

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER**

FINAL ORDER

**Under Sections 11(1) read with 11(4), 11(4A) and 11B of the Securities and
Exchange Board of India Act, 1992**

***In Re: Securities and Exchange Board of India (Prohibition of Fraudulent and
Unfair Trade Practices Relating to Securities Market) Regulations, 2003,
SEBI (Prohibition of Insider Trading) Regulations, 2015 and SEBI
(Substantial Acquisition of Shares and Takeovers) Regulations, 2011***

**In the matter of
Excel Castronics Limited**

In respect of:

Noticee No.	Noticee Name	PAN
1	Payal Jayeshbhai Madiyar	AORPM9664D
2	Amit Ashokbhai Pala	ATJPP8205G
3	Jayesh Vallabhaji Madiyar	AFUPM2381R
4	Tanna Tusharbhai Hiralal	AEOPT7662R
5	Sampati Broking Private Limited (New Name - Sampati Financial Services Private Limited)	AAOCS2936G
6	Vardhman Infracon Pvt Ltd	AADCV4431A

7	S J Infratech Private Limited	AAMCS7606P
8	Sureshbhai Kantilal Thakkar	AGXPT2486N
9	Manubha Prabhatsang Vaghela	AGIPV6046K
10	Jagdishkumar Amrutlal Akhani	AETPA5632H
11	Passim Share Trade Private Limited	AAHCP4840M
12	Dexter Share And Tradecom Private Limited	AAECD8837D
13	Blink Share and Comtrade Private Limited	AAFCB7492P
14	Eyesight Share Trading Private Limited	AADCE5604J
15	Ramanbhai Jethabhai Jadav	AUYPJ7348E
16	Yashwant Ramanbhai Jadav	AUWPJ9680K
17	Rajnikant Ramanbhai Jadav	AJOPJ1760D
18	Prabhaben Gordhandas Savjani	BMXPS6578M
19	Meeta Tusharbhai Tanna	APVPT3740G
20	Sunil Jayantilal Bhatt	ABZPB0818M
21	Jadeja Virbhadrasingh	AWIPJ5038K
22	Arun Jawalaprasad Tulsian	AAOPT3113D
23	Ashi Arun Kumar Tulsian	AGGPT0257J
24	Ashi Texfab Pvt. Ltd.	AAGCA2953D
25	Kantilal W Parekh	AABPP3703G
26	Kartik Clothing And Fabrics Pvt Ltd	AAHCA7831P
27	Manish K Parekh	AABPP3702H
28	Pavanben Kantilal Parekh	AAFPP0222L
29	Sandeep K Parekh	AABPP3704B
30	Sitadevi Arunkumar Tulsian	AAOPT2965M
31	Karishmaben Alpeshkumar Shah	AEGPS6316B
32	Annex Realty Private limited	AAICA9707H

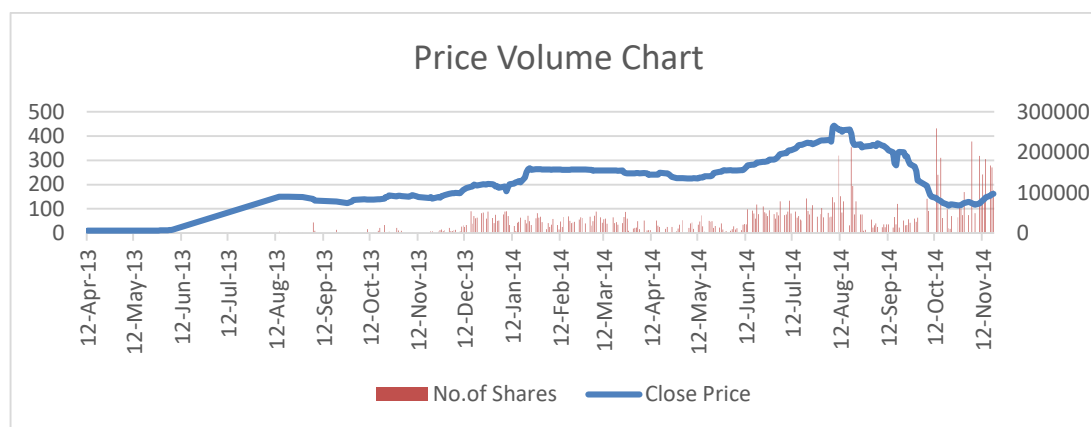
BACKGROUND

1. Excel Castronics Ltd. (Formerly Ahmedabad Gases Ltd.), was incorporated on August 25, 1992 under the Companies Act, 1956 with its registered address situated at Imperial Heights, B-301/302, 3rd Floor, Opp. Big Bazar, 150 Feet Ring Road, Rajkot, Gujarat – 360005. Excel Castronics Limited and Indus Coils & Plates Limited (ICPL) were merged with Ahmedabad Gases Limited, pursuant to the scheme of amalgamation (herein after referred to as the “**scheme of amalgamation**”), which was approved by the Hon’ble High Court of Gujarat vide its order dated February 15, 2013. Subsequently, the management of the company was taken over by the promoters of Excel Castronics Limited and name of the company was changed from Ahmedabad Gases Limited to Excel Castronics Limited with effect from August 12, 2013.
2. The shares of the company are listed on Bombay Stock Exchange (**BSE**). However, trading activity has been suspended by BSE from August 14, 2018 vide announcement dated August 02, 2018. (For non-compliance of certain Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)
3. Securities and Exchange Board of India (**SEBI**) conducted investigation in the scrip of Excel Castronics Limited (**‘ECL’/ ‘Company’**) for the period April 12, 2013 to November 19, 2014 (hereinafter referred to as the **‘Investigation period/IP**). The focus of investigation was to ascertain whether there was any violation of the provisions of the SEBI Act and SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (*herein after referred as SEBI (PFUTP) Regulations*).

Show Cause Notice, Replies, Personal Hearing and Submissions:

4. Pursuant to the investigation, a Show Cause Notice (SCN) dated July 31, 2020 was issued to the 32 Noticees (hereinafter collectively referred to as “the Noticees” and individually by their respective names) based on the findings.
5. The findings of the investigation and the allegations levelled against the Noticees contained in the SCN are, inter alia, as under: -

5.1. The movement in price/volume of the scrip at BSE for the period before, during and after the Investigation period was observed as following:



5.2. The price of the scrip at BSE opened at Rs 9.60 on April 12, 2013 and rose to Rs 490 on August 11, 2014 before closing at Rs 162.30 on November 19, 2014 in the IP.

5.3. The annual financial results of the Company for the financial years 2013, 2014, 2015 and 2016 and quarterly financial results for the year 2014 were not very encouraging.

5.4. Based on UCC details, MCA data and off market transaction data, connection was established between 21 entities who had traded in the scrip

during the IP. Further, the Company was also found to be connected with these 21 entities, referred as ECL Group.

5.5. ECL Group entities contributed 60.38% of gross buy side volume and 35.51 gross sell side in the traded volume in the scrip during the IP. Thus, the contribution to gross buy volume was more in comparison to gross sell volume by these connected entities. Payal Jayeshbhai Madiyar (Noticee No. 1) individually contributed 16.66 % gross buy side volume and 10.04% of sell side volume in the scrip at BSE during the IP.

5.6. During IP, 19 (nos) Noticees out of the total ECL group, traded as buyers and contributed Rs 1425.25 positive LTP (i.e. 42.68 % of total market positive LTP) through 4179 (nos) of trades with trading volume of 2,91,195 shares during the price rise period.

5.7. It was found that, out of 4179 trades, in 284 (nos) trades buy order was placed before the sell orders which contributed positive LTP of Rs 253.60 (i.e. 7.59% of total market positive LTP) and for 2708 (nos) trades the counter parties belonged ECL group which resulted in positive LTP of Rs 424.75 (i.e. 12.72% of total market positive LTP), which was considerably significant.

5.8. 18 entities out of the ECL Group had traded amongst themselves and acted either as buyer and/or seller to each other's trades during IP. 18 connected entities of the ECL Group contributed an amount of Rs 424.75 to positive LTP (i.e.12.72% of market positive LTP).

5.9.9 connected entities of the ECL Group, contributed Rs 159.70 to NHP which was 33.21% of total NHP, out of which for Rs 72.70 (15.11% of total NHP) the counterparties were ECL group entities itself.

5.10. In view of the above facts and analysis of the impact of trades on the price of the scrip, it was alleged that connected Noticees 1 to 18 (ECL group entities) by acting in concert traded in small quantity, at price above LTP, as counter parties to each other's trades, etc. manipulated the price of the scrip and created a misleading appearance of trading in the scrip. Thus Noticee 1 to 18, are alleged to have violated Section 12 A (a), (b), (c) of SEBI Act 1992, Regulation 3 (a), (b), (c), (d), 4(1) and 4(2) (a) and (e) of SEBI (PFUTP) Regulations, 2003.

5.11. SCN also alleged that pursuant to the scheme of amalgamation approved on February 15, 2013 and listing of the allotted shares on BSE from August 14, 2013, 10 amalgamation allottees connected to the ECL Group (One of 10 amalgamation allottees namely, Jagdishkumar Akhani also being part of the ECL Group) sold majority of shares at a higher price to these connected ECL Group entities. Further, it was noted that these 10 amalgamation allottees did not buy any share during the IP (except one amalgamation allottee Jagdishkumar Akhani (Noticee No. 10) who is also part of ECL group).

5.12. In view of the above, the 21 connected entities (i.e. the ECL group) and 10 amalgamation allottees (One connected entity is also ECL group entities) are alleged to have acted in concert and were part of the scheme, device and artifice to manipulate the scrip price and facilitated and assisted in sale of shares by amalgamation allottees at a higher price thereby enabling the 10 amalgamation allottees to make wrongful gains. Hence, these 30 entities

viz. Noticee 1 to 30 are alleged to have violated Section 12 A (a), (b), (c) of SEBI Act 1992, Regulation 3 (a), (b), (c), (d), 4(1) and 4(2)(b) of SEBI (PFUTP) Regulations, 2003.

Role of Noticee No. 31 – Price Manipulation

- 5.13. It was observed that, among the top 10 entities who had contributed positive LTP one of the entities viz. Karishmaben Alpeshkumar Shah (Noticee No. 31) traded majorly in single digits. Further the trading pattern of Noticee 31 showed the Noticee was not acting as a genuine buyer and had no bona fide intention to buy in spite of sufficient sell order quantity being available in the market. The trades and trading pattern by Noticee 31, were instrumental in establishing a price higher than the LTP and thus contributed to increased scrip price with most of her trades. In view of the repeated nature of such trades and the trading pattern, it is alleged that Noticee No. 31 contributed to manipulation in the scrip price and created a misleading appearance of trading in the scrip, thereby violating Section 12 A (a), (b), (c) of SEBI Act 1992, Regulation 3 (a), (b), (c), (d), Regulation 4(1), 4 (2)(a) and 4 (2) (e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market Regulations), 2003.

Noticee Nos. 1, 3 and 32 – Disclosure violation

Disclosure violations of SEBI (Prohibition of Insider Trading) Regulations, 2015 (*hereinafter referred as SEBI (PIT) Regulations*) and SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (*hereinafter referred as SEBI (SAST) Regulations, 2011*)

- 5.14. The SCN has alleged that Noticee 1 and 3 in the capacity of being the director and dependent of director, are in violation of SEBI (PIT) Regulations 1992, for necessary disclosure for the acquisition of the shares of the company.
- 5.15. Noticee 32 by virtue of being in promoter and promoter group is in violation of SEBI (SAST) Regulations 2011 and SEBI (PIT) Regulations, 1992, for the non-disclosure of acquisition of the shares of the company.

Delivery of SCN and opportunity of inspection:

6. The SCN was served to the respective noticees through email, post and also through newspaper publication where the SCN could not be served through post and email.

Table 1

Noticee No.	Names of the Noticees	SCN dtd. July 31, 2020 - Mode of Service of SCN and delivery date	Date of reply, if any
1	Payal Jayeshbhai Madiyar	Newspaper publication done on October 28, 2020	16.10.2020 – Noticee 3 reply No separate reply filed
2	Amit Ashokbhai Pala	Newspaper publication done on October 28, 2020	16.10.2020 – Noticee 3 reply No separate reply filed
3	Jayesh Vallabhaji Madiyar	Newspaper publication done on October 28, 2020	16.10.2020
4	Tanna Tusharbhai Hiralal	SPAD dated Nil. Confirmation received on 22.08.2020	22.08.2020 20.10.2020- Noticee 19 reply 16.10.2020-Noticee 3 reply
5	Sampati Broking Private Limited	Newspaper publication done on October 28, 2020	16.10.2020 – Noticee 3 reply No separate reply filed
6	Vardhman Infracon Pvt Ltd	E-mail dated August 03, 2020	28.09.2020
7	S J Infratech Private Limited	E-mail dated August 03, 2020/SPAD dated –NIL.	26.09.2020 19.08.2021

Noticee No.	Names of the Noticees	SCN dtd. July 31, 2020 - Mode of Service of SCN and delivery date	Date of reply, if any
		Confirmation received on 26.09.2020	
8	Sureshbhai Kantilal Thakkar	SPAD dated 31/07/2020	10.10.2020 20.08.2021
9	Manubha Prabhatsang Vaghela	SPAD dated 31/07/2020	10.10.2020 19.08.2021
10	Jagdishkumar Amrutlal Akhani	E-mail dated August 03, 2020	10.09.2020 08.02.2021 17.08.2021
11	Passim Share Trade Private Limited	SPAD dated –Nil. Confirmation received on 28.09.2020	28.09.2020 16.08.2021
12	Dexter Share And Tradecom Private Limited (name changed to Accurate securities and registry Pvt. Ltd.	SPAD dated 31/07/2020	20.10.2020 30.01.2021 23.08.2021
13	Blink Share and Comtrade Private Limited	E-mail dated August 03, 2020	28.09.2020 19.08.2021
14	Eyesight Share Trading Private Limited	E-mail dated August 03, 2020	28.09.2020 20.08.2021
15	Ramanbhai Jethabhai Jadav	SPAD dated –Nil. Confirmation received on 02.10.2020	02.10.2020 06.09.2021
16	Yashwant Ramanbhai Jadav	SPAD dated –Nil. Confirmation received on 30.09.2020	30.09.2020 04.09.2021
17	Rajnikant Ramanbhai Jadav	E-mail dated August 03, 2020	02.10.2020 04.09.2021
18	Prabhaben Gordhandas Savjani	Newspaper publication done on October 28, 2020	01.01.2021
19	Meeta Tusharbhai Tanna	SPAD dated- Nil. Confirmation received on 20.10.2020	20.10.2020 16.10.2020-Noticee 3 reply

Noticee No.	Names of the Noticees	SCN dtd. July 31, 2020 - Mode of Service of SCN and delivery date	Date of reply, if any
20	Sunil Jayantilal Bhatt	Newspaper publication done on October 28, 2020	22.10.2020 16.10.2020-Noticee 3 reply
21	Jadeja Virbhadrasingh	SPAD dated 31/07/2020	16.10.2020 – Noticee 3 reply No Separate reply
22	Arun Jawalaprased Tulsian	E-mail dated August 03, 2020/SPAD dated Nil. Confirmation received on 23.09.2020	23.09.2020 04.03.2021 07.09.2021
23	Ashi Arun Kumar Tulsian	E-mail dated August 03, 2020/ SPAD dated Nil. Confirmation received on 23.09.2020	23.09.2020 04.03.2021 07.09.2021
24	Ashi Texpab Pvt Ltd	E-mail dated August 03, 2020	02.10.2020 04.03.2021 07.09.2021
25	Kantilal W Parekh	E-mail dated August 03, 2020	06.10.2020 Expired (Death certificate enclosed) 25.01.2021 27.08.2021
26	Kartik Clothing And Fabrics Pvt Ltd Kar	E-mail dated August 03, 2020/ SPAD dated Nil. Confirmation received on 03.10.2020	03.10.2020 04.03.2021 07.09.2021
27	Manish K Parekh	E-mail dated August 03, 2020/ SPAD dated Nil. Confirmation received on 06.10.2020	06.10.2020 25.01.2021 27.08.2021
28	Pavanben Kantilal Parekh	E-mail dated August 03, 2020/ SPAD dated Nil. Confirmation received on 06.10.2020	06.10.2020 25.01.2021 27.08.2021
29	Sandeep K Parekh	E-mail dated August 03, 2020/ SPAD dated Nil. Confirmation received on 06.10.2020	06.10.2020 25.01.2021 27.08.2021
30	Sitadevi Arunkumar Tulsian	E-mail dated August 03, 2020/ SPAD dated Nil. Confirmation received on 23.09.2020	23.09.2020 04.03.2021 07.09.2021

Noticee No.	Names of the Noticees	SCN dtd. July 31, 2020 - Mode of Service of SCN and delivery date	Date of reply, if any
31	Karishmaben Alpeshkumar Shah	E-mail dated August 03, 2020/ SPAD dated Nil. Confirmation received on 14.08.2020	14.08.2020 19.12.2020
32	Annex Realty Private limited	Newspaper publication done on October 28, 2020	No reply filed

Personal Hearing

7. The Noticees were given opportunity of personal hearing on January 12 - 14, 2021, January 29, 2021 and February 09, 2021. All Noticee except 4 Noticees (18, 21, 20, and 2) availed the opportunity of personal hearing. During the personal hearing few Noticees were also advised to provided supporting documentary evidences substantiating the submissions made.
8. Subsequent to the personal hearing, Noticees 22, 23, 24, 26 and 30 submitted that two annexures as per the SCN i.e. Integrated trade log, (Annexure 1) and supporting documents of UCC details, Bank Statements and MCA data (Annexure 6) has not been provided to the Noticees. Therefore, vide letter dated July 29, 2021 and also vide email dated August 02, 2021, the deficient documents/information were provided to all the Noticees.
9. Subsequently, replies were received from the Noticees. Noticees 22, 23, 24, 26 and 30 in their reply also requested for personal hearing. As requested opportunity of personal hearing was granted on September 14, 2021, which was rescheduled to September 17, 2021 on the request of the Noticees. The personal hearing was held on September 17, 2021, where the Authorised Representative of the Noticees submitted that the submissions made vide March 04, 2021 and September 07 2021, may be taken on record as full and final submissions from the Noticees.

