Mandal and Mahendra Vadilal Shah, I do not find any case to modify or revoke the interim directions issued against them.

20. I note that the interim order has reasonably highlighted the *modus operandi* wherein a group of connected entities participated in the larger scheme of sending misleading bulk SMSes to lure innocent investors to trade in the scrip of KCL and subsequently offloaded their shareholding when the investor interest was created through false inducement. In the facts and circumstances of the case, I note that *prima facie* there was a deliberate attempt to interfere with the free and fair operation of the securities market and to create artificial, false or misleading appearance in market through planted bulk SMSes and thereby increased the price and volume of shares of KCL. Thus, the acts of omissions or commission of all the Noticees, *prima facie*, except Tejas Abhiram Nathwani, Abhirambhai Nathwani, Dhruvi Trading Company, Sanchit Goyal and Dharmendra while acting under the alleged dubious plan, device and artifice, are 'fraudulent' as defined under Regulation 2(1)(c) of PFUTP Regulations. Therefore, all the Noticees except Tejas Abhiram Nathwani, Abhirambhai Nathwani, Dhruvi Trading Company, Sanchit Goyal and Dharmendra have *prima facie* acted in a fraudulent and

deceitful manner in the shares of KCL which is in contravention to provisions of Sections 12A (a) (b) and (c) of the SEBI Act and regulation 3 (a), (b), (c) and (d) and regulation 4(1) and 4(2) (f) and (r) of the PFUTP Regulations.

ORDER

21. Considering the reply of the Noticees and findings thereupon mentioned in preceding paragraphs, pending investigation, I, in exercise of the power conferred upon me under sections 11, 11(4) and 11B read with section 19 of the Securities and Exchange Board of India Act, 1992 and in the facts and circumstance of case, hereby:

21.1. Confirm the directions mentioned in the interim order dated April 27, 2018 against the following entities

Sl. No.	NAME	PAN
1.	Abhishek Ashoka	AEBPA9685A
2.	Sunil Kumar	ANGPK2900A
3.	Nature Infosoft Private Limited	AACCN6386M
4.	Topline Fabrics Private Limited	AAACO7265J
5.	Tushar Commodities Private Limited	AACCT2372F
6.	Hetalben Chandrakant Dhruv	AXOPD4957E
7.	Kunal Yadav	AJDPY2050J
8.	Mahendra Vadilal Shah	GLWPS8277L

Sl. No.	NAME	PAN
9.	Minakshi Makkar	BCTPM3492C
10.	Nikhlesh Kumar	AFHPN8413N
11.	Prakesh Valecha (HUF)	AAKHP3116L
12.	Radhika Chandrakantbhai Dhruv	BRKPD7946J
13.	Ramesh Kumar Valecha (HUF)	AAMHR6192L
14.	Roshan Kumar Arun Mandal	CXPPM6045P
15.	Soniya Valecha	ABYPV7813M
16.	Gitika Gupta	ALHPG4498G
17.	Krishan Kumar	AKQPK9894C
18.	Raman Jindal	AFIPJ3488G
19.	Shilpa Jindal	ATRPJ4399P

21.2. Revoke the directions mentioned in the interim order dated April 27, 2018 against the following entities:

Sl. No.	NAME	PAN
1.	Tejas Abhirambhai Nathwani	ALQPN3520M
2.	Abhirambhai Nathwani	ADSPN7560P
3.	Dhruvi Trading Company	AALFD7725N
4.	Dharmendra	CGMPD0771M
5.	Sanchit Goyal	BPRPG6608F

22. Copy of this Order shall be forwarded to the Noticees, recognized stock exchanges and depositories for information and necessary action.

-Sd-

DATE: SEPTEMBER 26, 2019

PLACE: MUMBAI

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