10. The key contentions in the various replies / submissions oral or written by the Noticees are as under:

10.1. **Payal Jayeshbhai Madiyar (Noticee No.1), Amit Ashokbhai Pala (Noticee No.2), Jayesh Vallabhaji Madiyar (Noticee No. 3), Tanna Tusharbhai Hiralal (Noticee No. 4), Sampati Broking Private Limited (New Name - Sampati Financial Services Private Limited) (Noticee No.5), Prabhaben Gordhandas Savjani (Noticee No.18), Meeta Tusharbhai Tanna (Noticee No. 19), Sunil Jayantilal Bhatt (Noticee No.20), Jadeja Virbhadrasingh (Noticee No.21)**

10.1.1. Noticee 3 vide its submission dated October 16, 2020 has mentioned that, Noticees no. 1, 2, 3, 4, 5, 6, 18, 19, 20 and 21 are connected as under:

Table 2

Noticee no.	Name of Noticee	Relation / Connection
1	Payal Jayesh Madiyar	Spouse
2	Amit Ashokbhai Pala	Employee
3	Jayesh Vallabhaji Madiyar	Self
4	TannaTusharbhai Hiralal	Employee
5	Sampati Broking Private Limited	Company owned by Madiyar family
18	Prabhaben Gordhandas Savjani	Employee
19	MeetaTushar Tana	Wife of employee Noticee 4
20	Sunil Jayantilal Bhatt	Employee
21	Jadeja Virbhadrasingh	Employee

10.1.2. All the mentioned Noticees were connected and hence hereinafter referred to as “Madiyar Group.” As Noticees were either Family members or employee or associates, therefore email id, contact numbers were common.

- 10.1.3. No connection to other Noticees in the ECL group. Hence, ECL group is non-existent.
- 10.1.4. Based on tips/ suggestions of Noticee 3, connected noticees traded to earn extra income.
- 10.1.5. Regarding connection of Sampati Currency Tradelink a group entity of Madiyar Group (received/ transferred funds from/to two amalgamation Noticees), the amount Rs. 38,92,541/- (from Ashi Texfab Pvt Ltd/Noticee 24) and Rs. 910,617/- (from Kartik Clothing and Fabrics Private Limited/ Noticee 26) was received towards currency derivative trading and converted into an unsecured loan. Not aware of their trading in ECL shares and no connection with the said companies in any other manner.
- 10.1.6. Noticee no 5 paid Rs 14,500/- to Manish Parekh (PAN ADDPP8273E) to Bank of Baroda, Kalawad branch, Rajkot. Same was for an event organized in Rajkot and was 9 months before the IP. Not aware about any dealings by Shri Manish Parekh in the shares of ECL and had no connection in any other manner.
- 10.1.7. Cannot comment on technical data such as contribution to LTP, to NHP, trades matched between connected entities.
- 10.1.8. Not engaged in circular trading nor any intent to mislead the appearance of trading in the scrip or to manipulate the price of the scrip. Mere intention to earn some small earnings
- 10.1.9. Denied PFUTP violations and requested to remove all the charges against noticee number 1,2,3,4,5,18,19,20 and 21.
- 10.1.10. Sunil Bhatt (Noticee no. 20) submitted that, he was in full time employment as Accountant with M/s Sampati Broking Private Limited (Noticee 5) and in touch with Shri Jayesh Madiyar (Noticee 1) and dealt in the Excel scrips on tips by Shri Jayesh Madiyar (Noticee 1). Further,

clarification and explanations by Shri Jayesh Madiyar (Noticee 1) be considered as his response.

10.1.11. Prabhaben Gordhandas Savjani (Noticees no. 18) has further submitted vide email dated January 01, 2021, that, they are not aware of the transactions made and that the broker/sub-broker/promoters of the company, may have made transactions. The transactions were made without the permission, notice and knowledge.

10.2. Vardhman Infracon Pvt Ltd (Noticee No. 6), S. J. Infratech Private Limited (Noticee 07), Jagdishkumar Amrutlal Akhani (Noticee 10), Passim share Trade LLP (Noticee 11), Dexter Share and Tradecom Private Limited (Noticee No. 12), Blink Share and Comtrade Private Limited (Noticee No.13) and Eyesight Share Trading Private Limited (converted to LLP) (Noticee 14), have made the following common contentions in their replies;

10.2.1. Noticees 6, 7, 10, 11, 12, 13 and 14, have confirmed that Noticees 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16 and 17, are connected entities to them, through their directors known to each other as friends and acquaintances.

10.2.2. Noticee 10 being director of Noticee 07 and other connected entities being friend/acquaintances, therefore common email id, mobile number or address.

10.2.3. Objects on belonging to ECL Group as they were related only to entities mentioned. Since connection with other entities in SCN is not given, it is erroneous to link and club as ECL group.

10.2.4. Association with persons/entities as in SCN, limited for purpose of trading and no other business or transaction.

10.2.5. Trading is nominal and traded as per routine business activities. Price increase cannot be related to trading of shares and hence no

contribution to LTP or NHP. Trade incidentally matched with connected entities.

10.2.6. Not aware of transaction of Noticee 15-17 with Noticee 26, therefore not to be connected based on the same.

10.2.7. Noticee 10 submitted RTA certificate of purchase of shares of Ahmedabad Gases limited prior to reduction. Total shares holding was 13,55,600, of which 11,27,200 shares were transferred prior to reduction of shares capital and 2,28,400 after reduction of capital.

10.2.8. Noticee 12 has further mentioned that the name of the entity was changed to Accurate Securities and Registry Private Limited w.e.f. 09.03.2015 after change in object clause during October 2014. It was granted Category I Registrar and Share Transfer Agent registration w.e.f. 03.09.2015 and the management and control changed on 03.04.2020.

10.3. Sureshbhai Thakkar (Noticee No. 8) and Manubha Prabhatsang Vaghela (Noticee No 9)

10.3.1. Appears among the top 10 entities dealt in the scrip of ECL and traded as per routine business activity.

10.3.2. Sureshbhai Thakkar's connection with Jagdishkumar Amrutlal Akhani (Noticee No. 10) and Manubha Prabhatsang Vaghela's connection with Jagdishkumar Amrutlal Akhani (Noticee No. 10) and Rajnikant Ramanbhai Jadav (Noticee No.17) is as friend and hence common email id and telephone number. Connection limited to investment and no connection for any other business. Not connected to any other Noticees.

10.3.3. Objects on belonging to ECL Group as they were related only to entities mentioned and since connection with other entities in SCN is not given, it is erroneous to link and club as ECL group.

- 10.3.4. Increase in price from Rs. 9.60/- to Rs. 143/- cannot be related to trading of the said shares as it was listed subsequent to amalgamation at Rs. 143/-. Percentages and alleged contribution by to NHP or LTP is wrong and needs further analysis and re-calculation.
- 10.3.5. Sureshbhai Thakkar submitted that out of total 8 sell trades, in two trades he simultaneously bought and sold 55 shares by mistake and without any malafide intention. There were only two trades with connected entity for 255 shares.
- 10.3.6. Manubha Prabhatsang Vaghela submitted that 1.95 LTP arose out of 2 sell orders for just 1100 shares, which is very meagre.
- 10.3.7. In case of Sureshbhai Thakkar out of 11 trades with NHP, only 1 trade for 250 shares and in case of Manubha Prabhatsang Vaghela out of 4 trades, only 3 trade coincidentally matched with a connected entity, while acquired from the market. Therefore, not sold any shares to any "Connected Entity".
- 10.3.8. Sell orders were incidental and without knowing counterparties. No circular trading, no circulation of funds to any other Noticee. Not part of alleged ECL Group or involved in manipulative or fraudulent trading. Should not be considered as a part of ECL Group and be relieved of all charges.

10.4. Ramanbhai Jethabhai Jadav (Noticee No.15), Yashwant Ramanbhai Jadav (Noticee No.16) and Rajnikant Ramanbhai Jadav (Noticee No.17)

- 10.4.1. Noticee are related as family and works as cloth merchant and commission agent
- 10.4.2. Connected to other Noticees as in SCN as friend and acquaintances and therefore common email id, mobile number or address. Connection was limited for purpose of trading and no other business or transaction.

10.4.3. Objects on belonging to ECL Group as they were related only to entities mentioned and since connection with other entities in SCN is not given, it is erroneous to link and club as ECL group.

10.4.4. Noticees were introduced to Noticee 26 through a business colleague acting as commission agent named Tarun Shah, for the cloth material sale.

10.4.5. Noticee 15 received Rs. 14,22,843/- for 3 invoice, Noticee 16 received Rs. 79,00,827/- for 15 invoice and Noticee 17 received Rs. 91,96,540/- for 24 invoice, from Noticee 26 for cloth materials sale on various dates.

10.4.6. Not aware of other business of Noticee No.26 or its dealing in ECL shares.

10.4.7. Traded in ECL shares without knowing who were buying or selling.

10.5. Mr. Manish Parekh (Noticee No. 27), Ms. Pavanben Parekh (Noticee No. 28), Mr. Sandeep Parekh (Noticee No. 29), and Late Shri Kantilal Parekh (Noticee No. 25)

10.5.1. Do not know any person or company named, Sampati Broking Private Limited nor received any payment or entered transaction with Sampati Broking Private Limited.

10.5.2. Noticee 27 only had account no. 04180100011320 with Bank of Baroda, Thakurdwar, during the IP.

10.5.3. As per SCN, payment made by Sampati Broking Private Limited to some identical name Manish Parekh and not the Noticee, Manish Kantilal Parekh.

10.5.4. Shri Kantilal Parekh (father of Manish Kantilal Parekh) expired on 07.01.2018. Death Certificate provided.

10.5.5. Noticees are related as family member and none of them know any other noticees in SCN and this is some misunderstanding due to common name.

10.5.6. Sold the shareholding in ECL in the open market.

10.6. Arun Jwalaprasad Tulsian (Noticee 22), Ashi Arun Kumar Tulsian (Noticee 23), Ashi Taxfab Private Limited (Noticee No. 24), Kartik Clothing Pvt. Ltd. (Noticee No. 26) Sitadevi Arunkumar Tulsian (Noticee No.30) inter alia made the following key contentions

10.6.1. Vehemently deny all the allegations.

10.6.2. Arun Jwalaprasad Tulsian (Noticee No. 22), Ashi Arun Kumar Tulsian (Noticee no. 23), Ashi Tefab Pvt Ltd (Noticee 24), Kartik Clothing Pvt. Ltd. (Noticee No. 26) and Sitadevi Arunkumar Tulsian (Noticee No. 30), are connected, by the virtue of personal relations or being family members. The said connection is an implicit and inevitable connection and has no underlying objectives related to any kind of business.

10.6.3. Allegation is based on trading in scrip of Excel during 2013-2014 i.e. 6 years ago. Delay of 6 years in issuing SCN. After 6 years, our staff has changed, complete document are not there and we are handicapped and incapacitated to defend. The unexplained delay in initiation of proceeding and issue of SCN is exceedingly inordinate and caused prejudice to us. In this respect, the Noticee has relied on various court order i.e. Bharat J Patel vs SEBI dated September 09, 2020, the Hon'ble SAT, Ashok Shivilal Rupani and Ors. Vs Securities and Exchange Board of India (Appeal No. 417 of 2018), Ashlesh Gunvantbhai Shah & Ors. v SEBI (Appeal No. 169 of 2019).

10.6.4. The price volume and trade log data for the period establishes that the scrip was highly liquid with lot of trades and traders on each day. Traded in Excel scrip in ordinary course and some of trades got matched with certain parties which cannot lead to indulging in fraudulent and unfair trade practices and part of the scheme.

- 10.6.5. Due to afflux of time not able to locate the demat statement, however, providing ledger FY 2013-14 & 2014-15 establishing regular investor across various segment and scrips. Our investment in F&O segment will not get reflected in demat statement. The trades done in the scrip of Excel were totally bona fide and exceedingly insignificant (less than 1 % of total volume) vis-a-vis our total trading. Sold shares of Excel to cover up the loss that we incurred in F&O segment.
- 10.6.6. The positive effect on price and value was due to amalgamation.
- 10.6.7. Even after a period of nearly three months after the split and also three months after the IP the price of the scrip was Rs. 40. 75/- which results into pre-split price of Rs 200/. This establishes that there was no price manipulation and creation of artificial volume and no scheme, artifice etc. was devised to facilitate the sale of shares held.
- 10.6.8. Increase in volume has not been taken into consideration. Price rise in the scrip is the result of various positive corporate announcements like restructuring of the company and listing at BSE.
- 10.6.9. Out of the four entities alleged to be connected, only Mr. Ramanbhai Jethabhai Jadav is figuring in top ten buyers with 2.60% of total gross buy.
- 10.6.10. Denied any direct/indirect connection to Sampati Broking Private Limited.
- 10.6.11. Kartik Clothing and Fabrics Pvt Ltd. group/associate company of Ashi Texfab Pvt. Ltd. is engaged in clothing business with average Rs. 50 crores turnover and places purchase and sale order through commission agents. Accordingly, the agent Mr. Tarunbhai Shah arranged seller entities, namely, Mr. Ramanlal, Mr Rajnikant and Mr. Yashwant, for purchase of fabric and payment was made by Noticee 26 of Rs.14,22,843/-, Rs.91,96,540/- and Rs.79,00,827/- respectively. Kartik Clothing and Fabrics Pvt Ltd. (Noticee 26) is not involved in

identification or communication with sellers. SCN has nowhere elaborated connection with seller entities and levelled allegations on the basis of unrelated transactions which was done in normal course of business. There is no direct business relationship with any of the buyers/sellers. The total trading of three entities alleged to be connected to us is quite miniscule.

10.6.12. The sale made was carried out on electronic faceless and anonymous trading platform of the stock exchange wherein the counter party is not known. Hence, no allegation of fraudulent and unfair trade practices can be levelled.

10.6.13. Ashi Texfab Pvt. Ltd. (Noticee 24) and Kartik Clothing Pvt. Ltd. (Noticee No. 26) agreed to open account with Sampati currency and made an initial payment of Rs. 38,92,541/- to purchase GBP 30,000 & USD 12,500 and 9,10,617/- to purchase USD 15,000, respectively. Sampati Currency expressed its inability to open an account in the name of the Company and requested to open an account in the name of any individual. Ashi Texfab Pvt. Ltd. (Noticee 24) and Kartik Clothing Pvt. Ltd. (Noticee No. 26), therefore requested refund the money. In this respect Sampati Currency refused to refund and requested to keep the amount as deposit for an interest rate of 15% per annum. Noticees were not aware of the connection of Sampati Currency with Excel

10.6.14. The funds with Sampati Currency are still not been received back, however, shown as deposits in Balance Sheet. The interest, as promised, was never received and therefore the same was not accounted for in the books of accounts.

10.6.15. Based on aggregation of data/trading of others, distorted conclusions have been drawn, which is legally untenable and unsustainable.

10.6.16. The time difference between the order placed and the execution of the order was sometimes as high as 5 Hours and 23 Minutes. This indicates

that the trades executed were not fraudulent or unfair. There is no allegation of synchronized trading against us.

10.6.17. Traded in the scrip of Excel or any other scrip only through the broker Religare Securities Ltd.

10.6.18. Original investment in the company was made in September 2012 and sold major shares in open market during Dec 2013-Sept 2014, to liquidate investment.

10.6.19. The purported connection with one ECL Group entity was never established and without considering the correct nature of the said transactions. These transactions were independent and bonafide.

10.6.20. The alleged profit is not result of any fraud and cannot be alleged to be wrongful/ illegal / ill-gotten gains and relied on Hon'ble Securities Appellant Tribunal Order in the matter of Karvy Stock Broking Ltd. dated 25.2008 and National Securities Depository Limited dated 22.11.2007.

10.6.21. Noticees have relied upon Hon'ble Securities Appellate Tribunal order in the matter of S P J Stock Brokers Pvt Ltd vs SEBI. and HB Stockholdings Limited vs SEBI and also Hon'ble Supreme Court order in the matter of SEBI vs Kishore Ajmera - (2016)6 SCC 368, with respect PFUTP violation

10.6.22. Segregated data pertaining of Noticee's trades and counter parties/connected entities trades has not been separately provided. Due to the huge data provided in integrated trade log and trades specific to Noticees are not provided separately, this incapacitates in making any analysis. Therefore, no credence can be placed on the said data in order to draw adverse inferences.

10.6.23. Trade Log does not provide the details of pending buy/sell orders at the relevant time when the impugned buy/sell orders were placed by me and also the price at which the pending sale orders were placed.

10.6.24. Trading in the scrip of Excel were in the ordinary course where trades got matched with certain parties.

10.7. Karishma Alpeshkumar Shah (Noticee no. 31)

- 10.7.1. Works as jobber and trades 1 share to check refresh price of sell or buy side every second, as without refresh price, cannot do jobbing.
- 10.7.2. Associated with ASE Capital Markets Ltd. (BSE)
- 10.7.3. Trades in Excel scrip since years and not only limited to IP.
- 10.7.4. Traded as jobber in total 297 companies during the year 2014-2015 with total buy and sell of 21,51,602 shares.
- 10.7.5. Jobbing in 15 companies on August 07, 2014, 13 companies on August 08, 2014 and 12 companies on August 11, 2014.
- 10.7.6. Total Jobbing in ECL scrip trade was 8791 shares buy as well as sell, with 361.85 loss.
- 10.7.7. Due to connectivity issue had to refresh rate often and put buy and sell order but was not confirmed for few seconds.
- 10.7.8. Self- trades were unintentional, non- manipulative and a result of bona-fide jobbing activity. No alert or notice by the surveillance mechanism of the exchange or any other authority and has no connection with any person or owner of company
- 10.7.9. Hedging of profit and loss, jobbing of transactions are the strategies of markets, not banned in any provision of the laws. No connected directly or indirectly with any kind of fraudulent business and the profit turned out is very small.
- 10.7.10. ITR of 2012-13 of Noticee 31 submitted. However, the ITR of 2013-14, 2014-15, 2015-16 and 2016-17 is submitted of Alpeshkumar Sheshmal Shah (Spouse).

CONSIDERATION OF ISSUES:

11. I have considered the allegations levelled in the SCN and the replies, oral / written submissions made by the Noticees in response to the SCN. Taking the same into account, the following issues arise for my consideration: -

Issue No 1. Whether 30 Noticees in the present matter can be held to be connected / part of a group for the purpose of their respective impugned trades in the scrip during the investigation period?

Issue No 2. Whether the Noticees 1-18 and Noticee 31, have manipulated the price of the scrip during the investigation period?

Issue No 3. Whether amalgamation allottees have benefitted from the manipulation in the price of the scrip during the investigation period?

Issue No 4. Whether the Noticees 1-31 have violated the provisions of PFUTP Regulations?

Issue No 5. If answer to issue No. (4) is in affirmative, what directions, if any, should be issued against the Noticees 1-31?

Issue No 6. Whether the Noticee 1, 3 and 32 are in violation of SEBI(PIT) Regulations and SEBI(SAST) Regulations, 2011

Issue No 7. If answer to issue No. (6) is in affirmative, what directions, if any should be issued against the Noticee 1, 3 and 32?

FINDINGS & CONSIDERATIONS

12. Before delving into the merits of the case, I note that few Noticees have not replied to the SCN and few have availed the opportunity of hearing granted to

them. Service of SCN and hearing notices have been done on the Noticees via post/affixture/newspaper publication. In this regard, the observations of Hon'ble Securities Appellate Tribunal (hereinafter referred to as 'SAT') in the matter of Sanjay Kumar Tayal & Others Vs. SEBI decided on February 11, 2014 is pertinent here. The Hon'ble Tribunal observed as follows:

"...As rightly contended by Mr. Rustomjee, learned senior counsel for respondents, appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges levelled against them in the show cause notices..."

13. Before proceeding to consider the allegations on merit, I shall first deal with the preliminary objections of a few Noticees that the SCN does not mention any reasons for delay in investigation and issuance of SCN. I also note that investigation in the extant matter involved examination of basis of connection amongst 100 plus entities, various other examination on disclosures, etc. which in itself is a time consuming process. Subsequent to the said examination, the list of suspected entities has been narrowed down to 31 entities and their respective role was analysed in the entire alleged scheme. Further, the period of investigation in the matter covers a period of 2 years. To ascertain whether 31 entities have violated any provisions of securities laws by playing any part in the alleged scheme over a period of 2 years, is an elaborate exercise necessitating considerable time in concluding a detailed investigation. Along with the aforesaid, there were other violations being examined alongside. Therefore, questioning the merits of the proceedings on the sole criteria of the time it took to crystallise the extent of the violations, would defeat the ends of justice. In this context, it is noteworthy that as a generally accepted principle regarding enforcement action by any enforcement authority, investigation/inquiry against any subject entity and the consequent action in pursuance of the same should

be completed in a reasonable time frame which would serve the objective of balancing the rights of the persons subjected to enforcement action and the investors whose rights are being protected through enforcement proceedings. Further, it is equally true that the time consumption in investigation or consequent enforcement actions can be caused due to multiplicity of factors such as the violation coming to the notice of the enforcement authority on a later date, the requisite data / material not being readily available, non-cooperation by the subject entities, pendency of connected matters before other courts / authorities, etc. It is also noted that there is neither any specific provision contained in PFUTP Regulations to issue the SCN nor there is any provision in PFUTP Regulations which lays down any limitation period for initiating any action under them. Hon'ble SAT in the matter of Vaman Madhav Apte & Ors. vs. SEBI has vide Order dated March 4, 2016 observed as follows –

“Argument of the appellants that the proceedings initiated against the appellants suffer from gross delay and laches and, therefore, the impugned order is liable to be quashed and set aside is without any merit, because firstly, neither the SEBI Act nor the regulations framed thereunder prescribe any time limit for initiating proceedings against the persons who have violated the securities laws. Secondly, neither the SEBI Act nor the regulations framed thereunder provide that if there is delay in initiating proceedings, no action can be taken against the person who has committed violations of the securities laws.”

Moreover, the Hon'ble Supreme Court of India recently in the case of Adjudicating Officer, SEBI vs. Bhavesh Pabari (2019) SCC Online SC 294 has held as follows:

“There are judgments which hold that when the period of limitation is not prescribed, such power must be exercised within a reasonable time. What would be reasonable time, would depend upon the facts and circumstances of the case, nature of the default/statute, prejudice caused, whether the third-party

rights had been created etc.”

The facts and circumstances of the instant case shows that it involves multiple layers of transactions and connections which required comprehensive examination which invariably consume substantial time. Therefore, based on the facts and circumstances of the matter, the lapse of time cannot be said to be detrimental in the instant matter. It is also important to mention that no case been made out by the Noticees that any prejudice was caused to them on account of the time consumption in initiation of investigation in the present matter. Further, in the light of aforesaid Hon'ble Supreme Court of India's Order, it is noted that based on the nature of allegation in the extant matter which is of devising a scheme to manipulate the price of the scrip and providing an opportunity to connected entities to sell their shares at the manipulated price, if proven, is a grave violation and it is in the interest of investors and orderly development of securities market that instant proceedings should be continued to be adjudicated on merits of the allegation so as to keep unscrupulous Noticees, if any, away from the securities market. In other words, more harm would be caused by dropping the instant proceedings solely on the ground of delay. Thus, the submission of the Noticees of dropping the SCNs on the ground of delay cannot be accepted.

14. Noticees 22, 23, 24, 26 and 30 have contended that, the Annexure 1-Integrated trade log provided contains details of all the trades of ECL and specific details of trade of theses respective Noticees is not separately provided which incapacitated them in making analysis. It is noted that trade log details specific to these respective Noticees was already provided vide other specific Annexure 7 to the SCN, which was filtered from Annexure 1 and only contained trade log details with respect to the 10 amalgamation Noticees, including these 5 Noticees. Annexure-1 was provided to the Noticees on their request only, for any

further clarity. Further, I note that the data provided was in MS Office-Excel which could be easily filtered to retrieve specific trade details of the respective Noticees, if required. Thus, no prejudice has been caused to the Noticees on account of the same. Further, without prejudice to the above, it is also noted that the SCN categorically tabulates the summarised details of traded quantity for these respective Noticees. Regarding the trade log details, it is also relevant to refer to the following observations of the Hon'ble Supreme Court of India in the matter of *SEBI v. Kishore R. Ajmera* (Order dated February 23, 2016);

“27. Insofar as the plea of violation of principles of natural justice, as raised on behalf of the respondent in C.A.No.282/2014 (Monarch Network Capital Ltd.) is concerned, we do not think the same to be justified in any manner. The relevant extracts of the trade log which have been perused by us, in view of the clear picture disclosed with regard to the particulars of the offending transactions, must be held to be sufficient compliance of the requirement of furnishing adverse materials to the affected party.”

15. As the copy of the entire trade log and the relevant extracted portion as mentioned in the SCN has been given to these noticees, they are not constrained in any manner from making any analysis. I further note that the submissions in their defence with regard to the allegations in the present SCN and their replies / written submissions in respect of the SCN are also on record for consideration.

16. Now, I proceed to deal with the merits of the case.

Issue No 1. - *Whether 30 Noticees in the present matter can be held to be connected / part of a group for the purpose of their respective impugned trades in the scrip during the investigation period?*

17. Based on UCC details, MCA data and off market transaction data, submission by Noticees, connection have been found/established between 21 entities who had traded in the scrip during the IP. Further, the Company was also found to be connected with these 21 entities. Findings on the basis of connection of the said 21 entities and the Company is hereunder:

Table 3

Sr No	Client Name (Noticee No.) & (PAN)	Basis of Connection	Basis of connection
1	Payal Jayeshbhai Madiyar (Noticee No.1) AORPM9664D	• Entities number 1 has transferred shares to the entity number 20. • Entities number 1, 4, 19 and 21 are related based on common mobile number 8866798777 • Entities number 1 and 19 are related based on common phone number 2581613. • Entities number 1 and 3 are related based on common email id jayesh.madiyar@gmail.com, info@sampatigroup.in • Entities number 1, 3 and 5 are related based on common mobile number 9825934502. • Entities number 1, 4, 6 and 21 are related based on common phone number 2581614. • Wife of Noticee 3	a) UCC details b) Off market transfer c) submission of Noticee 3
2	Amit Ashokbhai Pala (Noticee No.2) ATJPP8205G	• Entities number 2, 4, 6 and 21 are related based on common phone number 25811611. • Entity number 2 has received shares from entity number 6. • Employee in company owned by Madiyar family	a) UCC details b) Off market transfer c) submission of Noticee 3
3	Jayesh Vallabhaji Madiyar (Noticee No. 3) AFUPM2381R	• Entities number 1 and 3 are related based on common email id jayesh.madiyar@gmail.com, info@sampatigroup.in • Entities number 1, 3 and 5 are related based on common mobile number 9825934502. • Director of the Company (Excel Castronics Limited entity number 22)	a) UCC details
4	Tanna Tusharbhai Hiralal (Noticee No. 4) AEOPT7662R	• Entities number 1, 4, 19 and 21 are related based on common mobile number 8866798777. • Entities number 2, 4, 6 and 21 are related based on common phone number 25811611.	a) UCC details b) Off market transfer c) submission of Noticee 3

Sr No	Client Name (Noticee No.) & (PAN)	Basis of Connection	Basis of connection
		- Entity number 4 has received shares from entity number 6. - Employee of Noticee 5 - Entities number 4 and 19 are related based on common email id tushar.tanna7@yahoo.com. - Entities number 4, 19 and 21 are related based on common email id tushar.tanna7@yahoo.com. - Entities number 1, 4, 6 and 21 are related based on common phone number 2581614.	
5	Sampati Broking Private Limited (Noticee No.5) AAOCS2936G	- Entities number 1, 3 and 5 are related based on common mobile number 9825934502. - MCA Record, Noticee 20 was director of Noticee 5 with DIN 03042462, during May 17, 2010 to July 11, 2014 - Sunil Jayantilal Bhatt (entity number 19) is one of the employee of Sampati Broking Private Limited (Noticee No. 5) as per Noticee 3 and 1 submission. - Tanna Tusharbhai Hiralal (entity no 4) is one of the employee of Noticee 5 - Company owned by Madiyar Family - Client sampati currency tradelink is an entity of Madiyar family	a) UCC details b) MCA data c) submission of Noticee 3
6	Jadeja Virbhadrasingh (Noticee No.21) AWIPJ5038K	- Entities number 1, 2, 4, 6, 19 and 21 are related based on common phone number 25811611 and 2581613. - Entities number 2, 4, 6 and 21 are related based on common phone number 25811611. - Entities number 1, 4, 6 and 21 are related based on common phone number 2581614. - Entities number 6 has transferred shares to entity number 2 and 4.	a) UCC details
7	Sureshbhai Kantilal Thakkar (Noticee No. 8) AGXPT2486N	- Entities number 7, 8, 11, and 18 are related based on common email id akhani03@yahoo.com - Entities number 7 and 8 are related based on common mobile number 9898096710. - Entities number 7, 8, 10, 11 and 18 are related based on common mobile number 9898096716. - Entities number 7, 8, 10, 11 and 14 are related based on common mobile number 9328341207.	a) UCC details b) MCA Data

Sr No	Client Name (Noticee No.) & (PAN)	Basis of Connection	Basis of connection
		- Entities number 7 and 11 are related based on common email id jakhaniassociates@gmail.com - Director of Indus Coils & Plates Limited	
8	Manubha Prabhatsang Vaghela (Noticee No.9) AGIPV6046K	- Entities number 8, 9, 11, 14, 17 and 18 are related based on common mobile number 9016503605. - Entities number 7, 8, 11, and 18 are related based on common email id AKHANI03@YAHOO.COM - Entities number 7 and 8 are related based on common mobile number 9898096710. - Entities number 7, 8, 10, 11 and 18 are related based on common mobile number 9898096716. - Entities number 7, 8, 10, 11 and 14 are related based on common mobile number 9328341207. - Director of Indus Coils & Plates Limited - Trade receivable Rs. 15,00,000 from ECL (business relationship) - Manubha Prabhatsang Vaghela (Noticee No.9) is one of the director of Blink Share and Comtrade Private Limited (entity number 14)	a) UCC details b) MCA data c) Annual Report 2013-14 –BSE website
9	Vardhman Infracon Private Limited (Noticee No.6) AADCV4431A	- Entities number 9, 10, 12 and 14 are related based on common mobile number 9173178196. - Entities number 8, 9, 11, 14, 17 and 18 are related based on common mobile number 9016503605 - Entities number 9, 10, 11, 16, 17 and 18 are related based on common email id 31sharetrade@gmail.com - Entities number 9 and 15 are related based on common mobile number 9925746030 - Entities number 9, 14 and 15 have common director viz. Shailesh Ramniklal Chandarana - Excel Castronics Limited and Vardhman Infracon Private Limited (Noticee No.6) have common director Pravinbhai Lakhiram Joshi - Advance from ECL to Vardhman Infracon of Rs 52,50, 000 (Mar 2013) - Loan from Vardhaman infracon to ECL of Rs. 15,00,000 (Mar 2013)	a) UCC details b) MCA data c) Annual Report 2013-14

Sr No	Client Name (Noticee No.) & (PAN)	Basis of Connection	Basis of connection
10	S J Infratech Private Limited (Noticee No. 7) AAMCS7606P	• Entities number 9, 10, 12 and 14 are related based on common mobile number 9173178196 • Entities number 9, 10, 11, 16 ,17 and 18 are related based on common Email ID 31sharetrade@gmail.com. • Entities number 7, 8, 10, 11 and 18 are related based on common mobile number 9898096716. • Entities number 7, 8, 10, 11 and 14 are related based on common mobile number 9328341207. • Noticee 10 is director of Noticee 7	a) UCC details b) submission by Noticee 10
11	Jagdishkumar Amrutlal Akhani (Noticee No. 10) AETPA5632H	• Entities number 8, 9, 11, 14, 17 and 18 are related based on common mobile number 9016503605 • Entities number 9, 10, 11, 16 and 18 are related based on common email id 31sharetrade@gmail.com • Entities number 7, 8, 11 and 18 are related based on common email id AKHANI03@YAHOO.COM • Entities number 7, 8, 10, 11 and 18 are related based on common mobile number 9898096716. • Entities number 7, 8, 10, 11 and 14 are related based on common mobile number 9328341207. • Entities number 7 and 11 are related based on common email id jakhaniassociates@gmail.com. • Entities number 11, 12 and 13 are related based on common address i.e. A 502 Sarthak Tower Ramdevnagar Road Satellite Ahmedabad Gujarat 380015 • Trade receivable Rs. 23,00,000 (Mar 2013), 23,30,3000 (Mar 2014) from ECL (business relationship) • Director of Ahmedabad Gases Limited (Annual Report 2010-11) • Noticee 10 is director of Noticee 7	a) UCC details b)) Annual Report 2010-11 and 2013-14 – BSE website c) submission of Noticee 10
12	Passim Share Trade Private Limited (Noticee No. 11) AAHCP4840M	• Entities number 9, 10, 12 and 14 are related based on common mobile number 9173178196. • Entities number 12, 16 and 17 are related based on common mobile number 9137685317 • Entities number 11, 12 and 13 are related based on common address i.e. A 502 Sarthak Tower Ramdevnagar Road Satellite Ahmedabad Gujarat 380015	a) UCC details

Sr No	Client Name (Noticee No.) & (PAN)	Basis of Connection	Basis of connection
13	Dexter Share and Tradecom Private Limited (Noticee No.12) AAECD8837D	Entities number 11, 12 and 13 are related based on common address i.e. A 502 Sarthak Tower Ramdevnagar Road Satellite Ahmedabad Gujarat 380015	a) UCC details
14	Blink Share and Comtrade Private Limited (Noticee No.13) AAFCB7492P	- Entities number 9, 10, 12 and 14 are related based on common mobile number 9173178196 - Entities number 8, 9, 11, 14, 17 and 18 are related based on common mobile number 9016503605 - Entities number 7, 8, 10, 11 and 14 are related based on common mobile number 9328341207. - As per MCA website entity no 14 and 15 are related based on common address i.e 111/0952, Nirmal Apartment, Nr. Pushpak Apartment, Sola Road, Naranpura, Ahmedabad-380063. - Entities number 9, 14 and 15 have common director viz. Shailesh Ramniklal Chandarana. - Rajnikant Ramanbhai Jadav (entity number 18) is one of the director of Blink Share and Comtrade Private Limited (entity number 14) - Manubha Prabhatsang Vaghela (entity number 8) is one of the director of Blink Share and Comtrade Private Limited (entity number 14)	a) UCC details b) MCA data
15	Eyesight Share Trading Private Limited (Noticee No.14) AADCE5604J	- Entities number 9 and 15 are related based on common mobile number 9925746030 - As per MCA website entity no 14 and 15 are related based on common address i.e 111/0952, Nirmal Apartment, Nr. Pushpak Apartment, Sola Road, Naranpura, Ahmedabad-380063. - Entities number 9, 14 and 15 have common director viz. Shailesh Ramniklal Chandarana	a) UCC details b) MCA data
16	Ramanbhai Jethabhai Jadav (Noticee No.15) AUYPJ7348E	- Entities number 12, 16 and 17 are related based on common mobile number 9137685317. .Entities number 16, 17 and 18 are related based on common email id rjjadav1951@yahoo.in. - Entities number 16 and 18 are related based on common mobile number 7405302044. - Entities number 16, 17 and 18 are related based on common address i.e. 179 Vankar Vasvavol Gandhinagar Gujarat 382016.	a) UCC details b) MCA data

Sr No	Client Name (Noticee No.) & (PAN)	Basis of Connection	Basis of connection
17	Yashwant Ramanbhai Jadav (Noticee No.16) AUWPJ9680K	• Entities number 12, 16 and 17 are related based on common mobile number 9137685317. • Entities number 8, 9, 11, 14, 17 and 18 are related based on common mobile number 9016503605. • Entities number 9, 10, 11, 16, 17 and 18 are related based on common email id 31sharetrade@gmail.com. • Entities number 16, 17 and 18 are related based on common email id rjjadav1951@yahoo.in. • Entities number 16, 17 and 18 are related based on common address i.e. 179 Vankar Vasvavol Gandhinagar Gujarat 382016	a) UCC details
18	Rajnikant Ramanbhai Jadav (Noticee No.17) AJOPJ1760D	• Entities number 8, 9, 11, 14, 17 and 18 are related based on common mobile number 9016503605. • Entities number 9, 10, 11, 16, 17 and 18 are related based on common email id 31sharetrade@gmail.com. • Entities number 16, 17 and 18 are related based on common email id rjjadav1951@yahoo.in. • Entities number 7, 8, 11 and 18 are related based on common email id akhani03@yahoo.com. • Entities number 7, 8, 10, 11 and 18 are related based on common mobile number 9898096716. • Entities number 16 and 18 are related based on common mobile number 7405302044. • Entities number 16, 17 and 18 are related based on common address i.e. 179 Vankar Vasvavol Gandhinagar Gujarat 382016 • Rajnikant Ramanbhai Jadav (entity number 18) is one of the director of Blink Share and Comtrade Private Limited (entity number 14) • Director of Ahmedabad Gases Limited (Annual Report 2010-11)	a) UCC details b) MCA data c) Annual Report 2010-11 –BSE website
19	Sunil Jayantilal Bhatt (Noticee No.20) ABZPB0818M	• Entities number 1, 4, 19 and 21 are related based on common mobile number 8866798777 • Entities number 4, 19 and 21 are related based on common email id tushar.tanna7@yahoo.com. • Entities number 1 and 19 are related based on common phone number 2581613.	a) UCC details b) MCA data c) submission of Noticee 3

Sr No	Client Name (Noticee No.) & (PAN)	Basis of Connection	Basis of connection
		• MCA Record, Noticee 20 was director of Noticee 5 with DIN 03042462, during May 17, 2010 to July 11, 2014 • Sunil Jayantilal Bhatt (entity number 19) is one of the employee of Sampati Broking Private Limited (entity number 5). (as per submission of Noticee 3)	
20	Prabhaben Gordhandas Savjani (Noticee No. 18) BMXPS6578M	• Entities number 20 has received shares from the entity number 1. • Employee of company owned by Madiyar family (submission of Noticee3)	a) Off market transfer b) submission of Noticee3
21	Meeta Tusharbhai Tanna (Noticee No. 19) APVPT3740G	• Entities number 1, 4, 19 and 21 are related based on common mobile number 8866798777. • Entities number 2, 4, 6 and 21 are related based on common phone number 25811611. • Entities number 4, 19 and 21 are related based on common email id tushar.tanna7@yahoo.com. • Entities number 1, 4, 6 and 21 are related based on common phone number 2581614. • Wife of Noticee no. 4 (submission of Noticee 3 and Noticee 19 itself)	a) UCC details b) submission of Noticee 3 and Noticee 19
22	Excel Castronics Limited AAACA9718J	• Excel Castronics Limited and Vardhman Infracon Private Limited (Noticee 6) have common director Pravinbhai Lakhiram Joshi • ECL Contact no 0281-2581611	a) MCA data

18. With respect to the facts brought out in the SCN for the basis of connections, the Noticees have admitted to the same except Noticee No. 25, 27, 28 and 29.

19. To summarise as per the facts and admission by the Noticees themselves, Noticee 1 to 5, 18, 19, 20 and 21 are connected (*hereinafter referred as Madiyar Group*) being family members, associate company and employees Noticee 5 and company owned by Madiyar Family. Therefore they share common email id and contact numbers. Noticee 3 has also admitted that that as he is engaged in

capital markets who used to have close watch on market movement, that has led to his earnings and based on his tips and suggestions the connected entities used to trade to earn extra income.

20. Noticee 6 to 17 are connected through their Directors/Partners known to each other as friends and acquaintances as shown in the table 3. Noticee 10 (Jagdishkumar Amruthlal Akhani) being director of Noticee 7 (S.J. Infratech Private Limited) and other connected entities being friends/acquaintances, therefore, common email id, contact nos and address

21. Noticee 1 to 5 & 18 to 21 and Noticee 6-17, have admitted as connected entities to each other among their group, however they have objected on belonging to ECL Group stating that connection with other entities in SCN is not given and therefore it is erroneous to link and club as ECL group. It is noted that ECL and Indus Coils & Plates Limited (ICPL) were merged with Ahmedabad Gases Limited (AGL) (Listed company with BSE and named changed to ECL pursuant to amalgamation) under scheme of amalgamation vide the Hon'ble High Court of Gujarat order dated February 15, 2013. In view of the all these companies/entities, it is noted that Noticee 6 (Vardhaman Infracon Pvt. Ltd.) and ECL had common director Pravinbhai Lakhiram Joshi, and Noticee 3 was also director of ECL. Further Noticee 17 and Noticee 10 were directors during 2010-2011 and Noticee 17 and Pravinbhai Lakhiram Joshi were directors during 2011-12 of AGL as per Annual Report 2010-11 and 2011-12. It is also noted that Noticee 8 and 9 were directors of ICPL and Noticee 9 was also director of Noticee 13. Noticee 10 apart from being director of AGL was shareholder of ICPL. Further, as per his submission he had acquired 13,55,600 shares of the AGL (now ECL) off market from March 2012 onwards. In view of the facts above the Noticee 1 to 21 are inter connected among themselves by virtues of common directorships, associate/group companies, friendship and acquaintances with

ECL Group. Therefore, the contention of the Noticees 1-21, as not belonging to the ECL Group is not acceptable and the same is established by the facts.

22. Having established the connection within the ECL group, it needs to be seen whether the amalgamation allottees are connected to the ECL group. The details of the connection of the amalgamation allottees with the ECL group as alleged in SCN is as below:

Table 4

Sr. No.	Entities	Entities Name	Connection details
1	Connected entities	Ramanbhai Jethabhai Jadav (Noticee 15)	As per Kotak Mahindra bank statements of Noticees 15 -17, receipt/transfer of certain funds from/to Kartik Clothing & Fabrics Pvt. Ltd. (Noticee no 26) was observed. As per bank statement Noticee 26 transferred to Noticee 15 – Rs. 14,22,843/-, Noticee 16 – Rs,79,00,827/- and Noticee 17 – Rs. 91,96,540/-.
2		Yashwant Ramanbhai Jadav (Noticee 16)	
3		Rajnikant Ramanbhai Jadav (Noticee 17)	
4		Sampati Broking Private Limited (Noticee 5) New Name - Sampati Financial Services Private Limited	Further, as per ICICI bank statements (A/c no. 084805500322) of client Sampati Currency Trade Link (of Noticee 5), it was observed that entity has received funds from Kartik Clothing & Fabrics Pvt. Ltd. (Noticee 26) & Ashi Texfab Pvt Ltd. (Noticee 24)
5	Amalgamation Allottee	Arun Jwalaprasad Tulsian (Noticee 22)	As per MCA details Noticees 22, 23, 30, are Directors of Noticees 24 and 26
6		Ashi Arunkumar Tulsian (Noticee 23)	As per UCC database Noticee 22-24, 26 and 30 have common mobile no. i.e. 9824066741 & email id i.e. ashi2007texfab@yahoo.co.in
7		Ashi Texfab Pvt Ltd (Noticee 24)	
8		Kartik Clothing And Fabrics Pvt Ltd (Noticee 26)	Further, as per ICICI bank statements (A/c no. 084805500322) of client Sampati Currency Trade Link (of Noticee 5), the entity has received funds from Noticees 24 and 26 of Rs 38,92,541/- and Rs. 9,10,617 respectively.
9		Sitadevi Arunkumar Tulsian (Noticee 30)	As per Kotak Mahindra bank statements of Noticee 15-17, they have received funds from Noticee 26 to the tune of Noticee 15 – Rs. 14,22,843/-, Noticee 16 – Rs,79,00,827/- and Noticee 17 – Rs. 91,96,540/-.

Sr. No.	Entities	Entities Name	Connection details
			Connected entities as family member and group companies as per submissions
10		Manish K Parekh (AABPP3702H)	as per UCC database Sandeep Karekh (Noticee no 29), Manish Parekh Noticee no.25) & Pavanben KantilalPparekh (Noticee no 28) having same address i.e. 64a, jasraj bhavan, room no 30, old hanuman lane, 4th floor, kalbadevi road, mumbai 400002 and tel no. 9821040438. As per UCC database, Sandeep Parekh (Sr no. 11) & Kantilal Parekh (Notice no 25) having same address i.e. 1201,chaitya tower,shivdas chapsi marg,mazgaon,mumbai
11		Sandeep K Parekh (AABPP3704B)	
12		Pavanben Kantilal Parekh (AAFPP0222L)	
13		Kantilal W Parekh (AABPP3703G)	
14	Connected entity and Amalgamation Allottee	Jagdishkumar Akhani (AETPA5632H)	On analyzing ICICI bank statement (A/c no. 084805000282) of Sampati Broking Private Limited (Noticee no 27)), receipt/transfer of certain funds from/to Manish Parekh (Noticee no 27) was observed. As per UCC database Jagdishkumar Akhani (Noticee 10), and Noticees 16-17, having common mobile number i.e. 9016503605. Noticee 10 and Noticee 17 share common directorship with AGL during FY 11-12 Connected entities as per own submissions

23. Noticees 22-24, 26 and 30 (*hereinafter referred as Tulsian Group*) have admitted their inter-se connection with each other being family members and group/associated companies. It is noted that connection of these amalgamation allottees with Noticee 5 (ECL Group entity) was alleged in the SCN through fund trails from Noticee 24 and 26, to the client of Noticee 5 i.e. Sampati Currency Trade Link (Group company of Madiyar Group as per submission) (*hereinafter referred as Sampati Currency*) totalling Rs. 48,03,158/- and also to Connected Noticees 15-17 through funds trails totalling Rs. 1,85,20,210/-. Tulsian Group has submitted that the fund transfer to Sampati Currency was for opening trading account post a currency trading seminar by Sampati Group, and as the same

could not be opened in corporate entity's name, the funds were kept with Sampati Currency as deposit (unsecured loans) with interest of 15% p.a. The Noticees have mentioned that they never any interest on the same till date. The Noticees have accepted the transfer of funds and also admitted that the funds are still with Sampati Currency without any interest receipt, till date. Noticees have not been able to produce the workshop advertisement or attendance proof for June 27, 2014 as contended, but some July, 2014 workshop advertisement as sample was submitted. They have also not provided any written agreement with Sampati Currency for the funds transfer. Noticee 24 and 26 have only submitted as supporting document their letters to Sampati Currency dated July 08, 2014 and letter from Sampati Currency dated July 10, 2014, requesting to keep the funds received as deposit with interest at 15% p.a. In view of the facts and circumstances, I fail to understand on how any entity/persons may agree to allow funds being kept with an unknown entity, who is also not honouring the interest payment since 2014 till date without return of the principal amount. Further, there is nothing on record to show that any complaint has been ever raised by these entities for not giving the refund or payment of interest. Further, I also note that, as contented by the Noticees, the trading account could not be opened in the corporate entities name, as mentioned by the Noticee 5, yet the account was not tried to be opened in the individual name of the directors of Noticee 26 and 24 i.e. Noticee 22, 23 and 30 or any individual authorised by the Noticee 26 and 24 The Noticees have also not taken any action against Noticee 5 in this respect or raised any concern and have simply agreed to keep the funds with Noticee 5. With respect to the transfer of funds by Noticee 26 to Noticee 15-17 (ECL Group Noticees), all the Noticees (15-17 and 26) have admitted to the fund transfers. These Noticees have submitted that fund transfers were for purchase of cloth material and Noticee 26 did not know the counter parties (Noticee 15-17) for these claimed purchases as the same worked on commission agent model. Noticee 26 stated that the commission agent for these purchased

was Tarunbhai Shah. Noticees 15-17 have mentioned that they were introduced to Noticee 26 through one of the friend and business colleague named 'Tarun Shah' who was a commission agent. In support to their contentions Noticee 15-17, were advised during the personal hearing to produce any evidences with respect their contention regarding respective purchases from Noticee 26 such as, sales tax receipt, prior/future history of trading with Noticee 26, respective transaction Bank statement, Proof of transfer of goods to Noticee 26, proof that Noticees are a Cloth/Commission agent, name of such agency, deed/documents of such agency, and reason/explanation as to why personal bank account used for funds transfer. Noticees 15-17 have not submitted any documentary proof despite a specific opportunity to submit the same was given to them. Likewise, Noticee 26 was advised during the personal hearing to produce independently verifiable documentary evidence such as, details of GST, service tax paid by Noticee 26 one year before and after the relevant transaction to show it was active in its claimed textile business, was the commission agent used for one-time transaction or permanent, bank statement to show commission paid to agent, etc. In this respect Noticee 26 has submitted the copy of the Audit Report for FY 2013-14 and 2014-15 alongwith ledger of the Noticee 15-17 and invoices, representing invoice raised and payment made. It is observed from the Audit Reports that no person named Tarunbhai Shah (commission agent as per Noticee 15-17 and 26 for the cloth purchase) or the Noticees 15-17 appear in the statement "TDS on commission/brokerage". Apart from the ledger and invoice of the alleged transactions, no other documentary proof of business transaction with Noticee 15-17 or the person named Tarun Shah, has been produced by the Noticee 26. Noticee 26 has also not been able to prove if the claimed transactions with Noticee 15-17 continued subsequently after April 2014 as normal business transaction either directly or through commission agent.

24. In view of the above, the contention of the Noticees are devoid of merit as non-supportable and the facts and circumstances shows that Noticees 22, 23, 24, 26 and 30 are connected to Noticee 15-17 who in turn are connected to Noticee 6-14 and Noticees 22, 23, 24, 26 and 30 are connected to Noticee 5 which in turn is connected with 1 to 4, 18, 19, 20 and 21, as per the facts brought out above.
25. In view of the above, even if there is a possibility of Noticees 6-14 not knowing the funds transfer as contented and the connection between Noticees 6-17 already admitted by the Noticees establishes the connection with Noticee 22, 23, 24, 26 and 30 through Noticee 15-17.
26. As per the submission of Noticees 25, 27, 28 and 29 (i.e. amalgamation allottees/Parekh Group), they are connected to each other being family members, but the connection of these Noticees to Noticee 5, through the alleged fund trail to Noticee 27 has been questioned. As per the SCN Noticee 27 has received funds from Noticee 5; however, as per submission of the Noticee 25 no funds have ever been received from Noticee 5, nor Noticee 27 knows Noticee 5. Noticee 27 has further mentioned that SCN has charged wrong person due to the common name, Manish Parekh. Similarly, Noticee 5 in its common submission through Noticee 1 has mentioned that, it has not received/transferred any funds to Noticee 27 and the payment referred to has been made to a person named Manish Parekh for organising a seminar in Rajkot 9 month prior to the IP. Noticee 5 has provided the PAN of the person and bank details of the person where the payment was made. It is observed from the submission made by Noticee 1 (on behalf of Noticee 5) and Noticee 27 that the PAN mentioned by Noticee 1 to which the payment was made is different from the PAN of Noticee 27 and also the bank details are different. In view of the facts brought out, I am of the view that there is no connection as alleged in the SCN between Noticee 27 with Noticee 5 does not stand established. As Noticee 25, 28 and 29 have

been alleged to have been connected to the ECL Group on the basis of the connection of Noticee 27 with Noticee 5 and the same has not been established therefore Noticee 25, 28 and 29 cannot be considered to be connected to Noticee 5 on the basis of the allegations. Therefore, the allegation of connection of Noticee 25, 27, 28 and 29 with Noticee 5 does not stand established.

27. In view of the above facts and submissions, connection of Noticee 1 to 21 is established as ECL Group entities and the connection of ECL Group entities with Noticee 22, 23, 24, 26 and 30 is also established. However, it is found that connection of Noticee 25, 27, 28 and 29 with Noticee 5 (ECL Group entities) as alleged does not stand established.

Issue No 2. - *Whether the Noticees 1-18 and Noticee 31, have manipulated the price of the scrip during the investigation period?*

28. During the IP period April 12, 2013 to November 19, 2014, an analysis of the price-volume movement of the ECL scrip on BSE, financial statements of the ECL, trading by connected Noticees of the ECL and LTP and NHP contribution by the connected Noticees of the ECL was made. The findings of the analysis made with respect to ECL and the connected Noticees are as follows:

28.1. The price volume movement and the financial details of ECL are as below:

Table 5

Period	Date		Opening Price and Volume on the first day of the period	Closing Price and Volume on the last day of the period	Low Price and Volume during the period	High Price and Volume during the period	Average No of shares traded daily during the period
Before IP	12/01/13 - 11/04/13	Price	No trading executed during the period				-
		Volume					

During IP	12/04/13 - 19/11/14	Price	9.6	162.3	9.6 (12/4/13)	490 (11/08/14)	35015.85
		Volume	300	1,05,253	51 (1/10/13)	2,58,811 (13/10/14)	
After IP	20/11/14 - 20/02/15	Price	32.75	40.75	18.55 (9/1/15)	43.7 (5/12/15)	259541.28
		Volume	324532	6,29,347	616 (22/12/14)	17,12,540 (21/11/14)	

Table 6 (In Millions)

Description	Year Ended				Quarter Ended			
	March 31, 2013	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2013	June 30, 2013	September 30, 2013	December 31, 2013
Net sales	17.72	39.87	305.30	764.69	17.72	4.75	0.07	14.69
Other Income	0.00	0.80	0.55	0.00	0.00	0.00	0.03	0.00
Total income	17.72	40.67	305.85	764.69	17.72	4.75	0.07	14.69
Profit after tax	0.65	4.50	5.89	7.77	1.08	-1.01	0.01	1.19

Table 7 (In Millions)

Description	Quarter Ended			
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014
Net Sales	20.36	70.03	97.57	110.17
Other Income	0.75	0.00	0.00	0.00
Total Income	20.36	70.03	97.57	110.17
Net Profit	4.53	-0.81	2.92	4.00

28.2. The top 10 buy and sell clients who had traded in the scrip of ECL during the Investigation period is tabulated below:

Table 8

S.No	Buy Client Name	Grs. Buy Volume	% of Gr.Buy to Mkt. Volume	Sell Client Name	Grs.Sell Volume	% of Sell Traded Volume
1	Payal Jayeshbhai Madiyar (Noticee No.1)	16,21,275	16.66%	Payal Jayeshbhai Madiyar (Noticee No.1)	9,77,058	10.04%
2	Sampati Broking Private Limited (Noticee No.5)	10,28,489	10.57%	Sampati Broking Private Limited (Noticee No.5)	6,10,409	6.27%
3	Amit Ashokbhai Pala (Noticee No.2)	4,66,186	4.79%	Jagdishkumar Amrutlal Akhani (Noticee No.10)	3,19,767	3.28%
4	Manubha Prabhatsang Vaghela (Noticee No.9)	3,59,796	3.70%	Vardhman Infracon Private Limited (Noticee No.6)	3,15,735	3.24%
5	Sureshbhai Kantilal Thakkar (Noticee No.8)	3,54,745	3.64%	Amit Ashokbhai Pala (Noticee No.2)	3,07,005	3.15%
6	Vardhman Infracon Private Limited (Noticee No.6)	3,39,142	3.48%	Ketan Babulal Jain	1,70,000	1.75%
7	Blink Share and Comtrade Private Limited (Noticee no.13)	2,93,003	3.01%	Blink Share and Comtrade Private Limited (Noticee No.13)	1,58,590	1.63%
8	Ramanbhai Jethabhai Jadav (Noticee No.15)	2,53,219	2.60%	Rajendra Dhanji Dedhia	1,54,387	1.59%
9	Eyesight Share Trading Private Limited (Noticee No.14)	2,30,774	2.37%	Dipan Mehta Share nd St. Br. P. Ltd	1,50,909	1.55%
10	Passim Share Trade Pvt Ltd (Noticee No.11)	1,77,168	1.82%	Eyesight Share Trading Private Limited (Noticee No.14)	1,48,676	1.53%
	Total of top 10 clients	51,23,797	52.64%	Total of top 10 clients	33,12,536	34.03%
	Remaining Clients	46,10,610	47.36%	Remaining Clients	64,21,871	65.97%
	Total Traded Volume	97,34,407	100%	Total Traded Volume	97,34,407	100%

28.3. Trading by the 21 Noticees (hereinafter referred to as "**the ECL Group**") at BSE during the Investigation period is stated in the following table:

Table 9

S No.	Connected Entities	Gross Buy Volume	Gr. Buy % to total Market Volume	Gross Sell Volume	Gr. Sell % to total Market Volume
1	Noticee No.1	1621275	16.66%	977058	10.04%
2	Noticee No.5	1028489	10.57%	610409	6.27%
3	Noticee No.2	466186	4.79%	307005	3.15%
4	Noticee No.9	359796	3.70%	45275	0.47%
5	Noticee No.8	354745	3.64%	38981	0.40%
6	Noticee No.6	339142	3.48%	315735	3.24%
7	Noticee No.13	293003	3.01%	158590	1.63%
8	Noticee No.15	253219	2.60%	73554	0.76%
9	Noticee No.14	230774	2.37%	148676	1.53%
10	Noticee No.11	177168	1.82%	43686	0.45%
11	Noticee No.17	169945	1.75%	136453	1.40%
12	Noticee No. 4	151516	1.56%	33135	.34%
13	Noticee No.16	130480	1.34%	130480	1.34%
14	Noticee No.10	100148	1.03%	319767	3.28%
15	Noticee No.12	91883	0.94%	59000	0.61%
16	Noticee No.21	54614	0.56%	34491	0.35%
17	Noticee No.20	18237	0.19%	7062	0.07%
18	Noticee No.19	15591	0.16%	0	0.00%
19	Noticee No. 7	12357	0.13%	12197	0.13%
20	Noticee No. 3	7862	0.08%	4941	0.05%
21	Noticee No. 18	1000	0.01%	0	0.00%
	Total	5877430	60.38%	3456495	35.51%
	Market total	9734407	100.00%	9734407	100.00%

28.4. The total positive LTP contribution by the 19 Connected Noticees during April 12, 2013 (price Rs. 9.60) to August 11, 2014 (price Rs. 490) is as below:

Table 10

S.No	Noticee No	All trades			LTP >0			LTP < 0			LTP = 0		%of positive LTP to Total Market positive LTP
		Net LTP	Traded Qty	No. of Trades	LTP impact	Traded Qty	No. of Trades	LTP impact	Traded Qty	No. of Trades	Traded Qty	No. of Trades	
1	1	88.8	706628	21571	714.9	58585	1482	-626.1	97301	2949	550742	17140	21.41%
2	5	71.7	659534	13634	249.5	59217	1620	-177.8	86320	1492	513997	10522	7.47%
3	6	20.8	314124	930	77.65	25670	20	-56.85	5941	16	282513	894	2.33%
4	10	-10.8	88730	214	68.9	3761	16	-79.7	7769	12	77200	186	2.06%
5	4	4.85	112129	3067	60.5	11956	473	-55.65	17807	488	82366	2106	1.81%
6	9	18.9	359796	2253	59	11218	22	-40.1	5566	15	343012	2216	1.77%
7	8	5.45	354745	2798	58.65	22762	32	-53.2	14662	20	317321	2746	1.76%
8	2	-1.4	97185	2225	20.95	9184	219	-22.35	10348	254	77653	1752	0.63%
9	15	8.2	253219	1505	20.65	10815	63	-12.45	5532	23	236872	1419	0.62%
10	7	18.45	12357	49	20.5	6350	6	-2.05	77	2	5930	41	0.61%
11	14	15.05	228020	963	19.5	18248	49	-4.45	8843	15	200929	899	0.58%
12	13	1.35	290349	1306	16.55	21257	63	-15.2	3458	11	265634	1232	0.5%
13	11	-3.1	177168	722	11.05	9079	25	-14.15	3504	7	164585	690	0.33%
14	12	2.55	91883	334	10.5	7142	19	-7.95	1740	7	83001	308	0.31%
15	17	-0.15	164921	854	9.9	7580	35	-10.05	2567	9	154774	810	0.3%
16	16	-12.6	130480	652	6.15	7725	31	-18.75	6617	30	116138	591	0.18%
17	20	0.2	50	1	0.2	50	1	0	0	0	0	0	0.01%
18	3	0.1	6662	84	0.1	164	1	0	0	0	6498	83	0%
19	18	0.1	1000	7	0.1	432	2	0	0	0	568	5	0%
Total		228.45	4048980	53169	1425.25	291195	4179	-1196.80	278052	5350	3479733	43640	42.68%
Market total		416.15	5698831	68646	3339.20	583843	7380	-2923.05	385435	6726	4729553	54540	100%

28.5. The Positive LTP contribution by the 18 connected noticees of the ECL Group trading amongst themselves as buyers and sellers, is as below:

Table 11

S.No										17						18		
	Seller Noticee No. → Buyer Noticee No ↓	14	6	12	13	11	5	4	10	3	9	8	17	1	2	16	15	Total LTP as buyer / (No. of Trades)
1	14													0.25 (1)				0.25 (1)

S.No										17						18		
	Seller Notic ee No.→ Buyer Notic ee No ↓	14	6	12	13	11	5	4	10	3	9	8	17	1	2	16	15	Total LTP as buyer / (No. of Trades)
2	6								1 (1)		1.95 (2)	19 (2)						21.95(5)
3	12								7.05 (2)									7.05(2)
4	13		0.05 (1)						0.3 (3)									0.35 (4)
5	11								0.1 (1)									0.10 (1)
6	5	1.3 (10)	2.85 (28)	0.1 (2)	1.35 (11)	0.3 (3)	7.5 (11)	7.55 (124)	13.6 (23)				0.6 (8)	62.30 (824)	19 (207)	10.9 (37)	2.55 (4)	129.90 (1292)
7	20								0.20 (1)									0.20 (1)
8	4	0.85 (11)	0.05 (1)		0.4 (6)	0.2 (3)	24.85 (226)		0.25 (2)					26.4 (201)			0.55 (4)	53.55 (454)
9	10		11.05 (2)									16.15 (2)						27.20(4)
10	9								13 (4)			1 (1)						14.00(5)
11	8								4.95 (2)			7.1 (2)						12.05(4)
12	7								0.5 (2)									0.50(2)
13	1	4.4 (25)	32.45 (43)		4.6 (37)	1.1 (9)	37.20 (373)	3.55 (21)	5.7 (32)	0.9 (2)			0.2 (2)	43.05 (115)	3.05 (47)	0.8 (8)	1.65 (12)	138.65 (726)
14	2	0.25 (4)	0.25 (2)		1.1 (4)	0.4 (2)	7.85 (78)	1.05 (11)						7.25 (99)				18.15 (200)
15	15		0.05 (1)						0.2 (3)			0.5 (1)						0.75(5)
16	18		0.05 (1)						0.05 (1)									0.10(2)

S.No										17						18		
	Seller Noticee No. → Buyer Noticee No ↓	14	6	12	13	11	5	4	10	3	9	8	17	1	2	16	15	Total LTP as buyer / (No. of Trades)
	Total LTP as Seller (No. of Trade)	6.80 (50)	46.80 (79)	0.10 (2)	7.45 (58)	2.00 (17)	77.40 (688)	12.15 (156)	46.90 (77)	0.90 (2)	1.95 (2)	43.75 (8)	0.80 (10)	139.25 (1240)	22.05 (254)	11.70 (45)	4.75 (20)	424.75

28.6. 9 connected entities of the ECL Group, contributed Rs 159.70 to NHP which was 33.21% of total NHP, out of which for Rs 72.70 (15.11% of total NHP) the counterparties were ECL group entities.

Table 12

Noticee No (Buy Client)	NHP Contribution (Rs)	% of NHP contribution to market NHP	NHP Qty.	No. of Trades	NHP where Counter Parties were from the group (Rs)	% of NHP contribution to market NHP
5	45.10	9.39	12996	472	33.75	7.03%
1	43.25	9.00	6522	136	18.60	3.87%
8	19.10	3.98	1064	11	4.95	1.03%
6	16.70	3.48	3870	7	0	-
9	14.20	2.96	867	7	10.90	2.27%
7	13.30	2.77	5850	3	0	-
10	4.55	0.9	950	3	1.05	0.22%
2	2.00	0.42	680	38	2.00	0.42%
4	1.50	0.31	966	27	1.45	0.30%
Total	159.70	33.21	33765	704	72.70	15.11%
Market total	480.85	100.00	77472	1331		100%

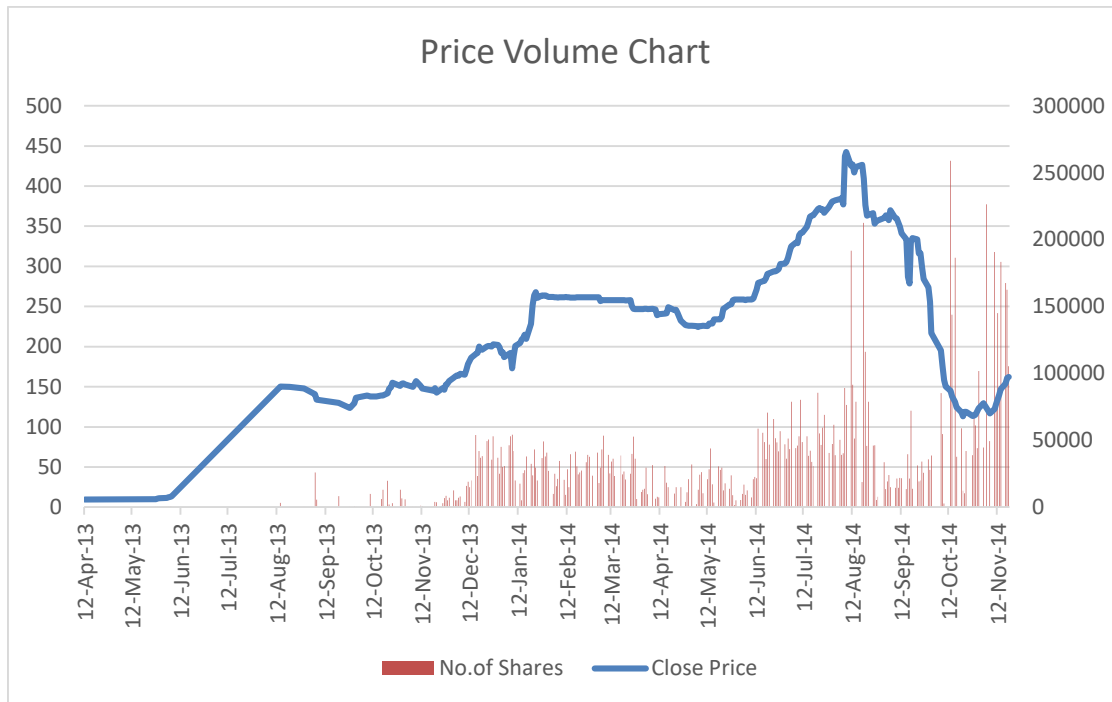
29. Based on the above facts and analysis the findings are as follows:

- 29.1. Price of the scrip at BSE opened at Rs 9.60 on April 12, 2013 and rose to Rs. 490 on August 11, 2014, before closing at Rs.162.30 on November 19, 2014 (IP Period April 12, 2013 to November 19, 2014)
- 29.2. The financial of ECL though improved during year 2014 compared to 2013 i.e. PAT 4.50 million from 0.65 million and total income 40.67 million from 17.72 million, yet the increase was comparatively low as compared to Year 2015 and 2016 which has PAT 5.86 million and 7.77 million and total Income 305.85 million and 764.69 million. It is noted that the financial improvement in year 2015 or 2016 as compared to 2013-2014 did not see any improvement in the price post November 16, 2014, where the trade price ranged between 32.75 to 40.75 with volume of 3,24,532 shares to 6,29,347 shares, which is significantly low.
- 29.3. 21 connected entities (classified as the ECL Group) contributed 60.38% of the total gross buy side volume and 35.51% of total gross sell side in the traded volume in the scrip at BSE during the IP.
- 29.4. Top 10 clients accounted 52.64% (all from the ECL group) of the total gross buy side volume and 34.03% (7 from ECL group) of the total gross sell side volume at BSE. Payal Jayeshbhai Madiyar (Noticee No. 1) individually contributed 16.66% of the total gross buy side volume and 10.04% of total gross sell side volume in the scrip at BSE during the IP.
- 29.5. 19 connected ECL group Noticees contributed to Rs 1425.25 to positive LTP (42.68 % of total market positive LTP) in 4179 (nos) trades with a trading quantity of 2, 91,195 shares during the price rise period. Further, the LTP for 284 (nos) trades out of 4179 (nos) trade, buy order was placed before the corresponding sell order, was Rs 253.60 (7.59% of total market positive LTP) and in remaining 3895 (nos) trades, the LTP contribution was Rs 1171.65 (35.09% of total market positive LTP).

- 29.6. 18 connected ECL group Noticees executed 2708 (nos) trades amongst themselves i.e. acting as buyers and/or seller to each other's trade, which resulted in positive LTP of Rs 424.75 (12.72% of total market positive LTP), which was significant.
- 29.7. 9 connected ECL group Noticees contributed Rs 59.70 to NHP which was 33.21 % of total NHP. Out of which Rs 72.70 (15.11% of total NHP) was contributed through trades where the counterparties also belonged to the ECL group, which was significant.
- 29.8. During the IP, no major corporate announcements were made by the company other than declaration of financial results, shareholding pattern and appointment/change of directors of the company. No major impact on price/volume was observed on the basis of any corporate announcement made by the company during the IP.
30. In view of the above facts and circumstances, it is found that the 18 connected Noticees traded among themselves and manipulated the price of the scrip and created misleading appearance of trading in the scrip.
31. Few Noticees have contended that the price and volume rise was result of the corporate announcements and listing and the same has not been considered during the price volume analysis. It is worthwhile to mention here that, at the time when the price of ECL share was going up, there were no corporate announcements other than declaration of financial results, shareholding pattern and appointment/change of directors. Considering the weak financials of the company and the financial and corporate announcement of the company, the exponential increase in share price is not supported on any fundamental basis during the IP. Further, the amalgamation was approved during February 15, 2013 and the same got listed on August 14, 2013 at 143/-. With respect to the

price-volume movements it is noted that, between April 12, 2013 to August 14, 2013, (4 months pre listing) only 18 trades with 2300 quantity were placed with the trade price ranging between Rs. 9.6 to Rs.13.48. Pursuant to the listing of the shares allotted during amalgamation on BSE, on August 14, 2013 at Rs 143, the trading volume between August 14, 2013 to December 31, 2013, (4 months' post listing) was 6120 trades for 7,21,745 (nos) shares effecting price range from Rs. 117.40 to Rs. 209. However, it is noted that subsequently during year 2014 till November 19, 2014, trading volume increased to 1,04,657 trades with 90,10,362 (nos) shares with price ranging from Rs. 108 to Rs. 490. Therefore, the pattern of the trades pre and post amalgamation shares listing does not show that the price rise was due to the restructuring.

32. Further apart from the above facts, the volume of trades also shows that ECL scrip was not very liquid and the trading between the connected entities which constituted 60.38% buy volume and 35.51% sell volume was the major contributor to the movement in volume. Further, it is brought in above paragraph that the majority of the percentage of the trades leading to positive LTP contribution and achieving NHP was due the trading of the connected entities and trading amongst themselves. It is also noted that the average time difference between buy order and trade time was 09:01 minutes and the maximum time taken for trade execution was 06:28:27 hours. All these above facts confirm that the price and volume movements by the connected Noticees was a calibrated effort towards price increase. Further being an illiquid scrip the entities acting in concert can easily manipulate the volume and price acting counter parties to each other's trades. Since the number of the traders available for the scrip are not too many, the execution is difficult and therefore time difference between the order placing and the execution time are immaterial as the same are played by the manipulators itself. The chart of price-volume movement at BSE of ECL scrip for reference is as below:



33. All the above facts and circumstances indicate that the same cannot be a coincidence and in this respect reference is drawn to the Hon'ble SAT order in the matter of *Mr. Bhavesh Pabari vs. SEBI* decided on July 3, 2012, which observed as follows:

"...We agree with the adjudicating officer that matching of a large number of trades between the selected set of persons/entities for a considerable period of time in illiquid scrip cannot be a coincidence. Therefore, the adjudicating officer has rightly concluded that on the basis of the material on record, it is established that the appellant acted in collusion with others and created artificial volumes in the market and also influenced price of the scrip by placing and executing a large number of buy orders at a price higher than the last traded price and indulged in unfair trade practices. Therefore, we have no hesitation in upholding his findings that the appellant violated the provisions of regulation 4(1), 4(2)(a), (b), (e) and (g) of the FUTP regulations..."

34. Noticee 18 has submitted that she is not aware of the transactions made by the broker/sub-broker/promoters of the company and the transactions were made without permission, notice and knowledge. I note here that, Noticee 18 is employed with Noticee 5 and connected entity of Madiyar Group which is established and also has been admitted by Noticee 3. It is also seen from the trade log that the trades were placed from the user name Jayeshbhai V Madiyar (Noticee 3) and admitted by Noticee 18 that the trades were placed by promoter/brokers/sub-broker of the company. I also note that with respect to the trades in ECL, the Noticee has only mentioned that the trades were done without her permission but has not submitted any material in support of the fact that she made complaint regarding the claimed unauthorised trading complaints, if any. From the facts brought out above, it is observed that the Noticee 18 has lent name and trading account to the Noticee 3 with the permission to trade in on its behalf. I am of the view that the Noticee 18 cannot absolve responsibility for misuse of its accounts by Noticee 3 by merely stating that she was not aware of the transactions made. Name lending is a serious offence which enables manipulators to carry out their nefarious activities by masking their identity and the ultimate beneficiary of manipulative scheme. Therefore, I am not inclined to view the acts of voluntary name lending by Noticee 18 leniently, as such acts facilitated Noticee 3 to devise and deploy deceptive, fraudulent and manipulative schemes in the scrip of ECL. In this regard, I take note of the observation of The Hon'ble Securities Appellate Tribunal in *Rahul H. Shah Vs. SEBI* (Appeal No. 83 of 2012 decided on May 11, 2012) wherein it was observed that name lending *"is a fraudulent activity and requires to be curbed for maintaining the sanctity of the securities market"*. Therefore, the contention of Noticee 18 is not acceptable.
35. Noticee 10 has contended that he has acquired 11,27,200 shares of AGL before the capital reduction and 2,28,400 shares after capital reduction and sub division face value of shares of ECL. I note that as per the copy of the RTA certificate

dated February 02, 2021, submitted by the Noticee 10, that the share transfer effected of around 4,37,260 shares between June 29, 2013 (after capital reduction, record date for reduction is June 21, 2013 as per BSE discourse) till November 08, 2014. The shares transfer of 2,08,800 (nos) shares has been effected to Noticee 10 as per the RTA certificate October 19, 2013 onwards i.e. after August 11, 2013 (listing of the ECL shares on BSE at 143/-). Further, I note that even if the shares were bought 12 months' prior, the same does not affect the fact that the Noticee 10 has been involved in the price manipulation of the scrip based on the facts brought out in above paragraphs. Further, it is noted that during the IP the Noticee 10 in total sold 3,19,767 shares as against 1,00,148 share purchased, therefore the Noticee 10 has been using the shares acquired before reduction at nominal value, for the price manipulation and inflating the price.

36. Some of the contention of the Noticees that their trades were negligible to have an impact on scrip price or manipulation, is not tenable because the noticees are participants in the scheme. All of the connected Noticees together enabled carrying out the fraudulent scheme by means of trading in small quantity, trading at above LTP, trading among themselves as had been noted above. When seen in isolation the Noticees may have executed miniscule trades or have traded only for a few days or have nominal LTP contributed. However, what is relevant is the contribution of each individual in effecting the collective scheme. Therefore, in a scheme involving many participants, whether there is a price manipulation or not cannot be tested on the mere basis of contribution of each of those participants. For the aforesaid reason, the submission of the Noticees that they only executed a few trades or contributed to minimal LTP is not acceptable and liable to be rejected.

37. The Noticees have contended that they have traded in the normal course and the trading was nominal. It is noted that trading over the LTP is not a violation of securities laws *per se*, but in the facts and circumstances of the matter where the Noticees are connected with each other, frequent and regular trading in small quantities to increase trading volume and price, trading above the LTP regularly, connected entities standing as counter parties to each other's trade, major positive LTP contribution and NHP by the connected entities, coupled with the fact that the fundamentals and financials of the company were weak to make any positive impact on the price and volume of the scrips, lead one to reject the argument of the Noticee that they have traded in the normal course.

38. With respect to the above, reference is drawn to following orders passed by Hon'ble SAT:

38.1. Hon'ble SAT in the matter of *Shri Lakhi Prasad Kheradi vs. SEBI* decided on June 21, 2018, wherein the Hon'ble SAT has observed as follows;

"...Very fact that the appellant had indulged in self trades/ LTP/ NHP without giving any justifiable reason, clearly justifies the inference drawn by the AO that the trades executed by the appellant were manipulative trades..."

38.2. Hon'ble SAT in the matter of *Jayprakash Bohra v. SEBI* order (order dated November 05, 2019) held that: *"... The modus operandi, according to the learned counsel, is to revive, on paper, a dormant listed company with very little share capital; go for a preferential allotment and by trading in very small number of shares at inflated prices or far away prices from LTP between the group entities to show considerable activity of trading in the scrip and thereby induce the retail/other investors and thereby provide an exit route to the group entities, including the preferential allottees. All these symptoms are present in this matter. ...The submission that all the holdings of the*

appellant are in normal course of business has no merit as the entire issue in the matter is not normal course of business....Moreover, out of 1,050 shares of Gromo obtained off-market in an inexplicable way by the appellant more than half of it was sold in small tranches; most of the time placing sell order at far away prices than LTP. The said trading pattern and the other connections as explained above is sufficient enough to prove that the appellant was part of the group that created the artifice/scheme and therefore finding in the impugned order that the appellant has violated the stated provisions of the PFUTP Regulations cannot be faulted."

39. Noticees have also contended that their trades were executed on exchange platform without knowing the counter parties, so no wrong doing can be alleged against them is without any merit with the facts brought out in above paragraphs with respect to the volume movement of the illiquid scrip and also as has been seen in numerous instances that despite the anonymity of the system, market participants have tried to defeat the system. In this respect reference is drawn to the Order by Hon'ble Supreme Court of India in *SEBI vs. Kishore R. Ajmera* (2016) 6 SCC 368, where it was held that:

"...While the screen-based trading system keeps the identity of the parties anonymous it will be too naive to rest the final conclusions on said basis which overlooks a meeting of minds elsewhere. Direct proof of such meeting of minds elsewhere would rarely be forthcoming. The test, in our considered view, is one of preponderance of probabilities so far as adjudication of civil liability arising out of violation of the Act or the provisions of the Regulations framed thereunder is concerned..."

40. In view of the aforesaid discussion, based on the findings that have been gathered from various circumstances, for instance, the particulars of the sell and buy orders, the period of persistence in trading in the scrip, trading amongst the

Connected Noticees, frequency of trading, contribution to the net price movement coupled with the weak fundamentals of the company, the totality of the picture that emerges based on preponderance of probability leads to the conclusion that the Connected Noticees by executing the aforesaid buy/sell trades and by trading amongst themselves have manipulated the price of the scrip.

41. In view of the above and trading pattern of all the 18 connected Noticees, viz, Noticee 1 to 18, taken together shows that the Noticees have together increased manipulated the price of the scrip.

Role of Noticee 31 (Karishmaben Alpeshkumar Shah)

42. SCN alleged that during the IP Period Noticee 31 contributed to manipulation in the scrip price and created a misleading appearance of trading in the scrip by such trades.

43. During the IP, the LTP analysis of the top 10 entities (in terms of contribution to positive LTP) as buyers, with more than 5% contribution to positive LTP in line with the trading patten was made. The following was observed with respect to one entity Karishmaben Alpeshkumar Shah (Noticee 31):

43.1. LTP contribution analysis

Table 13

Client Name	All trades			LTP >0			LTP < 0			LTP = 0		% of positive LTP to Total Market positive LTP
	Net LTP	Traded Qty	No. Of Trades	LTP impact	Traded Qty	No. Of Trades	LTP impact	Traded Qty	No. Of Trades	Traded Qty	No. Of Trades	

Karishmaben Alpeshkumar Shah	114.40	6893	380	215.45	2517	127	101.05	1148	58	3228	195	6.45
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43.2. The analysis of the trade log for Noticee 31 which contributed positive LTP the following was observed:

Table 14

No. of buy trades (LTP >0)	when buy order qty was of 1 share only		Positive LTP Contribution when buy order qty was between 2-9 shares		Positive LTP Contribution when buy order qty were more than 9 shares		Total Positive LTP contribution (Rs.)	% of positive LTP to Total Market positive LTP
	Positive LTP contribution	No. of trades	Positive LTP contribution	No. of trades	Positive LTP contribution	No. of trades		
127	181.60	82	8.85	5	25	40	215.45	6.45

43.3. Day wise summary of 87 (nos) trades of Karishmaben Alpeshkumar Shah where the traded quantity was in single digit (1-9 shares) is as follows:

Table 15

Date	Number of trades	LTP Contribution
7-Aug-14	35	35.45
8-Aug-14	5	4.3
11-Aug-14	47	150.7
Grand Total	87	190.45

44. It was observed that Noticee 31 was amongst the top 10 entities contributing positive LTP as buyers. Noticee 31 contributed positive LTP of Rs. 215.45 (6.45% of total market positive LTP) in 127 trades with a trading volume of 2517 shares. Out of 127 trades, in 14 trades buy order was placed before the sell order, contributing Rs. 10.70 to positive LTP (0.32% of total market positive LTP)

and in remaining 113 trades, the positive LTP contribution was Rs. 204.75 (6.13% of total market positive LTP). Further it was observed that out of 127 trades in 82 trades buy order quantity was 1 share, which contributed to positive LTP of Rs.181.60 (5.43% of total market positive LTP) and in 5 trades, buy order quantity was in the range of 2-9 shares, contributing positive LTP of Rs 8.85, i.e. 0.26 % of total market positive LTP. Further, it was observed that on a single day i.e. August 11, 2014 (peak price of ECL scrip) Noticee No.31 has placed 47 single digit orders and contributed Rs150.7 to positive LTP.

45. The trades and trading pattern of the Noticee 31, were instrumental in establishing a price higher than the LTP and thus contributed to increased scrip price with most of her trades. In view of the repeated nature and trading pattern of Noticee 31, it was found that Noticee 31 contributed to manipulation in the scrip price and created a misleading appearance of trading in the scrip by such trades.

46. Noticee 31 has also contented that she traded in ECL even before the period of IP for several years and the trade were done without any manipulative intention. I note that the Noticee 31 has not produced or submitted any documentary evidence of trading in ECL/AGL since years. Further it is observed from the trade log from April 12, 2013 to November 19, 2014 and also admitted by Noticee 31, that Noticee has only traded between August 07-27, 2014 i.e. for 9 days with 546 sell trades and 441 buy trades, for 8791 shares either side (which was the time the scrip achieved highest price on August 11, 2014). Thus the contention Noticee 31 that she is trading in ECL since years and not limited to IP is not acceptable.

47. The Noticee has contended that the transactions were in nature of Jobbing/self-trading transactions. I note that, a Jobbing transaction is generally carried out to

take benefit of the intraday price fluctuations that happens in the scrips in the same exchange or the price difference in the same scrip across exchanges. The jobbers, usually buy and sell shares in small scale to generate profit. Further, jobbers, usually quotes the spread price (bid/ask) to generate profit. However, in the instant case the Noticee 31 has submitted that she had put the saudas at the same rate buy and sell. On perusal of the trade log, it is observed that there were 123 self-trades (August 7, 8 and 11, 2014) and 69% (85 nos) orders resulting in self-trade were placed without any bid/ask spread. Further, the trading pattern also shows where Noticee 31 places buy orders in single digits (mostly with 1 share) whereas sell orders ranged between 1 to 500 shares (Average of sell orders was 200 shares). As per the trade log, it is observed that the average sell quantity of shares available during August 07-27, 2014, was around 396 shares with maximum sell quantity available of 15500 (nos) shares. Therefore, the contention of Noticee that the trades are as result of Jobbing cannot be accepted. The facts and circumstances shows that Noticee 31 was not acting as a genuine buyer and had no bona fide intention to buy because in-spite of sufficient sell order quantity being available in the market, she bought small quantity of shares in each transaction.

48. The Noticee has contended that the *“I can see my trade getting submitted but not being confirmed although the same rates were on the screen.....“due to connectivity issue had to refresh rate often and put saudas at same rate buy and sell, but was not confirmed for few seconds”*. I observe that as per the trade log of August 7, 8 and 11, 2014, out of total 380 trades 123 were self-trades. Out of that except for one all the 1222 trades were for one share. Further on single day i.e. on August 11, 2014 (day of peak price of 490/-) there were 109 self-trades with one share trade. I note that if at all there was any connectivity issue the Noticee would have placed few orders but placing repeatedly 109 orders of both buy and sell cannot be due to connectivity issue. The repeated pattern of the

Noticee 31 to place 1 share order were instrumental in establishing a price higher than the last traded price and thus contributed to increased scrip price with most of her trades. Therefore, the contention of the Noticee that the order were placed to refresh price due to connectivity issue does not have any merit.

49. In view of the aforesaid findings regarding the trading activities of the Noticee 31 such as creation of artificial inflated price and placing of buy as well as sell orders, it is concluded that the Noticee with fraudulent intention had executed trades including self-trades, with an intent to create misleading appearance of trading without intention to change the ownership of such securities.

50. With respect to the above findings reference is also drawn to Hon'ble SAT in the matter of Tanuj Khandelwalv. SEBI (Order dated January 04, 2021) wherein it was held that“.....*We find that except on three occasions the appellant only sold one share at a time on a daily basis. This trading pattern created misleading appearance with intention to manipulate the market if not the price. Thus, even if there is no connection with the buyer the trading pattern shows a concerted effort to manipulate the market and therefore we are of the opinion that the appellant was not acting as a genuine seller. We also find that the appellant had no bonafide intention to sell because inspite of sufficient buy orders being placed with abundant quantity being available in the market the appellant was only placing sell orders of one share at a time. This clearly shows his intention of manipulating the market for vested reasons.*

51. Noticee has also submitted that no alert or surveillance notice was issued by any regulatory authority at no point of time nor was ever advised by the broker or exchange on the trading pattern. In this regard, I note that it is an admitted position that the movement in the price of a scrip is driven by various factors. Unlike in the instant case, where the price rise from Rs. 9.6/- to Rs. 490/- cannot

be assumed as a normal market trend, considering the weak fundamentals, capital reduction and amalgamation of the two unlisted entities. Further, investments by the investors in securities are subject to several risks. This is because there is no way to perfectly predict what will happen in the future or whether a given asset will increase or decrease in value with any certainty. Because the market cannot be accurately predicted or completely controlled, therefore, no investment is risk-free. Thus, it is difficult to alert the public at large about any manipulation in the scrip until such manipulation is unearthed by an investigation. Further the argument of alert is valid in case of a genuine investor. Such an argument is not tenable for persons whose trades are alleged to be fraudulent. Thus, in view of this, I do not find any merit in the said contention of the Noticees.

52. Noticee has mentioned that she has no connection with any person or owner of company therefore the allegation is unjustified. I agree with the submission of the said Noticees that the exchange platform is a Screen Based Trading System where the counter party is not known. The assumption under this argument is that unless counterparties are known to each other, there cannot be a scheme of fraud. In this regard, it is relevant to mention that while in a case of synchronized or circular trading, in order to establish price manipulation, establishing the connection between the buyer and seller may be essential, but there can be instances wherein a buyer or a seller alone can manipulate the price or volume of a scrip. In my view, the overall scheme of PFUTP Regulations envisages unilateral commission of fraud by a person. The definition of fraud under regulation 2(1)(c) lists out various acts / omissions by a person such as known misrepresentation, active concealment, reckless and careless representation, deceptive behavior, false statement, etc. which do not presuppose the connection of the person committing the same with another. Further, regulations 3 and 4 of the PFUTP Regulations also use phrases such

as no person shall use or employ, no person shall indulge, etc. and do not, at all places, stipulate the requirement of a connection between two parties to a transaction in order to establish a violation. Further the prohibition of fraudulent dealing in securities includes an act of fraudulent buying or selling. It may be noted that the unilateral act of fraudulent buying or selling is also included in the definition of fraud under FUTP Regulations. There can be instances where artificial demand and price rise can be created choosing to buy and sell unilaterally.

53. In view of the repeated nature of such trades by Noticee 31, self-trades and the contribution to positive LTP, it is found that Noticee No. 31 contributed to manipulation in the scrip price and created a misleading appearance of trading in the scrip by such trades.

Issue No 3. – *Whether amalgamation allottees have benefitted from the manipulation in the price of the scrip during the investigation period?*

54. It is observed that SCN had alleged that 10 amalgamation Noticees have made wrongful gains by selling the shares during the period June 21, 2013 to November 19, 2014 to the Connected Noticees. Name of the Noticees are as follows:

Table 16

S.No.	Name of Noticee	Connection Details
1	Arun Jwalaprasad Tulsian (Noticee No.22)	Amalgamation allottees connected to each other as family and directors of the Noticee 24 and 26
2	Ashi Arunkumar Tulsian(Noticee No.23)	
3	Ashi Texfab Pvt Ltd(Noticee No.24)	
4	Kartik Clothing And Fabrics Pvt Ltd (Noticee No.26)	
5	Sitadevi Arunkumar Tulsian(Noticee No.30)	

6	Kantilal W Parekh(Noticee No.25)	Amalgamation allottees connected to each other as family
7	Manish K Parekh(Noticee No.27)	
8	Pavanben Kantilal Parekh(Noticee No.28)	
9	Sandeep K Parekh(Noticee No.29)	
10	Jagdishkumar Amrutlal Akhani (Noticee No. 10)	Connected entity and amalgamation allottee

55. I note that the basis of allegation against Noticees 25, 27, 28 and 29 is that they are connected to one of price manipulators, namely Noticee 5 through fund trail. Since connection of Noticees 25, 27, 28 and 29 to Noticee 5 has not been established in the issue no.1, the basis of allegation does not stand in respect to Noticees 25, 27, 28 and 29.

56. The Noticees 22, 23, 24, 26 and 30, have contended that they have transacted through the stock market mechanism; they did not know the counter parties to the trades and they traded in the normal course of business, etc. Further the Noticees have also mentioned that they have traded in various other scrips on regular basis and their trading was not limited to ECL. During the personal hearing the Noticee were advised to produce document evidence such as demat statement highlighting other trades similar to the one made in ECL scrip. However, the Noticees have not submitted demat statement in support of the trading in other scrips in comparison to the ECL scrip during the IP period to show that they are regular traders and traded in other scrips also, as advised during personal hearing. The Noticee has provided ledger statement maintained with the stock broker, which does not evidence the details of the scrip being traded during the IP. Therefore, the contention of the Noticees is devoid of merit.

57. In the extant matter, it has already been brought on record based on

preponderance of probability that a fraudulent scheme was perpetuated by the Connected Noticees for price manipulation on the market. Further, Noticees who are amalgamation allottees i.e. Noticee 22, 23, 24, 26, 30 and 10, I find that they are also connected with the price manipulators i.e. connected ECL group Noticees and Noticee 10 itself being connected ECL group Noticee. Hence, the said Connected ECL group Noticees have played their part in the entire scheme by showing increased activity in the scrip by their trading and increasing the price and thereby giving exit to the connected amalgamation allottees at a high price by selling the shares to the tune of 78% of their total shares to these connected ECL group Noticees only. In the same vein, the submission of the Connected amalgamation allottees that merely selling shares, when the Connected ECL group Noticees were also trading cannot lead to an adverse inference against them, is liable to be rejected as these “amalgamation allottees” are connected to those noticees who are manipulating the price were getting major portion of their shares getting exit at higher manipulated prices while the counter parties were the connected entities for such exit.

58. The scheme not only operated as a fraud on the market but is also an unfair trade practice as it undermines the transparent and good faith dealings between the parties involved. Ordinarily, the trading would have taken place between anonymous parties and the price would have been determined by the market forces of demand and supply. In the instant case the Connected Noticees not only manipulated the price of the scrip but other Connected Noticees (amalgamated allottees) also sold substantial shares at the inflated price and made substantial gain at the expense of general investors.

59. In view of the above, the 21 connected noticees (i.e. the ECL group) and 6 amalgamation allottees (One connected Noticee is also Amalgamation allottee) namely, Noticees 1 to 24, 26 and 30, have acted in concert and were part of the

scheme, device and artifice to manipulate the scrip price and facilitated and assisted in sale of shares by amalgamation allottees at a higher price thereby enabling the 6 amalgamation allottees to make wrongful gains. .

Issue No 4. - Whether the Noticees 1-31 have violated the provisions of PFUTP Regulations?

60. Before embarking upon the necessary discussions, I would like to reproduce the relevant provisions of PFUTP Regulations:

SEBI Act

“12A. No person shall directly or indirectly –

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

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

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

Regulation 3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

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

Regulation 4. Prohibition of manipulative, fraudulent and unfair trade practices

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

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

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

(b) dealing in a security not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress or cause fluctuations in the price of such security for wrongful gain or avoidance of loss;

...

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

61. I note that the fraud under the PFUTP Regulations envisages, among other things, fraud by way of “act” so as to have an “effect of inducement” on another person for dealing in securities. It prevents employing any device, scheme or artifice in connection with dealing with or issuance of securities. It also prevents engaging in any acts or course of business which operates as fraud or deceit upon any one in connection with dealing in or issuance of the securities.

62. Regulation 4(1) of PFUTP Regulations refers to unfair trade practices in securities. It would be noteworthy to quote the observations of Hon’ble Supreme Court of India in the matter of *Securities and Exchange Board of India and Ors. vs. Shri Kanaiyalal Baldevbhai Patel and Ors.* (2017 SCC Online SC 1148) wherein it was observed as follows:

“...Although unfair trade practice has not been defined under the regulation, various other legislations in India have defined the concept of unfair trade practice in different contexts. A clear cut generalized definition of the ‘unfair trade practice’ may not be possible to be culled out from the aforesaid definitions. Broadly trade practice is unfair if the conduct undermines the ethical standards and good faith dealings between parties engaged in business transactions. It is to be noted that unfair trade practices are not subject to a single definition; rather it requires adjudication on case to case basis. Whether an act or practice is unfair is to be determined by all the facts and circumstances surrounding the transaction. In the context of this regulation a trade practice may be unfair, if the conduct undermines the good faith dealings involved in the transaction. Moreover, the concept of ‘unfairness’ appears to be broader than and includes the concept of ‘deception’ or ‘fraud’.

63. In the extant matter, the modus operandi observed is that pursuant to the scheme of amalgamation, shares were allotted to shareholders of the 2 transferor companies and thereafter, during the IR the connected entities forming part of the ECL Group manipulated the price of the scrip by trading among themselves and subsequently the amalgamation allottees sold majority of shares to these connected entities who had manipulated the price of the scrip. It was noted that these amalgamation allottees did not buy any shares during IR, except Noticee 10.

64. Thus, as shown in the Issue No.2, the price of the scrip was artificially manipulated by connected ECL Group Noticees by trading among themselves. Subsequently, the connected amalgamation allottees, sold substantial shares at the manipulated price. These acts of price manipulation and subsequently selling substantial shares, constitutes a scheme. The Connected Noticees played their respective roles in order to constitute the above scheme to operate as fraud in connection with dealing in securities which undermined the integrity of the trading system of the Exchange by hampering the price discovery.

65. The scheme not only operated as a fraud on the market but is also an unfair trade practice as it undermines the transparent and good faith dealings between the parties involved. Ordinarily, the trading would have taken place between anonymous parties and the price would have been determined by the market forces of demand and supply. In the instant case, Connected ECL group Noticees manipulated the price of the scrip by trading in small quantities and trading among themselves and provided an exit platform to the connected amalgamation allottees who sold the substantial shares at the inflated price and made substantial and wrongful gain.

66. In view of the above, the 26 entities viz. 1 to 24, 26 and 30 have violated Section

12 A (a), (b), (c) of SEBI Act 1992, Regulation 3 (a), (b), (c), (d), 4(1) and 4(2) (b) of SEBI (PFUTP) Regulations, 2003. Noticee Nos. 1 to 18 are also in violation Regulation 4(2)(a) and (e) of the SEBI (PFUTP) Regulations, 2003.

Noticee 31

67. As regards Noticee 31, she placed single digits (mostly with 1 share) buy orders, whereas her sell orders ranged between 1 to 500 shares (Average of sell orders was 200 shares), Noticee 31 was not acting as a genuine buyer and had no bona fide intention to buy, in spite of sufficient sell order quantity being available in the market. These trades, were instrumental in establishing a price higher than the last traded price and thus contributed to increased scrip price with most of her trades. The trading by the Noticee 31 itself contributed positive LTP of Rs. 215.45 (6.45% of total market positive LTP) through only 127 trades with a trading volume of 2517 shares. Out of 127 trades, in 14 trades buy order was placed before the sell order, contributing Rs. 10.70 to positive LTP (0.32% of total market positive LTP) and in remaining 113 trades, the positive LTP contribution was Rs. 204.75 (6.13% of total market positive LTP). Further it was observed that out of 127 trades in 82 trades buy order quantity was 1 share, which contributed to positive LTP of Rs.181.60 (5.43% of total market positive LTP) and in 5 trades, buy order quantity was in the range of 2-9 shares, contributing positive LTP of Rs 8.85, i.e. 0.26 % of total market positive LTP. Further individually Noticee 31 on a single day through 47 single digit orders i.e. August 11, 2014 (peak price of ECL scrip) contributed Rs150.7 to positive LTP. In view of the repeated nature of trades and the trading pattern, Noticee 31 contributed to manipulation in the scrip price and created a misleading appearance of trading in the scrip by such trades and thereby is in violation of Section 12 A (a), (b), (c) of SEBI Act 1992, Regulation 3 (a), (b), (c), (d),

Regulation 4(1), 4 (2)(a) and 4 (2) (e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market Regulations), 2003.

Issue No 5. – *If answer to issue No. (4) is in affirmative, what directions, if any, should be issued against the Noticees 1-31?*

68. Hon'ble Supreme Court of India in the matter of *N Narayanan vs. Adjudicating Officer, SEBI* decided on April 26, 2013 while dealing with the concept of market abuse in securities market has observed as follows:

“Prevention of market abuse and preservation of market integrity is the hallmark of Securities Law. Section 12A read with Regulations 3 and 4 of the Regulations 2003 essentially intended to preserve ‘market integrity’ and to prevent ‘Market abuse’. The object of the SEBI Act is to protect the interest of investors in securities and to promote the development and to regulate the securities market, so as to promote orderly, healthy growth of securities market and to promote investors protection. Securities market is based on free and open access to information, the integrity of the market is predicated on the quality and the manner on which it is made available to market. ‘Market abuse’ impairs economic growth and erodes investor’s confidence. Market abuse refers to the use of manipulative and deceptive devices, giving out incorrect or misleading information, so as to encourage investors to jump into conclusions, on wrong premises, which is known to be wrong to the abuser.

.....

SEBI has the duty and obligation to protect ordinary genuine investors and the SEBI is empowered to do so under the SEBI Act so as to make security market a secure and safe place to carry on the business in securities.”

69. Section 11 of SEBI Act casts a duty on the Board to protect the interests of investors in securities and to promote the development of and to regulate the securities market. For achieving such object, it has been authorised to take such measures as it thinks fit. Thus, power to take all measures necessary to discharge its duty under the statute which is a reflection of the objective disclosed in the preamble has been conferred in widest amplitude. Pursuant to the said objective, PFUTP Regulations have been framed. The said Regulations apart from other things aims to preserve and protect the market integrity in order to boost investor confidence in the securities market. By employing a scheme, as has been done by the Connected Noticees in the instant matter, the price discovery system itself was affected and it also shakes the confidence of the investors in the securities market. It further has an adverse impact on the fairness, integrity and transparency of the stock market. In view of the same and considering the violations committed by the Noticees, I find that it becomes necessary for SEBI to issue appropriate directions against the Noticees.

70. I further note that scheme in the instant matter has been fructified by various participants, buyers and sellers. Accordingly, appropriate period of debarment for Noticees depending on the nature of their acts, contribution to the scheme and benefit from the scheme, the positive LTP contribution by the Noticees, the positive LTP contribution when trading amongst the connected Noticees, contribution to NHP when trading with connected Noticees, counter parties to the trade of connected amalgamation allottees for exit, has been incorporated in operative portion of the order.

71. It is alleged in the SCN, that Noticees 1-18 are liable for monetary penalty under section 15HA of SEBI Act. Therefore, apart from the suitable direction against Noticee 1-18 it also need to be reviewed whether the acts of these Noticees also attract suitable monetary penalty. Further SCN has alleged that Noticee 31 is

liable for monetary penalty under section 15HA of SEBI Act. for price manipulation.

72. It is noted from the MCA records that the Noticee 5 has been struck off from the MCA records. Since the company is no longer in existence therefore any direction or penalty against Noticee 5 at this stage may not serve any purpose.

73. In the above context, reference to section 15HA of the SEBI Act is relevant. The same is as follows: -

15HA Penalty for fraudulent and unfair trade practices

If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty of twenty-five crore rupees or three times the amount of profits made out of such failure, whichever is higher

74. It has been already found that Noticees 1 – 4 and 6 -18 are part of the scheme and therefore has indulged in the fraudulent and unfair trade practices relating to the securities. Therefore, as held by the Hon'ble Supreme Court of India in the matter of Chairman, SEBI vs. Shriram Mutual Fund {[2006] 5 SCC 361} wherein it was held that "*In our view, the penalty is attracted as soon as contravention of the statutory obligations as contemplated by the Act is established and, therefore, the intention of the parties committing such violation becomes immaterial. Hence, we are of the view that once the contravention is established, then the penalty has to follow and only the quantum of penalty is discretionary.*"

75. In the above context, it is also necessary to take into the factors under section 15J of the SEBI Act, for determination of monetary penalty. The said section reads as follows: -

15J.Factors to be taken into account by the adjudicating officer

While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely:-(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;(b) the amount of loss caused to an investor or group of investors as a result of the default;(c) the repetitive nature of the default.

Explanation- For the removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.”

76. I note that the material available on record has not quantified the amount of disproportionate gain or unfair advantage made by the Noticee No 1 – 4, 6 -18 and 31 and the loss suffered by the investors as a result of the price manipulation by the Noticees. Therefore having considered all the facts and circumstances of the case, the material available on record, and factors such as the positive LTP contribution by the Noticees, the positive LTP contribution when trading amongst the connected Noticees, contribution to NHP when trading with connected Noticees, counter parties to the trade of connected amalgamation allottees for exit and the factors mentioned in section 15J of the SEBI Act, 1992, I hereby impose following penalty under section 15HA of the SEBI Act, 1992 on the following Noticees:

Table 17

Noticee Nos.	Violations provisions	Penalty
1, 3, 4, 9, 10, 12 and 13,	Section 12A (a), (b), (c) of SEBI Act, 1992 and Regulation 3(a),(b), (c), (d) and Regulation	15,00,000/- each
6, 8, 14, 15 and 18		10,00,000/- each
2, 7, 11, 16 and 17		5,00,000/- each

31	4(1) 4(2)(a) and (e) of SEBI (PFUTP) Regulations, 2003	2,00,000/-
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Disgorgement of unfair gains against Noticees 22, 23, 24, 26, 30 and 10

77. With respect to the unfair gains made by the amalgamation allottees, it is already established that the Connected Noticees to these amalgamation allottees acting as counter parties to the transactions, assisted and facilitated the sale of shares by the amalgamation allottees i.e. Noticees 22, 23, 24, 26, 30 and 10, at a higher price and enabled the amalgamation allottees to make wrongful gains. In this respect, I am of the view that an order for disgorgement of the wrongful gains derived by taking the advantage of the price manipulations by the connected Noticees, for being transferred to the Investor Protection and Education Fund (IPEF), created by SEBI under section 11 of the SEBI Act, would be an appropriate direction, commensurate with the violations. The table below contains the computation of the disgorgement amount against the Noticees 22, 23, 24, 26, 30 and 10

Table 18

S.No.	Noticee No.	No. of shares allotted	Shares Sold during the IP	Shares sold to Connected entities	Sale consideration received from shares sold to connected entities (A)	Cost of Acquisition (B)	ill Gotten Gains/wrongful Gain A-B)
1	22	50,000	45,399	40,758	1,10,67,853	4,07,580	1,06,60,273
2	23	50,000	34,457	25,157	61,45,280.40	2,51,570	58,93,710.40
3	24	1,00,000	77,910	61,467	1,59,38,080.30	6,14,670	1,53,23,410.40
5	26	1,00,000	86,577	66,244	1,85,99,777.80	6,62,440	1,79,37,337.80
9	30	50,000.	27,454	18,557	50,92,397.20	1,85,570	49,06,827.30
10	10#	50,000	50,000	50,000	1,22,97,800	5,00,000	1,17,97,800

Calculation of the wrongful gains of Jagdishkumar Amrutlal Akhani (Noticee No. 10) (Amalgamation Allottee who is also involved in price manipulation)

Noticee No	No. of shares allotted	Shares bought during the IP	Shares Sold during the IP	Shares sold to Connected entities	Sale consideration received from shares sold to connected entities	Sale Consideration of 50000 shares allotted through amalgamation**
10	50000	1,00,148	3,19,767	2,40,647	591,88,580.7	59188580.70*(50000/240647) =12297800

** Out of 2,40,647 shares sold to connected entities, proportionate sale consideration has been taken for 50000 amalgamation shares.

78. In view of the above the connected Noticee 22, 23, 24, 26, 30 and 10 have made the respective amounts as shown in table 18 as wrongful gain by selling the shares at high price. Therefore, the same needs to be disgorged with interest since last date of the trading.

79. The last date of trading in ECL scrip of the respective Noticees in the IP for calculation of interest on the disgorgement amount is as follow:

Table 19

Noticee No	Date of Last Trading
10	12/11/2014
22	29/09/2014
23	16/09/2014
24	09/09/2014
26	22/09/2014
30	22/09/2014

80. I note here that the objective of disgorgement under law is to prevent unjust enrichment of a person as a result of his/her fraudulent transactions. The following observations of Hon'ble SAT in the matter of Karvy Stock Broking Ltd. v. SEBI (Order dated May 2, 2008) are noteworthy in this context: "*Disgorgement*

is a monetary equitable remedy that is designed to prevent a wrongdoer from unjustly enriching himself as a result of his illegal conduct. It is not a punishment nor is it concerned with the damages sustained by the victims of the unlawful conduct. Disgorgement of ill-gotten gains may be ordered against one who has violated the securities laws/regulations but it is not every violator who could be asked to disgorge.”

81. Further with respect to the disgorgement interest, I also find it important to mention that the issue regarding levy of interest on the ill-gotten gain has been settled by the Hon'ble Supreme Court of India in the matter of Dushyant Dalal and another v. SEBI (order dated October 4, 2017), where the following holding made by the Honble Apex court is noteworthy: “ *We are of the view that an examination of the Interest Act, 1978 would clearly establish that interest can be granted in equity for causes of action from the date on which such cause of action arose till the date of institution of proceedings. ... 28. We agree with the aforesaid statement of the law. It is clear, therefore, that the Interest Act of 1978 would enable Tribunals such as the SAT to award interest from the date on which the cause of action arose till the date of commencement of proceedings for recovery of such interest in equity.*”

Issue No 6. *Whether the Noticee 1, 3 and 32 are in violation of SEBI(PIT) Regulations and SEBI(SAST) Regulations, 2011*

82. The SCN has alleged that,

82.1. Noticee No 3, being Director of the company, entered into opposite transactions/contra trades within a period of 6 months and failed to make required disclosure under SEBI (PIT) Regulations, 1992, therefore in violation of clause 4.2 of Schedule I of Part A and 13(4) read with Regulation

13(5) of SEBI (PIT) Regulations, 1992, read with Regulation 12 of SEBI (PIT) Regulations, 2015.

82.2. Noticees 1 and 3 traded in the shares of the company between June 2014 to November 2014 without obtaining pre-clearance of trade and Noticee no 1 being dependents of the Director, failed to make required disclosure under SEBI (PIT) Regulations 1992 and delayed in making disclosure under SEBI (SAST) Regulations 2011, therefore are in violation of para 3.3.1 of Schedule I of Part A and 13(4) & 13(5) of SEBI (PIT) Regulations, 1992 read with Regulation 12 of SEBI (PIT) Regulations, 2015 respectively.

82.3. Noticee 32 being promoter of the company, failed to make required disclosure under SEBI (PIT) Regulations, 1992 and SEBI (SAST) Regulations 2011, therefore in violation of 13(1) & 13(2A) of SEBI (PIT) Regulations, 1992, read with Regulation 12 of SEBI (PIT) Regulations, 2015 and Regulation 29(1) read with Regulation 29(3) and Regulation 30(1), 30(2) read with Regulation 30(3) of SEBI (SAST) Regulations 2011.

83. Before proceeding the relevant extract of the SEBI (PIT) Regulations, 1992 and SEBI (SAST) Regulations, 2011 as reproduced below:

SEBI (Prohibition of Insider Trading) Regulations, 1992

Model code of conduct in Schedule I of Part A

Para 3.3.1 - All directors/officers/designated employees of the company and their dependents as defined by the company who intend to deal in the securities of the company (above a minimum threshold limit to be decided by the company) should pre-clear the transaction."

Para 4.2 - All directors/ officers/ designated employees who buy or sell any number of shares of the company shall not enter into an opposite transaction i.e. sell or buy any number of shares during the next 6 months following the prior transaction. All directors/ officers/ designated employees shall also not take positions in derivative transactions in the shares of the company at anytime.

Regulation 13. Disclosure of interest or holding in listed companies by certain persons - Initial Disclosure

(1) Any person who holds more than 5% shares or voting rights in any listed company shall disclose to the company in Form A, the number of shares or voting rights held by such person, on becoming such holder, within 2 working days of :— (a) the receipt of intimation of allotment of shares; or (b) the acquisition of shares or voting rights, as the case may be.

(2) Any person who is a director or officer of a listed company shall disclose to the company in Form B the number of shares or voting rights held and positions taken in derivatives by such person and his dependents (as defined by the company), within two working days of becoming a director or officer of the company.

(2A) Any person who is a promoter or part of promoter group of a listed company shall disclose to the company in Form B the number of shares or voting rights held by such person, within two working days of becoming such promoter or person belonging to promoter group.

...

(4) Any person who is a director or officer of a listed company, shall disclose to the company and the stock exchange where the securities are listed in Form D, the total number of shares or voting rights held and change in shareholding

or voting rights, if there has been a change in such holdings of such person and his dependents (as defined by the company) from the last disclosure made under sub-regulation (2) or under this subregulation, and the change exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.

...

(5) The disclosure mentioned in sub-regulations (3), (4) and (4A) shall be made within two working days of:

(a) the receipts of intimation of allotment of shares, or

(b) the acquisition or sale of shares or voting rights, as the case may be."

SEBI (SAST) Regulations, 2011

29. "Disclosure of acquisition and disposal.

1) Any acquirer who acquires shares or voting rights in a target company which taken together with shares or voting rights, if any, held by him and by persons acting in concert with him in such target company, aggregating to five per cent or more of the shares of such target company, shall disclose their aggregate shareholding and voting rights in such target company in such form as may be specified.

...

(3) The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within two working days of the receipt of intimation of allotment of shares, or the acquisition of shares or voting rights in the target company to,- (a) every stock exchange where the shares of the target company are listed; and (b) the target company at its registered office.

30 Continual disclosures.

30(1) Every person, who together with persons acting in concert with him, holds shares or voting rights entitling him to exercise twenty-five per cent or more of the voting rights in a target company, shall disclose their aggregate shareholding and voting rights as of the thirty-first day of March, in such target company in such form as may be specified.

(2) The promoter of every target company shall together with persons acting in concert with him, disclose their aggregate shareholding and voting rights as of the thirty-first day of March, in such target company in such form as may be specified.

(3) The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within seven working days from the end of each financial year to,— (a) every stock exchange where the shares of the target company are listed; and (b) the target company at its registered office.”

84. The findings with respect to shares acquisition and disposal by Noticee 1 and 3 during the IP are as follows:

Table 20

Date	No of shares held - pre Acquisit ion/ disposal	% of share holdi ng held - pre Acqui sition / disposal	No of shares Acquir ed/ (dispo sed off)	No of shares Acquir ed/ (dispo sed off) as a % of paid up capital	Value of transaction (Rs.)	No of shares held post Acquisit ion/dispos al	% of shareh olding held - post Acquis ition/di sposal	Mode	Date of discl osure to comp any	Date of discl osure to stock excha nge	Disclo sure by Comp any to stock excha nge	Violati on of Regul ation(s) under PIT
24-Jun-14	Became director of the company on June 24, 2014								Nil			13 (2)
1-Aug-14	0	0	4,058	0.05	1,553,342.65	4058	0.05	on market				13 (4)
4-Aug-14	4058	0.05	2,604	0.03	999,935.80	6662	0.08	on market				13 (4)

8-Aug-14*	6662	0.08	(1,000)	(0.01)	445,000.00	5662	0.07	on market		
11-Aug-14	5662	0.07	(3,941)	(0.05)	1,582,457.20	1721	0.02	on market		13 (4)
12-Aug-14	1721	0.02	1,200	0.01	508,168.85	2921	0.04	on market		13 (4)

85. The trade details of Noticee No. 1 and 3 i.e. Payal Jayeshbhai Madiyar and Jayesh Vallabhaji Madiyar during the IP are summarised as follows:

Table 21

Entity Name	Month/Year	Buy	Sell
Payal Jayeshbhai Madiyar (Noticee 1)	Jun-14	61,924	31,734
	Jul-14	4,69,501	1,01,244
	Aug-14*	3,78,258	2,50,872
	Sep-14*	2,18,394	58,260
	Oct-14	1,89,571	2,00,516
	Nov-14	3,03,627	3,34,432
Total		16,21,275	10,07,058
Jayesh Vallabhaji Madiyar (Noticee 3)	Aug-14	7,862	4,941
Total		7,862	4,941

* Noticee 1 made disclosure to Exchange on September 11 and 16, 2014 for transaction carried out on August 04, 2014 and September 11, 2014 (with delay). Company also confirmed that the disclosure to company was made on August 05, 2014 and September 11, 2014 respectively, for the transactions. Separate adjudication action has been initiated for non-compliance of disclosure norm under Reg. 13 (1) and (3) of PIT Regulation and Reg. 29(1) read with 29(3) SAST Regulation

86. Noticee No. 3 i.e. Jayesh Vallabhaji Madiyar was a director of the ECL as per records available and Noticee 03 is spouse of Noticee 1 (covered under definition of dependent). It is found that Noticee Nos. 1 and 3 had entered into opposite transactions within 6 months of each buy and sell transaction

87. With respect to the transactions between August 01-12, 2014, it was observed that no disclosure was made by Noticee 3 on becoming director of the company on June 24, 2014, as required under Regulation 13(2) of SEBI (PIT) Regulations,

1992, and also failed to make required disclosure to stock exchange under Regulation 13(4) read with Regulation 13(5) of SEBI (PIT) Regulations, 1992. Further by entering opposite transaction within 6 months of becoming directors Noticee 3 is also in violation of Para 4.2 of Schedule I of Part A of SEBI (PIT) Regulations 1992. Further for transactions between June 2014 to November 2014, Noticee 1 is also in violation of Regulation 13(4) read with Regulation 13(5) of SEBI (PIT) Regulations, 1992.

88. With respect to the transactions entered during period June 2014 to November 2014, vide email dated December 12, 2018, Jayesh Vallabhaji Madiyar submitted that *"we have unknowingly and unintentionally skipped the prior intimation or pre clearance as demanded by your esteemed office. So, we are not able to provide details on pre clearance, we sincerely apologize and seek your guidance further to rectify it."* Further, vide email dated December 20, 2018, company also submitted that no pre clearance was obtained by the Noticee 1 and 3 prior to trading in the scrip. Thus Noticee 1 and 3 are in violation of Para 3.3.1 of Schedule I of Part A of SEBI (PIT) Regulations 1992.

89. The Noticee 1 and 3 have not made any additional submission or contentions with respect to the above disclosure violation and therefore based on the facts the violations stand established.

Noticee 32: Annex Realty Private Limited

90. The transaction of Noticee 32 i.e. Annex Realty Private Limited (a promoter of the Company, based on the records available) during the IP, which required disclosures under SEBI (PIT) Regulations, 1992 and SEBI (SAST) Regulations, 2011, is as follows:

Table 22

Date	No of shares held - pre Acquisition/disposal	% of shareholding held - pre Acquisition/disposal	No of shares Acquired/ (disposed off)	No of shares Acquired/ (disposed off) as a % of paid up capital	Value of transaction (Rs.)	No of shares held - post Acquisition/disposal	% of shareholding held - post Acquisition/disposal	Mode	Date of disclosure to company	Date of disclosure to stock exchange	Disclosure by Company to stock exchange	Violation of Regulation(s) under PIT & SAST
21-Jun-13	0	0	20,44,500	25.11	-	20,44,500	25.11	off market		Nil		13(1), 13(2A) 29(1) 30(1), 30(2)

91. As per the list of disclosures received by the Company during the IP and the list of disclosures received by BSE with respect to the scrip during the IP, it was observed that Annex Realty Private Limited (a promoter of the Company) failed to submit required disclosure with required to transactions made on June 21, 2013. The Noticee has not made any contentions or submissions with respect to this fact.

92. Therefore, the Noticee is in violation of Regulation 29(1) read with Regulation 29(3) and under Regulation 30(1), 30(2) read with Regulation 30(3) of SEBI (SAST) Regulations 2011 as well as Regulation 13(1) & 13(2A) of SEBI (PIT) Regulations, 1992, read with Regulation 12 of SEBI (PIT) Regulations, 2015.

Issue No 7. *If answer to issue No. (6) is in affirmative, what directions, if any should be issued against the Noticee 1, 3 and 32?*

93. It is alleged in the SCN that Noticees 1, 3 and 32, are liable for monetary penalty under section 15A(b) and 15HB of SEBI Act, for disclosure violations respectively.

94. Before proceeding, the extract from SEBI Act containing the monetary penalty for the respective violation is reproduced below

15A. Penalty for failure to furnish information, return, etc.

If any person, who is required under this Act or any rules or regulations made thereunder, -

...

(b) to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified therefor in the regulations, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less;"

15HB Penalty for contravention where no separate penalty has been provided.

Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which may extend to one crore rupees.

95. It is noted from the MCA records that the Noticee 5 has been struck off from the MCA records. Since the company is no longer in existence therefore any directions of monetary penalty against Noticee 5 may not serve any purpose

96. Having considered all the facts and circumstances of the case, the material available on record, the submissions made by the Noticees and also the factors mentioned in Section 15J of the SEBI Act. I hereby impose the following penalty on the Noticees 1 and 3 under the provisions of 15A(b) and Section 15HB of the SEBI Act

Table 23

Name	Violation	Penalty Provision	Penalty
Payal Jayeshbhai Madiyar (Noticee 1)	Regulation 13(4) read with regulation 13(5) of the SEBI (PIT) Regulations, 1992 read with Regulation 12 of the SEBI(PIT) Regulations, 2015	15A(b)	200,000
	Para 3.3.1 of Schedule I of Part A of SEBI(PIT) Regulations, 1992 read with Regulation 12 of SEBI (PIT) Regulations, 2015	15HB	200,000
Jayesh Vallabhaji Madiyar (Noticee 3)	Regulation 13(4) read with Regulation 13(5) of the SEBI (PIT) Regulations, 1992 read with Regulation 12 of the SEBI(PIT) Regulations, 2015;	15A(b)	2,00,000
	3.3.1 and 4.2 of Schedule I of Part A of SEBI(PIT) Regulations, 1992 read with Regulation 12 of SEBI (PIT) Regulations, 2015	15HB	4,00,000

Order

97. In the facts and circumstances of the case, I, in exercise of the powers conferred upon me in terms of Section 19 read with Sections 11(1), 11(4) and 11B (1) and 11B(2) of the Securities and Exchange Board of India Act, 1992, hereby issue the following directions:

97.1. The following Noticees are hereby restrained from accessing the securities market and prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, from the date of this order till the expiry of respective

period specified as below:

Table 24

Noticee No	Period
1, 3, 4, 9, 10, 12, 13, 22, 23, 24, 26 and 30	2 (Two) Years
6, 8, 14, 15, 18 and 19,	6 (Six) months
2, 7, 11, 16, 17, 20 and 21	3 (Three) Months

97.2. Needless to say, in view of prohibition on sale of securities, it is clarified that during the period of restraint, the existing securities holding, including units of mutual funds, of Noticees shall remain frozen. It is made clear that if the Noticees have any open positions in any exchange traded derivative contracts, they can close out / square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. It is also clarified that the Noticees can settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of trading on date of this order.

97.3. Penalty is imposed on the Noticee as specified in the table below:

Table 25

Noticee Nos.	Penalty
1	19,00,000/-
3	21,00,000/-
4, 9, 10, 12 and 13	15,00,000/- each
6, 8, 14, 15 and 18	10,00,000/- each
2, 7, 11, 16 and 17	5,00,000/- each
31	2,00,000/-

97.4. Noticee 22, 23, 24, 26, 30 and 10 are directed to disgorge the amount mentioned against each of those noticees in Table 18 with simple interest at the rate of 12% p.a. from the last trading date as mentioned in Table 19 within a period of 45 days from the date of service of this order, till the date

of payment. In case, these Noticees fail to pay the disgorgement amount within 45 days, they shall be restrained for a further period of two years from accessing the securities market and prohibited from buying, selling or otherwise dealing in the securities market, commencing from the end of the debarment period given in direction at para 97.1 above. However, such debarment shall not discharge these Noticees, from their liability to pay the disgorgement amount with interest, which shall be recovered by SEBI in accordance with Section 28A of the SEBI Act, 1992

- 97.5. The Depositories are directed to ensure, that till further directions, no credits are made in the demat accounts of the entities mentioned in Table No. 24, held individually or jointly. The depositories are further directed to ensure that till further direction except for compliance of direction mentioned at paragraph 97.4, no debits are made in the demat accounts of the aforesaid entities, held individually or jointly.
- 97.6. The Registrar and Transfer Agents are also directed to ensure that till further directions, no credits are permitted in respect of the entities mentioned in Table No. 24, and that except for compliance of direction at paragraph 97.4 the securities / mutual funds units held in the name of the aforesaid entities, jointly or severally, are not transferred / redeemed.
- 97.7. SCN against Kantilal W Parekh (Noticee 25), Manish K Parekh (Noticee 27), Pavanben Kantilal Parekh (Noticee 28), Sandeep K Parekh (Noticee 29) is disposed of without any direction.
- 97.8. SCN against Sampati Broking Private Limited (Noticee 5) and Annex Realty Private Limited (Noticee 32) being struck off company, is disposed without any direction/penalty.

98. The order shall come into force with immediate effect.

99. Noticees shall remit / pay the said amount of disgorgement amount/monetary penalty within 45 days of receipt of this order either by way of crossed demand draft drawn in favour of “Securities and Exchange Board of India”, payable at Mumbai or by e-payment* to SEBI account as detailed below

Name of the Bank	Branch Name	RTGS Code	Beneficiary Name	Beneficiary Account No.
Bank of India	Bandra Kurla Branch	BKID 0000122	Securities and Exchange Board of India	012210210000008

** Noticees who are making e- payment/demand draft, are advised to forward the details and confirmation of the payments so made to the Enforcement department of SEBI for their records as per the format provided in Annexure A of Press Release No. 131/2016 dated August 09, 2016 which is reproduced as under:*

1. Case Name:	
2. Name of the payee:	
3. Date of payment:	
4. Amount paid:	
5. Transaction No:	
6. Bank Details in which payment is made:	
7. Payment is made for: (like penalties/disgorgement/recovery/settlement amount and legal charges along with order details:	

100. Payment can also be made online by following the below path at SEBI website www.sebi.gov.in:

ENFORCEMENT → Orders → Orders of Chairman/Members → Click on PAY NOW or at

<https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html> and selecting Type of Category as 11B orders

101. A copy of this order shall be served upon all recognized Stock Exchanges, Depositories and the Registrar and Share Transfer Agents to ensure compliance with the above directions.

-sd

Date: October 01 , 2021

Place : Mumbai

MADHABI PURI BUCH

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA