

National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/54058	Date: October 13, 2022
Circular Ref. No: 141/2022	

To All NSE Members

Sub: Final order in the matter of Sarang Chemicals Limited

SEBI vide its Order no. WTM/AB/IVD/ID6/20272/2022-23 dated October 12, 2022, has hereby directed that if the below entities fail to pay the unlawful gains along with interest as directed herein within the stipulated time, they shall be restrained from accessing the securities market and shall also be prohibited from buying, selling or otherwise dealing in the securities market, until the discharge the liability of disgorgement to the satisfaction of SEBI with future interest at the rate of 12% per annum, without prejudice to any other action including action for recovery of such amounts from the entities that may be initiated by SEBI under Section 28A of the SEBI Act, 1992.

Sr. No.	Name of the Entity	PAN
1	Amrut Securities Limited (now known as Amrut Dredging and Shipping Limited)	AABCA8006G
2	Mr. Ashwinbhai Prabhudas Ruparel	ADYPR3689M
3	Mr. Baldevsinh Vijaysinh Zala	AABPZ9137C
4	Mr. Manish Kanakshi Ashar	AEGPA1359E
5	Ms. Sonal Kanaksingh Ashar	ACZPA1429Q
6	Mr. Bhavik Amrutlal Vaza	AGJPV8045R
7	Mr. Haresh Lalitbhai Tejani	ACKPT7735R
8	Mr. Paresh Chamanlal Doshi	AFXPD2041L
9	Mr. Pradeep Syamsunder Swain	CHMPS7035J
10	Mr. Shailesh Mulraj Ved	ABQPV7436E
11	Ms. Bhavana Manish Asher	AFSPA5020P
12	Mr. Hemanshu P. Mehta	AHIPM9056D
13	Mr. Jagdish Gordhandas Ved	ABEPV3294J

National Stock Exchange of India

This Order shall come into force with immediate effect.

The detailed order is available on SEBI website (<http://www.sebi.gov.in>). Further, the consolidated list of such entities is available on the Exchange website <http://www.nseindia.com> home page under “Home-Regulation-Members-Action against Members-Regulatory Actions”.

Members are advised to take note of the above and ensure compliance.

In case of any further queries, members are requested to contact the following officials:

Mr. Rajkumar Jain (Extension: 23457), Mr. Anand Jangir (Extension: 22385)
Direct No: 022-26598417/18 Fax: 022-26598195

For and on behalf of

National Stock Exchange of India Limited

Anand Jangir
Manager

ANNEXURE: Final order in the matter of Sarang Chemicals Limited.

WTM/AB/IVD/ID6/20272/2022-23

SECURITIES AND EXCHANGE BOARD OF INDIA
FINAL ORDER

Under Section 11 B of Securities and Exchange Board of India Act, 1992

Noticee No.	Name of the Noticee	PAN
1.	Amrut Securities Limited (now known as Amrut Dredging and Shipping Limited)	AABCA8006G
2.	Mr. Ashwinbhai Prabhudas Ruparel	ADYPR3689M
3.	Mr. Baldevsinh Vijaysinh Zala	AABPZ9137C
4.	Mr. Manish Kanakshi Ashar	AEGPA1359E
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6.	Mr. Bhavik Amrutlal Vaza	AGJPV8045R
7.	Mr. Haresh Lalitbhai Tejani	ACKPT7735R
8.	Mr. Paresh Chamanlal Doshi	AFXPD2041L
9.	Mr. Pradeep Syamsunder Swain	CHMPS7035J
10.	Mr. Shailesh Mulraj Ved	ABQPV7436E
11.	Ms. Bhavana Manish Asher	AFSPA5020P
12.	Mr. Hemanshu P. Mehta	AHIPM9056D
13.	Mr. Jagdish Gordhandas Ved	ABEPV3294J

(The aforesaid entities are hereinafter referred to individually, by their respective names/ Noticee numbers and collectively as “the Noticees”)

In the matter of Sarang Chemicals Limited.

1. Present order is being passed in compliance with order dated August 12, 2021 passed by Hon’ble Securities Appellate Tribunal, Mumbai (hereinafter referred to as “**Hon’ble SAT**”) in Appeal No. 150 of 2019 and other connected appeals whereby Honb’le SAT *inter alia* directed as under:

“.....15. In view of the aforesaid, the impugned order of the WTM and AO in so far as the appellants are concerned are quashed. The appeals are allowed. The matter is remitted to the authority concerned to pass a fresh order in the light of the observations made above after giving an opportunity of hearing. All the misc. application for exemption to file certified copy of the order and for stay are accordingly disposed of.....”

2. Aforesaid SAT Appeal No. 150 of 2019 and other connected appeals were filed before Hon'ble SAT challenging the order dated December 31, 2018 passed by the Whole Time Member of Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") and order dated January 24, 2020 passed by the adjudicating officer of SEBI. The order dated December 31, 2018 came to be passed by SEBI in the proceedings emanated from issue of show cause notice dated May 19, 2016 (hereinafter referred to as "**SCN**") issued by SEBI to the aforesaid Noticees wherein *inter alia* it was alleged as follows:

- (i) Pursuant to investigation carried out in the scrip (hereinafter referred to as "**the scrip**") of Sarang Chemicals Limited (hereinafter referred to as "**the Company**" / "**Sarang**"), for the period January 3, 2011 to June 9, 2011 (hereinafter referred to as "**investigation period**"), it was observed that approximately eight crore shares were traded in the scrip among 21 entities (hereinafter referred to as "**group**") who appeared to be trading through the brokers, Atlanta Share Shoppee Limited, SKSE Securities Limited and Galaxy Broking Limited and sub - broker Presilcolmpex Limited.
- (ii) The aforesaid 13 Noticees were part of the aforesaid group. The trades among the entities resulted in creation of artificial volume and a misleading appearance in the trading of the scrip. Prior to the creation of artificial volume, the price of the scrip was Rs. 0.31(as on January 03, 2011). During the period when the price and volume were manipulated by the group entities, the price of the scrip increased to Rs. 0.90 (as on April 27, 2011). About 4.5 crore shares were off-loaded by the Noticees at increased prices as detailed below.

- (iii) On January 03, 2011, January 04, 2011 and January 05, 2011, shares in the scrip were traded in low volume i.e., 26,748 shares, 34,632 shares and 276 shares, respectively, i.e. an average of 20,552 shares. However, there was a steep increase in the volume of shares traded on January 6, 2011, when the market volume had increased to 6,37,828 shares i.e., 30.03 times increase. This increase was due to the sale of 6,00,000 shares by Noticee no. 2 to Noticee no. 3, which was 94% of the market volume. It was also noted that the broker, Atlanta Share Shoppee Limited, placed the sell order on behalf of Noticee no. 3, for 6,00,000 shares at Rs 0.33 at 12:38:38, and the entire sell quantity was bought by Noticee no. 2, through 48 buy orders between 15:16:50 and 15:19:31 through the sub-broker Presilcolmpex Limited and broker SKSE Securities Limited.
- (iv) In similar *modus operandi*, the following eleven entities mentioned in Table 1, which included the Noticees nos. 1, 2, 3, 4 and 5 herein, traded 2,32,41,112 shares among themselves, contributing to 87.17% of market volume (i.e. 2,66,62,070 shares), during January 3, 2011 to March 14, 2011, thereby creating artificial volume and misleading appearance in trading of the scrip:

Table 1

S.N.	CLIENTNAME	Buy TQ	% to Mkt. (Patch)	Sell TQ	% to Mkt. (Patch)
1	AYODHYAPATI INVESTMENT PVT LTD	76,52,435	28.70		0.00
2	AMRUT SECURITIES LIMITED	53,37,946	20.02		0.00
3	AUM TECHNOCAST PVT LTD.	43,30,559	16.24		0.00
4	ASHWINBHAI PRABHUDAS RUPAREL	39,26,209	14.73		0.00
5	OM EDUCATION (IT) PVT LTD	16,11,080	6.04	4,43,930	1.67
6	DHARMESH NARENDRAKUMAR SOLANKI	3,60,000	1.35	71,25,422	26.72
7	MANISH MANSHUKHBHAI RAJA	22,883	0.09	1,08,68,460	40.76
8	SONAL KANAKSINGH ASHAR		0.00	24,71,000	9.27
9	BALDEVSINH VIJAYSINH ZALA		0.00	12,80,000	4.80
10	MANISH KANAKSHI ASHAR		0.00	9,64,990	3.62
11	VIJAY RAMNIKLAL RUPANI (HUF)		0.00	87,310	0.33
	Total	2,32,41,112	87.17	2,32,41,112	87.17

- (v) The day-wise volume contribution by the aforesaid group, during the period of January 3, 2011 to March 14, 2011, is given below:

Table 2

Date	Market Vol.	Group buy vol	Group buy % to Day Mkt. Vol.	Group Sell Vol.	Group Sell % to Day Mkt. Vol.	Net(Buy-Sell)	Trading among the group (TAG)	TAG % to Day
03-Jan-	26,748	0	0.00	0	0.00	0	0	0.00
04-Jan-	34,632	0	0.00	0	0.00	0	0	0.00
05-Jan-	276	0	0.00	0	0.00	0	0	0.00
06-Jan-	6,37,828	6,05,620	94.95	6,00,000	94.07	5,620	6,00,000	94.0
07-Jan-	8,00,893	6,89,994	86.15	6,80,000	84.91	9,994	6,80,000	84.9
10-Jan-	81,500	0	0.00	0	0.00	0	0	0.00
11-Jan-	3,067	0	0.00	0	0.00	0	0	0.00
12-Jan-	2	0	0.00	0	0.00	0	0	0.00
13-Jan-	7,500	0	0.00	0	0.00	0	0	0.00
14-Jan-	16,000	0	0.00	0	0.00	0	0	0.00
17-Jan-	60,002	0	0.00	0	0.00	0	0	0.00
18-Jan-	55,566	0	0.00	0	0.00	0	0	0.00
19-Jan-	82,500	0	0.00	0	0.00	0	0	0.00
20-Jan-	92,057	0	0.00	0	0.00	0	0	0.00
21-Jan-	63,755	0	0.00	0	0.00	0	0	0.00
24-Jan-	37,600	0	0.00	0	0.00	0	0	0.00
25-Jan-	78,087	0	0.00	0	0.00	0	0	0.00
27-Jan-	8,45,204	7,99,000	94.53	8,00,000	94.65	-1,000	7,99,000	94.5
28-Jan-	24,507	12,807	52.26	0	0.00	12,807	0	0.00
31-Jan-	8,99,078	8,01,000	89.09	8,00,000	88.98	1,000	8,00,000	88.9
01-Feb-	8,72,815	8,00,000	91.66	8,00,000	91.66	0	8,00,000	91.6
02-Feb-	3,25,137	2,87,311	88.37	2,87,311	88.37	0	2,87,309	88.3
03-Feb-	63,449	0	0.00	0	0.00	0	0	0.00
04-Feb-	9,15,702	8,00,000	87.36	8,00,000	87.36	0	7,95,500	86.8
07-Feb-	9,47,494	8,39,500	88.60	8,50,000	89.71	-10,500	8,24,500	87.0
08-Feb-	1,01,405	0	0.00	0	0.00	0	0	0.00
09-Feb-	9,56,316	7,15,036	74.77	8,00,000	83.65	-84,964	6,84,498	71.5
10-Feb-	18,08,696	16,95,000	93.71	16,70,957	92.38	24,043	16,70,857	92.3
11-Feb-	3,42,553	3,33,243	97.28	2,54,043	74.16	79,200	2,54,033	74.1
14-Feb-	9,44,646	8,45,000	89.45	8,45,000	89.45	0	8,45,000	89.4
15-Feb-	16,89,500	16,41,000	97.13	16,40,000	97.07	1,000	16,34,400	96.7
16-Feb-	8,64,100	8,50,000	98.37	8,52,845	98.70	-2,845	8,44,789	97.7
17-Feb-	2,76,200	2,01,500	72.95	2,70,000	97.76	-68,500	2,01,500	72.9
18-Feb-	500	0	0.00	0	0.00	0	0	0.00
21-Feb-	6,79,111	6,15,000	90.56	6,43,600	94.77	-28,600	5,94,500	87.5
22-Feb-	13,79,795	12,86,795	93.26	13,42,000	97.26	-55,205	12,86,795	93.2
23-Feb-	10,46,200	10,43,699	99.76	10,43,000	99.69	699	10,42,979	99.6
24-Feb-	11,72,519	10,07,518	85.93	11,66,519	99.49	-	10,07,518	85.9
25-Feb-	9,68,595	8,39,000	86.62	8,39,000	86.62	0	8,31,963	85.8
28-Feb-	16,82,829	16,77,429	99.68	16,15,642	96.01	61,787	16,10,242	95.6
01-Mar-	8,76,680	8,26,680	94.30	8,53,495	97.36	-26,815	8,03,495	91.6
03-Mar-	13,58,512	12,96,012	95.40	12,86,430	94.69	9,582	12,23,930	90.0
04-Mar-	8,58,035	7,58,035	88.35	8,53,535	99.48	-95,500	7,53,535	87.8
07-Mar-	4,85,000	3,63,799	75.01	4,25,000	87.63	-61,201	3,03,799	62.6
08-Mar-	8,29,117	8,09,117	97.59	8,24,000	99.38	-14,883	8,04,000	96.9
09-Mar-	4,96,440	4,86,240	97.95	4,95,500	99.81	-9,260	4,85,500	97.8
10-Mar-	48,970	34,970	71.41	34,970	71.41	0	34,970	71.4
11-Mar-	21,906	1,000	4.56	0	0.00	1,000	0	0.00
14-Mar-	8,03,046	7,95,590	99.07	7,37,000	91.78	58,590	7,36,500	91.7
Total	2,66,62,07	2,37,56,89	89.10	2,41,09,84	90.43	-	2,32,41,112	87.1

- (vi) Further, the details of trading among the eleven entities out of the group are given below:

Table 3

Buyer PAN	Buy Client Name	Seller PAN	Sell Client Name	TAG Qty	% of TAG Vol. to Mkt. Vol.
AABCA6007B	AYODHYAPATI INVESTMENT PVT	ADDPR2448D	MANISH MANSUKHLAL RAJA	65,03,435	24.39

AADCA4883H	AUM TECHNOCAST PVT. LTD	BJHPS1840P	DHARMESH NARENDRAKUMAR	43,30,559	16.24
ADYPR3689M	ASHWINBHAI PRABHUDAS	ADDPR2448D	MANISH MANSUKHLAL RAJA	27,59,999	10.35
AABCA8006G	AMRUT SECURITIES LTD.	ACZPA1429Q	SONAL KANAKSINGH ASHAR	20,76,030	7.79
AAACO5614R	OM EDUCATION (IT) PVT LTD	BJHPS1840P	DHARMESH NARENDRAKUMAR	16,11,080	6.04
AABCA8006G	AMRUT SECURITIES LTD.	ADDPR2448D	MANISH MANSUKHLAL RAJA	16,05,026	6.02
AABCA8006G	AMRUT SECURITIES LTD.	BJHPS1840P	DHARMESH NARENDRAKUMAR	11,60,900	4.35
AABCA6007B	AYODHYAPATI INVESTMENT PVT	AABPZ9137C	BALDEVSINH VIJAYSINH ZALA	6,80,000	2.55
ADYPR3689M	ASHWINBHAI PRABHUDAS	AABPZ9137C	BALDEVSINH VIJAYSINH ZALA	6,00,000	2.25
AABCA8006G	AMRUT SECURITIES LTD.	AEGPA1359E	MANISH KANAKSHI ASHAR	4,95,990	1.86
AABCA6007B	AYODHYAPATI INVESTMENT PVT	AEGPA1359E	MANISH KANAKSHI ASHAR	4,69,000	1.76
ADYPR3689M	ASHWINBHAI PRABHUDAS	AAACO5614R	OM EDUCATION (IT) PVT LTD	4,43,930	1.67
BJHPS1840P	DHARMESH NARENDRAKUMAR	ACZPA1429Q	SONAL KANAKSINGH ASHAR	3,60,000	1.35
ADYPR3689M	ASHWINBHAI PRABHUDAS	AALHR6115G	VIJAY RAMNIKLAL RUPANI (HUF)	87,310	0.33
ADYPR3689M	ASHWINBHAI PRABHUDAS	ACZPA1429Q	SONAL KANAKSINGH ASHAR	34,970	0.13
ADDPR2448D	MANISH MANSUKHLAL RAJA	BJHPS1840P	DHARMESH NARENDRAKUMAR	22,883	0.09
				2,32,41,112	87.17

- (vii) Based on the trading activities as described above, it was observed that during January 3, 2011 and March 14, 2011, there was increased trading in the scrip on the days on which the aforesaid entities traded in the market; and through trading among themselves, the entities had created huge artificial volume in the market.
- (viii) Due to such creation of artificial volume, the price of the scrip increased from Rs.0.31 (as on January 3, 2011) to Rs. 0.90 (as on April 27, 2011). Thereafter, during the period of march 15, 2011 to June 8, 2011, the Noticees off-loaded the shares at various increased prices and thereby made unlawful gain of Rs. 1,60,76,904. The details of entity - wise quantity of shares off-loaded, average sell rate and unlawful gain are given below:

Table 4

S.N.	Name of the entity	TRADED_QTY	Avg. Sell Rate	Price diff. from	Gain
1.	SHAILESH MULRAJ VED	72,38,448	0.62	0.31	2,243,919
2.	PRADEEP SYAMSUNDER SWAIN	68,78,110	0.65	0.34	2,338,557
3.	PARESH CHAMANLAL DOSHI	68,16,236	0.61	0.30	2,044,871
4.	BALDEVSINH VIJAYSINH ZALA	61,65,359	0.68	0.37	2,281,183
5.	HARESH LALITBHAI TEJANI	39,59,800	0.70	0.39	1,544,322
6.	BHAVIK AMRUTLAL VAZA	38,09,565	0.72	0.41	1,561,922
7.	BHAVANA MANISH ASHER	34,82,519	0.74	0.43	1,497,483
8.	MANISH KANAKSHI ASHAR	32,05,439	0.72	0.41	1,314,230
9.	HEMANSHU P MEHTA	18,38,325	0.72	0.41	753,713
10.	SONAL KANAKSINGH ASHAR	11,60,821	0.49	0.18	208,948
11.	JAGDISH GORDHANDAS VED	3,77,101	0.65	0.34	128,214
12.	ASHWINBHAI PRABHUDAS	3,45,000	0.66	0.35	120,750
13.	AMRUT SECURITIES LTD.	1,43,675	0.58	0.27	38,792
	Grand Total	4,54,20,398	0.67		1,60,76,904

- (ix) Based on the trading activity as described above, SCN alleged that the Noticee No. 1 to 5 have violated Regulations 3(a), (b), (c), (d) and 4(1), 4(2) (a),(b),(e) and (g) of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations, 2003**”); Noticees 6 to 10 have violated Regulations 3(a), (b), (c), (d) and 4(1), 4(2) (a) and (e) of the PFUTP Regulations, 2003; and Noticees 11 to 13 have violated Regulations 3(a), (b), (c), (d) and 4(1), 4(2) (a) of PFUTP Regulations, 2003. Separate adjudication proceedings have been initiated for the said alleged violations.
 - (x) Further, the Noticees are alleged to have benefitted from price and volume manipulation by the group entities, and made unlawful gains amounting to Rs. 1,60,76,904/-.
 - (xi) In view of the above, SCN called upon the Noticees to show cause as to why suitable directions under Section 11B of SEBI Act, 1992, should not be issued against the Noticees, to disgorge an amount equivalent to the wrongful gain made by indulging in transactions in contravention of the provisions of the PFUTP Regulations, 2003.
3. After the aforesaid SCN was issued to the Noticees, an opportunity of hearing was provided to the Noticees by SEBI and thereafter, on December 31, 2018 a final order was passed by SEBI directing the Noticees to disgorge the unlawful gains of Rs. 1,60,76,904/- along with simple interest at the rate of 12% per annum calculated from the respective dates of their transactions till the respective dates of payment. Aggrieved by the said order of SEBI, Noticees filed separate appeals before Hon’ble SAT. Vide its order dated August 12, 2021, Hon’ble SAT allowed the appeals and remitted the matter to SEBI to pass a fresh order in the light of the observations made in the order and after giving an opportunity of hearing. Thereafter, the file in the matter was placed before me for grant a date of hearing in the matter, as directed by the Hon’ble SAT. The hearing in the matter was fixed for March 09, 2022, however, hearing on the said date could not be held as the authorised representative for the

Noticees sought adjournment of hearing. Accordingly, the hearing in the matter was adjourned to April 25, 2022. Vide email dated April 25, 2022, a common reply was filed on behalf of all the Noticees. On the date fixed for hearing authorised representative of the Noticees appeared and made submissions of behalf of the Noticees.

4. In their common written submissions filed, in the present proceedings on April 25, 2022, the Noticees have *inter alia* submitted as under:

- (i) In respect of Zala's trades, no co-operation, connection or collusion is shown between Zala (seller) and buyers.
- (ii) No connection is shown in trades between sellers and buyers.
- (iii) No connection of Zala has been shown with counter broker (or his client Ashwin Ruparel) in connection Table.
- (iv) Trading among group parties is not shown in respect of Zala's sell of shares in Patch-2.
- (v) No connection in respect of 61,65,359 shares sold with any alleged group counter party is shown for Patch-2.
- (vi) There was no meeting of minds, collaboration or collusion on a contemporaneous basis with any group party and none is shown for sales of shares of Zala which was in Patch-2.
- (vii) The connection simpliciter on a standalone basis can not cascade over automatically in Patch-2. They must get reflected in the trades.
- (viii) A circuit filter of 5% and lower means price movement was regulated by BSE, first level regulator. How can a regulated price be treated as manipulative.
- (ix) No common intention to act in union is shown. No design or plan or common understanding for anything is pointed out.

- (x) Direction of disgorgement is issued will be illegal. Reference made to Hon'ble SAT's order dated 30.12.2009 in Appeal No. 20 of 2009.
 - (xi) Zala had made loss hence not liable for disgorgement which is for profit made.
 - (xii) For invoking disgorgement direction there should be higher standard of proof.
 - (xiii) Calculation of disgorgement amount is wrong as it takes reasonable price i.e. price on the first day of investigation period rather actual purchase price.
 - (xiv) The alleged price increase of 59 paisa over 108 trading days itself was insignificant /miniscule.
 - (xv) The scrip's trading was in T Group w.e.f. 4th February, 2011 with preventive surveillance measures on price, deliveries and margin were regulated upfront. Therefore, there was no dysfunctional feature in trading pattern. NO scope for any collusion or manipulation existed.
5. Now I proceed to deal with the merits of the matter. I note that SEBI conducted an investigation wherein it was observed that during January 3, 2011 and March 14, 2011, there was increased trading in the scrip on the days a group of 21 connected entities traded in the market; and through trading among themselves, the entities had created huge artificial volume in the market. Due to such creation of artificial volume, the price of the scrip increased from Rs. 0.31/- per share as on January 3, 2011 to Rs. 0.90 per share as on April 27, 2011. Thereafter, during the period of March 15, 2011 to June 8, 2011, the aforesaid 13 Noticees off-loaded the shares at various increased prices and thereby made unlawful gain of Rs. 1,60,76,904/-.
6. Before proceeding further in the matter, it is noteworthy that Hon'ble SAT vide its order dated August 12, 2021, while quashing the order dated December 31, 2018 passed by SEBI and remanding the matter to SEBI, had directed SEBI to decide the matter afresh after taking into account the observations made by

Hon'ble SAT in its order dated August 12, 2021. Therefore, for proper adjudication of the issues at hand, it would be appropriate to reproduce those observations made by Hon'ble SAT in the order dated August 12, 2021 which is as under:

“

8. The WTM has found that the 13 entities are connected with each other on the basis of being introduced by one Mr. Paresh Doshi and through common address/telephone numbers, etc. The basis of connection has been given in paragraphs no.17.1, 17.2, 17.3, 17.4 and 17.5. The connection drawn in our opinion is patently vague and erroneous and does not inspire confidence. Something more is required to be done in the order to prove that these 13 entities were working as a group. For example if 'A' is connected to 'B' and 'C' is connected to 'D' and 'D' is connected to 'F' it does not mean that 'A' to 'F' are all connected with each other or 'A' is connected to 'D' or 'A' is connected to 'E' or 'A' is connected to 'C'. Thus, something more is required to be shown other than common address, telephone numbers etc. which in the instant case is also lacking inter se between the parties. In this regard, the learned senior counsel for the respondent fairly conceded that the findings of connection given by the WTM is very sketchy but submitted that connection can be drawn from the trading pattern which will show that the 13 entities were trading amongst themselves and, therefore, there was a pre meeting of minds and on preponderance of probability one could infer connection inter se between the noticees. This submission on inter se connection on the basis of trading pattern is also erroneous for the reasons stated hereunder.

9. The contention before us by the parties is the same as that contended before the WTM, namely, that there was no inter se connection between the group; that they made independent trades and there was no price manipulation nor were they involved in creating artificial volume and misleading appearance in trading in the scrip nor were part of the price manipulation of the scrip, if any.

10. We find from a perusal of the show cause notice and the impugned order that the basic charge levelled against the 13 noticees/appellants is, that 13 out of 21 entities, as a group, traded amongst themselves which created artificial volume and misleading appearance in trading in the scrip which resulted in the increase in the price of the scrip from Rs.0.31/- to Rs.0.90/-. We find that there is no evidence in the impugned order to show that noticee nos.1 to 13 traded amongst themselves which resulted in the creation of artificial volume and misleading appearance in the scrip. The WTM in para 18.6 of the impugned order has indicated one instance where trades of Mr. Baldevsinh Vijaysinh Zala matched with Mr. Ashwinbhai Prabhudas Ruparel. One instance of such trade cannot prove the charge of the 13 entities trading amongst themselves. In this regard, we have also perused the show cause notice and we find from table 3 of the

show cause notice that it depicts certain entities trading inter se amongst themselves. Majority of these entities named in Table 3 except 2 of them are not noticees in the present proceedings. Therefore, in order to prove the charge against the appellants/noticees there must be sufficient material to show that these entities were trading amongst themselves. Except for the aforesaid instance of one trade, we do not find any evidence to show that the 13 noticees/appellants were trading amongst themselves on a continuous basis during the investigation period. In the absence of any evidence we are of the opinion that the charge of the 13 noticees/appellants trading amongst themselves cannot be proved. As a result, the creation of artificial volume, misleading appearance in the trading in the scrip and increase in the price of the scrip automatically fails and cannot be sustained.

11. In the light of the aforesaid, the findings on disgorgement also cannot be sustained. We may further point out that in the instant case the calculation as to how the amount of Rs.1.60 crores was arrived at has not been depicted in the impugned order. We are of the opinion that the WTM was required to calculate the amount of disgorgement against each of the entities. Further, the purchase price of Rs.0.31/- which has been taken up as the opening price on the first date of investigation period cannot be taken into consideration especially when individual entities purchase and sale price are known on which the gain or loss averted can be calculated. Further, disgorgement has to be calculated individually of every noticee and not collectively.

12. We also find that the WTM has considered the question of delay in a very vague manner. No details have been specified. Merely by alleging that various procedures were involved in the completion of the investigation is vague. Further, a specific assertion was made by the appellants that the scrip was in 'T' group and that the price of the scrip was controlled by the Stock Exchange and, thus, there cannot be any manipulation in the price of the scrip. This aspect has been noticed by the WTM but has not been dealt with in the impugned order. Similarly, the plea that there was no meeting of minds and/or the purchase of the scrip was made bonafidely in view of the announcement made by the Company on the stock exchange website has also not been taken into consideration. In our view, the WTM was required to consider these aspects of the matter.

.....”

7. As can be observed from the relevant extract of the order dated August 12, 2021 quoted above, Hon'ble SAT made certain observations on the order dated December 31, 2018, which resulted into direction of remand. These observations made by Hon'ble SAT are as under:

- (i) Proof of connection amongst Noticees is vague;
- (ii) No evidence to show that Noticees traded amongst themselves;
- (iii) Individual calculation of disgorgement amount has not been made;
- (iv) For calculation of disgorgement amount actual purchase price of shares traded ought to have been taken;
- (v) Contention of delay has not been considered properly;
- (vi) Contention that there cannot be any manipulation in the scrip as it was in "T Group" has not been dealt;
- (vii) Pleas that there was no prior meeting of minds and purchase of scrip was made bonafide has not been taken into consideration.

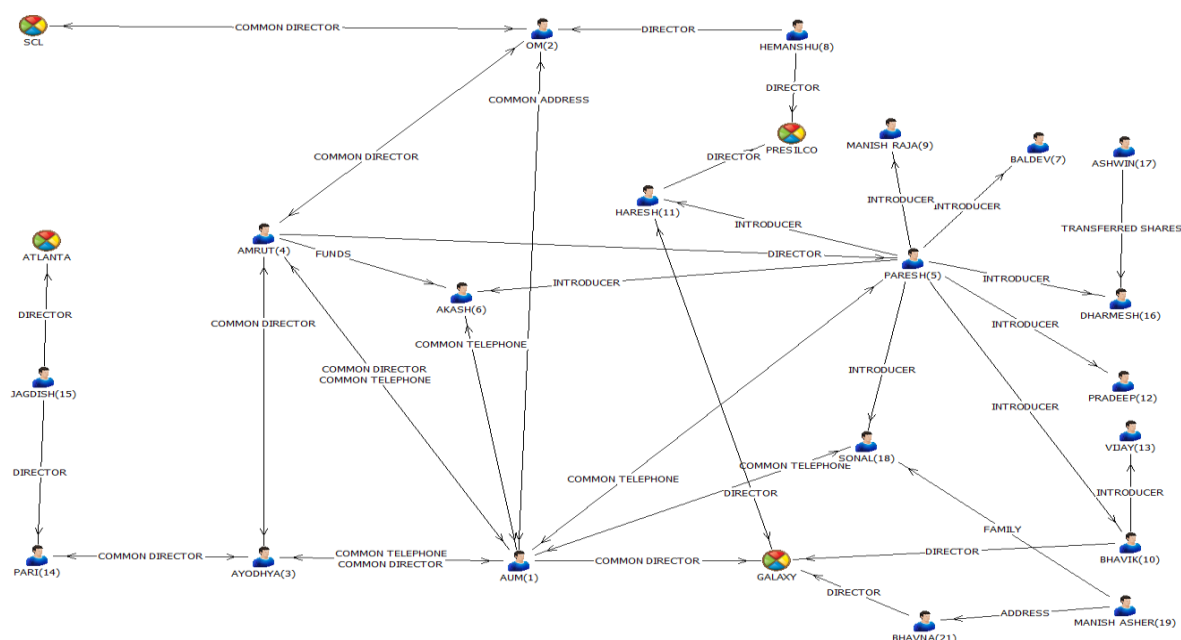
8. As far as plea of delay taken by the Noticees in these proceedings is concerned, I note that investigation in the present matter was initiated by SEBI pursuant to receipt of an examination report from BSE Ltd. in July 2012, which got concluded in March 2015. I note that investigation period was taken from January 03, 2011 to June 08, 2011. Investigation identified a group of 21 entities who traded heavily in the scrip. The focus of investigation was to ascertain whether the suspected entities had manipulated the price and volume in violations of the provisions of PFUTP Regulations, 2003 in the scrip during the period January 03, 2011 to June 08, 2011 when around eight crore shares of the Company were traded. However, wherever deemed necessary, investigation also made reference to period outside this period. For investigating the matter, background of the Company was checked including its shareholding pattern, financial results, corporate announcements, price-volume data, etc. Thereafter, Brokers and clients concentration was identified, on the basis of which suspected entities were identified. Thereafter, connections between/amongst these entities were traced and various dots were connected. Then trading by the group of 21 entities was examined to find out whether there were any synchronised trades, self trades and circular/reversal of trades. NHP analysis, LTP analysis and first trade analysis was also conducted. Then creation of artificial volume, disclosure violations and off market transactions were also examined. After all this lengthy and complex exercise, an investigation report in the matter was prepared which was approved in March, 2015. Thereafter, on May 19, 2016 the SCN was

issued to the 13 Noticees and after conclusion of hearing on August 29, 2018 final order in the matter came to be passed on December 31, 2018. The said order was challenged by the aforesaid Noticees by filing their respective appeals before Hon'ble SAT which were disposed of by the order dated August 12, 2021 passed by Hon'ble SAT remanding the matter to SEBI. In view of the aforesaid events, I find that there is no inordinate delay in the matter. Further, I note that all of the Noticees have unequivocally taken the plea of delay in initiating of proceedings without specifying any prejudice caused to them because of such delay which have prejudiced their defence in the matter. In view of this, I find that the contention of Noticees regarding the delay is untenable.

9. The next contention of the Noticees is that since the scrip was placed by the BSE in T group with effect from February 04, 2022, therefore, manipulation in such scrip was not possible. In this regard, I note that undoubtedly there is circuit filter of +/- 5% on the scrips placed in T Group and that there is trade for trade settlement i.e. every trade in such scrips is required to be settled through delivery and payment and no netting is allowed, however, this does not in any way suggest that there cannot be any manipulation in such scrips. These safeguards are surveillance measures to contain undesirable and excessive speculative trades. In so far as safeguard of delivery and payment is concerned, such safeguard is rendered ineffective if the trading is happening between the parties forming part of a group (which is the case here) because in such case, the money and the securities remains within the group whose objective is to manipulate the volume or the price of the scrip which allures gullible investors. Similarly, the safeguard of circuit filter is also a surveillance measure to put a temporary halt/suspension of trading to help the market and the investors to gauge and material information which may be floating. Circuit filter can be overcome by manipulating the price within the circuit filter on each trading day. Though presence of circuit filter may enhance the time to be taken to reach at the desired level of manipulated price sought to be achieved, as maximum upto 5% of price can be increased/decreased, however, it does not mean that such scrip is totally immune from manipulation within the range on each day. In view of this, I find that contention of the Noticees that since the

scrip was in T group therefore, it could not have been manipulated, is untenable.

10. From the investigation report in the matter, a copy of which has been provided to the Noticees herein, I note that SEBI conducted an investigation into the trading activities of certain entities in the scrip, wherein it was observed that approximately, eight crores shares of Sarang were traded during the period of January 3, 2011 to June 8, 2011. Investigation identified a group of 21 entities who were connected through common address, telephone number, off-market transfers of shares and family members. A pictorial representation of the connections amongst these 21 entities, as given in the investigation report, is as under:



11. It was found that these group entities had bought 2,76,97,860 shares, i.e. 32.97% of market volume (8,40,17,121 shares) and sold 7,24,08,293 shares, i.e. 86.18% of market volume during the investigation period. The entity-wise details are given below:

Table 5

S.N.	Client Name	Gross Buy	Gross Sell	Net(sell-buy)	Gross Buy % to total Buy vol.	Gross Sell % to total Sell vol.	Net Trade % to total trade vol.
1	AYODHYA	77,32,184	0	77,32,184	9.20	0.00	9.20
2	AMRUT	64,00,572	1,43,675	62,56,897	7.62	0.17	7.45
3	AUM	49,14,157	0	49,14,157	5.85	0.00	5.85

4	ASHWIN	48,50,765	4,06,000	44,44,765	5.77	0.48	5.29
5	OM	16,41,079	4,96,430	11,44,649	1.95	0.59	1.36
6	AKASH	10,59,996	500	10,59,496	1.26	0.00	1.26
7	JAGDISH	3,77,101	3,77,101	0	0.45	0.45	0.00
8	DHARMESH	3,77,000	73,77,000	-70,00,000	0.45	8.78	-8.33
9	PARI	3,20,700	0	3,20,700	0.38	0.00	0.38
10	MANISH RAJA	23,106	1,13,23,106	-1,13,00,000	0.03	13.48	-13.45
11	PARESH	1,000	70,01,000	-70,00,000	0.00	8.33	-8.33
12	HARESH	200	39,74,200	-39,74,000	0.00	4.73	-4.73
13	SONAL	0	42,00,000	-42,00,000	0.00	5.00	-5.00
14	MANISH ASHAR	0	42,00,000	-42,00,000	0.00	5.00	-5.00
15	BHAVANA	0	37,00,000	-37,00,000	0.00	4.40	-4.40
16	BHAVIK VAJA	0	38,67,305	-38,67,305	0.00	4.60	-4.60
17	HEMANSHU	0	20,00,000	-20,00,000	0.00	2.38	-2.38
18	PRADEEP	0	69,74,665	-69,74,665	0.00	8.30	-8.30
19	BALDEVSINH	0	82,80,000	-82,80,000	0.00	9.86	-9.86
20	SHAILESH	0	80,00,000	-80,00,000	0.00	9.52	-9.52
21	VIJAY HUF	0	87,311	-87,311	0.00	0.10	-0.10
Group Total		2,76,97,860	7,24,08,293	-4,47,10,433	32.97	86.18	-53.22

12. It was observed that 10 entities of the group had bought the shares and contributed the net LTP of Rs. 1.09 in 6,993 trades and positive LTP contribution of Rs. 2.85 in 145 trades. Out of 145 trades in 100 trades, it was observed that 16 entities of the group traded among themselves and contributed the positive LTP of Rs. 1.86 (i.e., 22.36 % of mkt. positive LTP). The summary of the entity-wise positive LTP contribution by trading among themselves is given below:

Table 6

CLIENT NAME	CP_CLIENT NAME	LTP	% to Mkt Pos.
AKASH HARISHBHAI DESAI	BALDEVSINH VIJAYSINH ZALA	0.07	0.84
AKASH HARISHBHAI DESAI	BHAVIK AMRUTLAL VAZA	0.60	7.21
AKASH HARISHBHAI DESAI	HARESH LALITBHAI TEJANI	0.13	1.56
AKASH HARISHBHAI DESAI	MANISH KANAKSHI ASHAR	0.06	0.72
AKASH HARISHBHAI DESAI	PARESH CHAMANLAL DOSHI	0.02	0.24
AKASH HARISHBHAI DESAI	PRADEEP SYAMSUNDER SWAIN	0.06	0.72
AKASH HARISHBHAI DESAI	SHAILESH MULRAJ VED	0.02	0.24
AMRUT SECURITIES LTD.	MANISH MANSHUKHBHAI RAJA	0.02	0.24
AMRUT SECURITIES LTD.	SONAL KANAKSINGH ASHAR	0.11	1.32
ASHWINBHAI PRABHUDAS RUPAREL	BALDEVSINH VIJAYSINH ZALA	0.36	4.33
ASHWINBHAI PRABHUDAS RUPAREL	HARESH LALITBHAI TEJANI	0.01	0.12
ASHWINBHAI PRABHUDAS RUPAREL	MANISH MANSHUKHBHAI RAJA	0.01	0.12

ASHWINBHAI PRABHUDAS RUPAREL	OM EDUCATION (IT) PVT LTD	0.04	0.48
ASHWINBHAI PRABHUDAS RUPAREL	PARESH CHAMANLAL DOSHI	0.06	0.72
ASHWINBHAI PRABHUDAS RUPAREL	SHAILESH MULRAJ VED	0.07	0.84
ASHWINBHAI PRABHUDAS RUPAREL	SONAL KANAKSINGH ASHAR	0.01	0.12
AUM TECHNOCAST PVT LTD.	DHARMESH NARENDRAKUMAR SOLANKI	0.07	0.84
AYODHYAPATI INVESTMENT PVT LTD	MANISH KANAKSHI ASHAR	0.03	0.36
AYODHYAPATI INVESTMENT PVT LTD	MANISH MANSHUKHBHAI RAJA	0.11	1.32
Grand Total		1.86	22.36

13. Thus, investigation observed that 16 entities out of the group had manipulated the price of the scrip by contributing 22.36% of market positive LTP by trading among themselves. Investigation further observed that large volume of shares were traded amongst the group during the period January 03, 2011 to March 14, 2011 (Patch-1) and large volume of shares were sold by the group entities during the period March 15, 2011 to June 08, 2011 (Patch-2). The summary of the trade details of the group entities is given below:

Table 7

Period	Market Vol.	Group Vol.	Group vol. % to Mkt.	Group Buy volume	Group buy % to Mkt.	Group Sell volume	Group sell % to Mkt.	Trading among the group	Trading among the group % to Mkt.
Patch -1	2,66,62,070	2,46,25,630	92.36	2,37,56,895	89.10	2,41,09,847	90.43	2,32,41,112	87.17
Patch-2	5,73,55,051	4,93,61,363	86.06	39,40,965	6.87	4,82,98,446	97.85	28,78,048	5.02
Total	8,40,17,121	7,39,86,993	88.06	2,76,97,860	32.97	7,24,08,293	86.18	2,61,19,160	31.09

14. Investigation observed that group entities created artificial volume during Patch-1 by trading among themselves and this volume constituted 87.17% of the market volume. Subsequently, in Patch-2, group entities sold 4,82,98,446 shares i.e., 97.85% of the market volume at increased price. It was observed that shares of the Company were traded in low volume i.e., 26,748 shares, 34,632 shares and 276 shares on January 03, 2011, January 04, 2011 and January 05, 2011, respectively, with an average of 20,552 shares. However, on January 06, 2011, the market volume had increased to 6,37,828 shares i.e., 30.03 times increase. Investigation observed that the steep increase in volume on January 06, 2011 was due to the trades among the two entities of the group of 21 entities. In a similar *modus-operandi*, the entities belonging to group had

traded among themselves. The day-wise volume contribution by the group entities is given below:

Table 8

Date	Market Vol.	Group buy vol	Group buy % to Day Mkt. Vol.	Group Sell Vol.	Group Sell % to Day Mkt. Vol.	Net(Buy-Sell)	Trading among the group (TAG)	TAG % to Day
03-Jan-	26,748	0	0.00	0	0.00	0	0	0.00
04-Jan-	34,632	0	0.00	0	0.00	0	0	0.00
05-Jan-	276	0	0.00	0	0.00	0	0	0.00
06-Jan-	6,37,828	6,05,620	94.95	6,00,000	94.07	5,620	6,00,000	94.0
07-Jan-	8,00,893	6,89,994	86.15	6,80,000	84.91	9,994	6,80,000	84.9
10-Jan-	81,500	0	0.00	0	0.00	0	0	0.00
11-Jan-	3,067	0	0.00	0	0.00	0	0	0.00
12-Jan-	2	0	0.00	0	0.00	0	0	0.00
13-Jan-	7,500	0	0.00	0	0.00	0	0	0.00
14-Jan-	16,000	0	0.00	0	0.00	0	0	0.00
17-Jan-	60,002	0	0.00	0	0.00	0	0	0.00
18-Jan-	55,566	0	0.00	0	0.00	0	0	0.00
19-Jan-	82,500	0	0.00	0	0.00	0	0	0.00
20-Jan-	92,057	0	0.00	0	0.00	0	0	0.00
21-Jan-	63,755	0	0.00	0	0.00	0	0	0.00
24-Jan-	37,600	0	0.00	0	0.00	0	0	0.00
25-Jan-	78,087	0	0.00	0	0.00	0	0	0.00
27-Jan-	8,45,204	7,99,000	94.53	8,00,000	94.65	-1,000	7,99,000	94.5
28-Jan-	24,507	12,807	52.26	0	0.00	12,807	0	0.00
31-Jan-	8,99,078	8,01,000	89.09	8,00,000	88.98	1,000	8,00,000	88.9
01-Feb-	8,72,815	8,00,000	91.66	8,00,000	91.66	0	8,00,000	91.6
02-Feb-	3,25,137	2,87,311	88.37	2,87,311	88.37	0	2,87,309	88.3
03-Feb-	63,449	0	0.00	0	0.00	0	0	0.00
04-Feb-	9,15,702	8,00,000	87.36	8,00,000	87.36	0	7,95,500	86.8
07-Feb-	9,47,494	8,39,500	88.60	8,50,000	89.71	-10,500	8,24,500	87.0
08-Feb-	1,01,405	0	0.00	0	0.00	0	0	0.00
09-Feb-	9,56,316	7,15,036	74.77	8,00,000	83.65	-84,964	6,84,498	71.5
10-Feb-	18,08,696	16,95,000	93.71	16,70,957	92.38	24,043	16,70,857	92.3
11-Feb-	3,42,553	3,33,243	97.28	2,54,043	74.16	79,200	2,54,033	74.1
14-Feb-	9,44,646	8,45,000	89.45	8,45,000	89.45	0	8,45,000	89.4
15-Feb-	16,89,500	16,41,000	97.13	16,40,000	97.07	1,000	16,34,400	96.7
16-Feb-	8,64,100	8,50,000	98.37	8,52,845	98.70	-2,845	8,44,789	97.7
17-Feb-	2,76,200	2,01,500	72.95	2,70,000	97.76	-68,500	2,01,500	72.9
18-Feb-	500	0	0.00	0	0.00	0	0	0.00
21-Feb-	6,79,111	6,15,000	90.56	6,43,600	94.77	-28,600	5,94,500	87.5
22-Feb-	13,79,795	12,86,795	93.26	13,42,000	97.26	-55,205	12,86,795	93.2
23-Feb-	10,46,200	10,43,699	99.76	10,43,000	99.69	699	10,42,979	99.6
24-Feb-	11,72,519	10,07,518	85.93	11,66,519	99.49	-	10,07,518	85.9
25-Feb-	9,68,595	8,39,000	86.62	8,39,000	86.62	0	8,31,963	85.8
28-Feb-	16,82,829	16,77,429	99.68	16,15,642	96.01	61,787	16,10,242	95.6
01-Mar-	8,76,680	8,26,680	94.30	8,53,495	97.36	-26,815	8,03,495	91.6
03-Mar-	13,58,512	12,96,012	95.40	12,86,430	94.69	9,582	12,23,930	90.0
04-Mar-	8,58,035	7,58,035	88.35	8,53,535	99.48	-95,500	7,53,535	87.8
07-Mar-	4,85,000	3,63,799	75.01	4,25,000	87.63	-61,201	3,03,799	62.6
08-Mar-	8,29,117	8,09,117	97.59	8,24,000	99.38	-14,883	8,04,000	96.9
09-Mar-	4,96,440	4,86,240	97.95	4,95,500	99.81	-9,260	4,85,500	97.8
10-Mar-	48,970	34,970	71.41	34,970	71.41	0	34,970	71.4
11-Mar-	21,906	1,000	4.56	0	0.00	1,000	0	0.00
14-Mar-	8,03,046	7,95,590	99.07	7,37,000	91.78	58,590	7,36,500	91.7
Total	2,66,62,07	2,37,56,89	89.10	2,41,09,84	90.43	-	2,32,41,112	87.1

15. Investigation observed that during Patch-1 period, 11 entities of the group had contributed 87.17% (i.e., 2,32,41,112 shares) of market volume (i.e.,

2,66,62,070 shares) by trading among themselves. The pair-wise details of trades of 11 entities of the group were as under:

Table 9

Buyer PAN	Buy Client Name	Seller PAN	Sell Client Name	TAG Qty	% of TAG Vol. to Mkt. Vol.
AABCA6007B	AYODHYAPATI	ADDP2448D	MANISH MANSUKHLAL RAJA	65,03,435	24.39
AADCA4883H	AUM TECHNOCAST	BJHPS1840P	DHARMESH NARENDRAKUMAR	43,30,559	16.24
ADYPR3689M	ASHWINBHAI	ADDP2448D	MANISH MANSUKHLAL RAJA	27,59,999	10.35
AABCA8006G	AMRUT SECURITIES	ACZPA1429Q	SONAL KANAKSINGH ASHAR	20,76,030	7.79
AAACO5614R	OM EDUCATION (IT)	BJHPS1840P	DHARMESH NARENDRAKUMAR	16,11,080	6.04
AABCA8006G	AMRUT SECURITIES	ADDP2448D	MANISH MANSUKHLAL RAJA	16,05,026	6.02
AABCA8006G	AMRUT SECURITIES	BJHPS1840P	DHARMESH NARENDRAKUMAR	11,60,900	4.35
AABCA6007B	AYODHYAPATI	AABPZ9137C	BALDEVSINH VIJAYSINH ZALA	6,80,000	2.55
ADYPR3689M	ASHWINBHAI	AABPZ9137C	BALDEVSINH VIJAYSINH ZALA	6,00,000	2.25
AABCA8006G	AMRUT SECURITIES	AEGPA1359E	MANISH KANAKSHI ASHAR	4,95,990	1.86
AABCA6007B	AYODHYAPATI	AEGPA1359E	MANISH KANAKSHI ASHAR	4,69,000	1.76
ADYPR3689M	ASHWINBHAI	AAACO5614R	OM EDUCATION (IT) PVT LTD	4,43,930	1.67
BJHPS1840P	DHARMESH	ACZPA1429Q	SONAL KANAKSINGH ASHAR	3,60,000	1.35
ADYPR3689M	ASHWINBHAI	AALHR6115G	VIJAY RAMNIKLAL RUPANI (HUF)	87,310	0.33
ADYPR3689M	ASHWINBHAI	ACZPA1429Q	SONAL KANAKSINGH ASHAR	34,970	0.13
ADDP2448D	MANISH MANSUKHLAL	BJHPS1840P	DHARMESH NARENDRAKUMAR	22,883	0.09
				2,32,41,112	87.17

16. Investigation found that entity-wise details of 11 entities of trading among themselves are given below:

Table 10

S.N.	CLIENTNAME	Buy TQ	% to Mkt. (Patch)	Sell TQ	% to Mkt. (Patch)
1	AYODHYAPATI INVESTMENT PVT LTD	76,52,435	28.70		0.00
2	AMRUT SECURITIES LIMITED	53,37,946	20.02		0.00
3	AUM TECHNOCAST PVT LTD.	43,30,559	16.24		0.00
4	ASHWINBHAI PRABHUDAS RUPAREL	39,26,209	14.73		0.00
5	OM EDUCATION (IT) PVT LTD	16,11,080	6.04	4,43,930	1.67
6	DHARMESH NARENDRAKUMAR SOLANKI	3,60,000	1.35	71,25,422	26.72
7	MANISH MANSHUKHBHAI RAJA	22,883	0.09	1,08,68,460	40.76
8	SONAL KANAKSINGH ASHAR		0.00	24,71,000	9.27
9	BALDEVSINH VIJAYSINH ZALA		0.00	12,80,000	4.80
10	MANISH KANAKSHI ASHAR		0.00	9,64,990	3.62
11	VIJAY RAMNIKLAL RUPANI (HUF)		0.00	87,310	0.33
	Total	2,32,41,112	87.17	2,32,41,112	87.17

17. On the basis of above table, investigation observed that that eleven entities of the group had traded among themselves and created the market volume of 87.17% (2,32,41,112 shares) which resulted into misleading appearance in the trading of the scrip. It was observed that the group entities had traded among themselves and generated interest among the investors. When the other investors started trading more, these group entities had off-loaded the shares

in the market at increased price in patch-2. Prior to the creation of artificial volume by the entities belonging to the group, the price of the scrip was Rs. 0.31 on January 03, 2011. During the period when the price and volume were manipulated by the entities belonging to the group, the price of the scrip increased to Rs. 0.90 April 27, 2011. In patch-2 period, Noticees herein off-loaded the shares at various increased price and thereby made unlawful gain of Rs. 1,60,76,904/-. The details of Noticee-wise quantity of shares off-loaded, average sell rate and unlawful gain are given below:

Table 11

S.N.	Name of the entity	TRADED_QTY	Avg. Sell Rate	Price diff. from	Gain
1.	SHAILESH MULRAJ VED	72,38,448	0.62	0.31	2,243,919
2.	PRADEEP SYAMSUNDER SWAIN	68,78,110	0.65	0.34	2,338,557
3.	PARESH CHAMANLAL DOSHI	68,16,236	0.61	0.30	2,044,871
4.	BALDEVSINH VIJAYSINH ZALA	61,65,359	0.68	0.37	2,281,183
5.	HARESH LALITBHAI TEJANI	39,59,800	0.70	0.39	1,544,322
6.	BHAVIK AMRUTLAL VAZA	38,09,565	0.72	0.41	1,561,922
7.	BHAVANA MANISH ASHER	34,82,519	0.74	0.43	1,497,483
8.	MANISH KANAKSHI ASHAR	32,05,439	0.72	0.41	1,314,230
9.	HEMANSHU P MEHTA	18,38,325	0.72	0.41	753,713
10.	SONAL KANAKSINGH ASHAR	11,60,821	0.49	0.18	208,948
11.	JAGDISH GORDHANDAS VED	3,77,101	0.65	0.34	128,214
12.	ASHWINBHAI PRABHUDAS RUPAREL	3,45,000	0.66	0.35	120,750
13.	AMRUT SECURITIES LTD.	1,43,675	0.58	0.27	38,792
	Grand Total	4,54,20,398	0.67		1,60,76,904

18. In view of the aforesaid findings of the investigation, SEBI had initiated adjudication proceedings under Section 15HA of SEBI Act, 1992 against 20 entities of the group referred in the investigation report including the Noticees herein. It is noted that adjudicating officer passed an order dated October 27, 2017 in the matter which was taken into appeal before Hon'ble SAT by one of the Noticees therein on the ground that no hearing was afforded to the Noticees therein before passing of the adjudication order. Hon'ble SAT vide its order dated November 08, 2017, set aside the order dated October 17, 2017 passed by the adjudicating officer and allowed all the noticees in the adjudication order to submit their reply to adjudicating officer within 3 weeks. Adjudicating Officer was directed to pass fresh order after giving an opportunity of hearing to all the parties. Thereafter, another order dated January 24, 2020 was passed by the adjudicating officer wherein one of the Noticee (i.e. Vijay-HUF) was exonerated and penalties were imposed on remaining noticees. The

noticees on whom penalties were imposed filed appeals before Hon'ble SAT against the adjudication order dated January 24, 2020. Honb'le SAT has remanded the matter *qua* the appellants therein, to the adjudicating officer, vide its order dated August 12, 2021. It is noted that proceedings, under Chapter VIA of the SEBI Act, 1992 readwith SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, remanded to the adjudicating officer are pending.

19. However, present proceedings under Section 11B of the SEBI Act, 1992 were initiated against 13 Noticees only, for disgorgement of unlawful gains made, as during investigation it was found that the aforesaid 13 Noticees out of the group, had also made unlawful gains by violating the provisions of securities laws. Therefore, all the entities of the group were alleged to be part of the manipulation, however, the present proceedings under Section 11 and 11B of the SEBI Act, 1992 have been initiated against the 13 Noticees herein, out of the group, for disgorgement of unlawful gains made by them due to such violations whereas adjudication proceedings for imposition of monetary penalties were initiated against 20 entities of the group and one of them was exonerated vide order dated January 24, 2020. Accordingly, in the present order, role of 13 Noticees herein has been highlighted for the purpose of determining their liability for disgorgement whereas the whole manipulation was carried out by the group, including 13 Noticees herein, also. Therefore, while determining the liability of the present Noticees for the manipulation and consequential disgorgement, the role of all entities belonging to the group who were alleged to be part of manipulation, has to be seen holistically for the purpose of connecting the dots for determining violations and consequent direction for unlawful gains made, by 13 Noticees herein.

20. From the chart of the connections amongst the entities belonging to the group, as given in para 10 above, investigation observed the following connection between the Noticees:

- (i) Amrut Securities Limited (Noticee No.1): The Noticee No.1 is connected to Sarang through Common directors of Group entities (i.e. Ayodhyapati Investment Pvt Ltd. and Om Education (It) Pvt Ltd.
- (ii) Mr. Ashwinbhai Ruparel (Noticee No.2): Mr. Ashwinbhai Ruparel transferred shares in off market to Mr. Dharmesh Solanki on March 14, 2011 who was introduced by Mr. Paresh Doshi (Noticee No.8 and Director of Amrut Securities Ltd.) both share common contact no 9375736363.
- (iii) Mr. Baldevsinh Vijaysinh Zala (Noticee No.3): Mr. Baldevsinh Vijaysinh Zala was introduced by Mr. Paresh Doshi (Noticee No.8 and Director of Amrut Securities Ltd.) and shares common telephone number with Ayodhyapati Investment Pvt Ltd (group entity). {BSE Report- Mr. Baldevsinh Vijaysinh Zala Mr. Anil Gandhi, director of Ayodhyapati Investment Pvt Ltd (group entity) has common address viz., 10, station plot, Gondal 360311 Gujrat}.
- (iv) Mr. Manish Asher (Noticee No.4): Mr. Manish Asher is sibling of Ms. Sonal Kanaksingh Ashar who is a common director of Aum Technocast Pvt Ltd. (group entity) and also shares common telephone number with Aum Technocast Pvt Ltd. {BSE Report- father's name of Ms. Sonal Kanaksingh Ashar and Manish Ashar is Kanakshi Dayalal Asher (Family relationship)}.
- (v) Ms. Sonal Kanaksingh Ashar (Noticee No.5): Ms.Sonal Kanaksingh Ashar was introduced by Mr. Paresh Doshi (Noticee No.8 and Director of Amrut Securities Ltd.). Ms. Sonal Kanaksingh Ashar is a common director of Aum Technocast Pvt Ltd. (group entity) and she also shares common telephone number with Aum Technocast Pvt Ltd.
- (vi) Mr. Bhavik Amrutlal Vaza (Noticee No.6): Introducer is Mr. Paresh Doshi (one of the directors of Amrut Securitized Ltd). He is also director of the Broker- Galaxy Broking Ltd.

- (vii) Mr. Haresh Tejani (Noticee No.7): Introducer is Mr.Paresh Doshi (one of the directors of Amrut Securities Ltd). He is also director of the Broker-Galaxy Broking Ltd.
- (viii) Mr. Paresh Chamanlal Doshi (Noticee No.8): One of the directors of Amrut Securities Ltd.
- (ix) Mr. Pradeep Syamsunder Swain (Noticee No.9): Introducer is Mr.Paresh Doshi (one of the directors of Amrut Securities Ltd.)
- (x) Mr. Shailesh Ved (Noticee No.10): Introducer to Mr. Manish Asher (Noticee No.4)
- (xi) Ms. Bhavna Asher (Noticee No. 11): Mr. Manish Asher and Ms. Bhavna Asher has common address viz. 193, V.P.Road, Lalji Dayal Bldg, 1st Floor, R.No. 19, Mumbai-400004. During the personal hearing the AR submitted that they are Husband and wife. Ms. Bhavna Asher was a director of Galaxy Broking Limited.
- (xii) Mr. Hemanshu Mehta (Noticee No. 12): Director of Om Education (IT) Pvt. Ltd (group entity)
- (xiii) Mr. Jagdish Gordhandas Ved (Noticee no. 13): Mr. Jagdish Gordhandas Ved is one of the directors of Pari Stock Trading Pvt Ltd. which is connected to Ayodhyapati Investment Pvt Ltd (group entity) through common director Mr. Manoj Joshi. It is noted that Mr. Jagdish Gordhandas Ved is also a director of Atlanta Share Shoppee Ltd-Broker.

21.Hon'ble SAT in its order dated August 12, 2021 had observed that mere connection is not sufficient to term the 13 Noticees as connected. Something more than connection is required to be shown to term them as a group of connected entities. Connection amongst the group entities as pictorially represented in para 10 above and explained for the Noticees herein in para 11 above, shows that all the entities of the group including the 13 Noticees herein

were connected to each other. Further, all the entities belonging to the group were trading in the shares of the Company which admittedly was placed in T group during the investigation period. Further, all the Noticees herein have claimed that they had acquired shares of the Company at a price which was much above the price prevailing on the first day of investigation i.e. Rs. 0.31/- on January 03, 2011. It shows that entities belonging to the group came together to first manipulate the price and volume of the scrip and when other investors got attracted to the scrip, Noticees sold their shares at increased price of the scrip. The average sell price of the respective Noticees is given in Table 11 above and has also been referred in para 21 below. I note that none of the Noticees herein has disputed their factual connections *inter se* as brought out hereinabove. However, they have simply asserted that they are not part of any group and they had traded individually. However, the circumstantial evidence like connection amongst them as brought out in para 10 above, trading by the entities belonging to the group in the scrip shows that during investigation period entities belonging to the group had bought 2,76,97,860 shares, i.e. 32.97% of market volume (8,40,17,121 shares) and sold 7,24,08,293 shares, i.e. 86.18% of market volume during the investigation period, details whereof are given Table 5 above. Investigation also observed that prior to investigation period i.e. on January 03, 2011, January 04, 2011 and January 05, 2011, the scrip was trading with an average of 20,552 shares per day. However, on January 06, 2011, the market volume had increased to 6,37,828 shares i.e., 30.03 times increase due to the trades among the two entities of the group. Further, 10 entities of the group had bought the shares and contributed the net LTP of Rs. 1.09 in 6,993 trades and positive LTP contribution of Rs. 2.85 in 145 trades. Out of 145 trades in 100 trades, it was observed that 16 entities of the group traded among themselves and contributed the positive LTP of Rs. 1.86 (i.e., 22.36 % of mkt. positive LTP) details whereof are given in Table 6 above. Further, as shown in Table 7 above, entities belonging to the group created artificial volume during Patch-1 by trading among themselves and this volume constituted 87.17% of the market volume. Subsequently, in Patch-2, group entities sold 4,82,98,446 shares i.e., 97.85% of the market volume at increased price. Further, during Patch-1 period, 11 entities of the group had contributed 87.17% (i.e., 2,32,41,112

shares) of market volume (i.e., 2,66,62,070 shares) by trading among themselves, as shown in Table 8 above, which resulted into misleading appearance in the trading of the scrip. Thus, entities belonging to the group had traded among themselves leading to increased volume and price which generated interest among the investors. When the other investors started trading more, certain entities belonging to the group i.e. 13 Noticees herein, off-loaded the shares in the market at increased price in Patch-2. Prior to the creation of artificial volume by entities belonging to the group, the price of the scrip was Rs. 0.31 on January 03, 2011. During the period when the price and volume were manipulated by the group entities, the price of the scrip increased to Rs. 0.90 on April 27, 2011. In patch-2 period, Noticees herein off-loaded the shares at various increased price and thereby made unlawful gain of Rs. 1,60,76,904/-, as shown in Table 11 above and reproduced hereunder for reference:

S.N.	Name of the entity	TRADED_QTY	Avg. Sell Rate	Price diff. from	Gain
1.	SHAILESH MULRAJ VED	72,38,448	0.62	0.31	2,243,919
2.	PRADEEP SYAMSUNDER SWAIN	68,78,110	0.65	0.34	2,338,557
3.	PARESH CHAMANLAL DOSHI	68,16,236	0.61	0.30	2,044,871
4.	BALDEVSINH VIJAYSINH ZALA	61,65,359	0.68	0.37	2,281,183
5.	HARESH LALITBHAI TEJANI	39,59,800	0.70	0.39	1,544,322
6.	BHAVIK AMRUTLAL VAZA	38,09,565	0.72	0.41	1,561,922
7.	BHAVANA MANISH ASHER	34,82,519	0.74	0.43	1,497,483
8.	MANISH KANAKSHI ASHAR	32,05,439	0.72	0.41	1,314,230
9.	HEMANSHU P MEHTA	18,38,325	0.72	0.41	753,713
10.	SONAL KANAKSINGH ASHAR	11,60,821	0.49	0.18	208,948
11.	JAGDISH GORDHANDAS VED	3,77,101	0.65	0.34	128,214
12.	ASHWINBHAI PRABHUDAS	3,45,000	0.66	0.35	120,750
13.	AMRUT SECURITIES LTD.	1,43,675	0.58	0.27	38,792
	Grand Total	4,54,20,398	0.67		1,60,76,904

22. Thus, while determining the liability the Noticees herein, act of all the entities of the group has to be seen instead of the role of these 13 entities either *inter se* or otherwise. As discussed above, 11 entities of the group created artificial volume by trading amongst themselves, 16 entities of the group manipulated the price by trading amongst themselves and 13 entities of the group (i.e. Noticees herein) offloaded their shares at increased price. Having regard to the fraudulent scheme of the group, act by one entity of the group in the said scheme is attributable to other entity of the group. Thus, the contention of the Noticees that since no role of a particular Noticee is shown in a particular leg

of the fraudulent scheme, therefore, he is not liable, is untenable. The aforesaid trading activity of the entities belonging to the group, in the scrip, their connection as depicted in para 10 above and the fact that all of them happened to be trading in the same scrip, can not be inferred to be as mere coincidence rather existence of all these circumstantial evidence together shows that trading in the scrip by the entities belonging to the group was by design wherein different entities of the group played their assigned roles. Contention by the Noticees that their trades were bonafide stands belied in the face of their conduct exhibited by their trades. Trading by the entities belonging to the group coupled with their *inter se* connections show that trading by group entities was not bonafide and it was through their prior meeting of minds.

23. In view of the aforesaid discussions, I find that 11 entities of the group which includes 5 Noticees herein had traded among themselves and created the market volume of 87.17% (2,32,41,112 shares). Further, 16 entities of the group which includes 10 Noticees herein had manipulated the price of the scrip. Further, 13 entities which are Noticees herein had off-loaded the shares in the market at increased price and made unlawful gain of ₹ 1.60 crore. Therefore, I find that the 13 Noticees herein has committed the following violations:

- a. Noticee No. 1 to 5 as a part of the group of 21 entities created artificial volume in the scrip have, thus, violated Regulations 3(a), (b), (c), (d) and 4(1), 4(2) (a), (b), (e) and (g) of the PFUTP Regulations, 2003;
- b. Noticee No. 6 to 10 as a part of the group of 21 entities manipulated the price of the scrip and have, thus, violated Regulations 3(a), (b), (c), (d) and 4(1), 4(2) (a) and (e) of PFUTP Regulations, 2003; and
- c. Noticee No. 11 to 13 as a part of the group of 21 entities offloaded their shares at manipulated price and have thus, violated Regulations 3(a), (b), (c), (d) and 4(1), 4(2) (a) of PFUTP Regulations, 2003.

24. The aforesaid violations render the Noticees liable for disgorgement of unlawful gains made by them by virtue of their trading in the scrip in violation of law as found above. In this regard, SCN alleges that Noticee had made unlawful gains as mentioned in Table 11 above. Table 11 gives details of individual unlawful gains made by each of the Noticee herein. The individual unlawful gain made by each of the Noticee has been computed by multiplying the total shares sold with the price difference between the average sell price and the price on the first day of the investigation. The Noticees have contended that actual purchase price of the shares traded should have been taken instead of price on the first day of the investigation period. In this regard, in their common written submissions, the claimed actual purchase price of Noticee No. 3 only has been indicated without any supporting evidence and there is no mention of actual purchase price of other Noticees. Accordingly, the replies of the other Noticees, as filed during the earlier round of these proceedings which resulted into passing of order dated December 31, 2018, were perused. It has been found that there is mention of certain purchase price in their respective replies, however, those too are without any supporting evidence to show that the price claimed by the Noticees was in fact the actual purchase price. Therefore, in the absence of any supporting evidence, purported actual purchase price claimed by the Noticees cannot be taken into consideration. It would have been a different story, had the Noticees been claiming that they do not know their actual purchase price at all due to passage of time or otherwise, however, here the Noticees have been clearly stating a particular price to be their purchase price. In such a situation, it is incumbent upon the Noticees to give evidence in support of their claimed purchase price which they have not provided. On the other hand, purchase/acquisition price taken in the SCN which is the price of the shares of the Company on the first day of the investigation period (i.e. the price on which the Noticees could have sold their shares when there was no manipulation in the price) seems to be reasonable in the facts and circumstances of the case. In view of this, I find that the unlawful gains alleged in the SCN represents the correct unlawful gains made by the Noticees which have been calculated on reasonable basis.

25. As discussed in para 18 above, present proceedings under Section 11B of the SEBI Act, 1992 were initiated against 13 Noticees only, for disgorgement of unlawful gains made, as during investigation it was found that the aforesaid 13 Noticees out of the group, had made unlawful gains by violating the provisions of securities laws. The SCN issued in the present matter, did not contemplate debarment but was limited to disgorgement directions of the Noticees and separate adjudication proceedings under Chapter VIA of SEBI Act, 1992 and SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, had been initiated against 20 entities belonging to the group including the 13 Noticees herein, for the violations of the PFUTP Regulations, 2003, which are pending.

DIRECTIONS:

26. In view of the aforesaid observations and findings, I, in exercise of the powers conferred under Section 11B of the Securities and Exchange Board of India Act, 1992 read with Section 19 thereof, hereby issue the following directions:

- (i) The Noticees are directed to disgorge the unlawful gains as given in para 21 above, as indicated against their respective names, along with simple interest at the rate of 12% per annum calculated from the respective dates of their transactions till the respective dates of payment;
- (ii) The Noticees shall pay the aforesaid amount within 45 days from the date of this Order either by way of demand draft drawn in favour of "Securities and Exchange Board of India", payable at Mumbai or by e-payment * to SEBI's 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 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 and the same is reproduced as follows:

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:	

- (iii) The Banks, with whom the Noticees' have accounts, are directed that no debit shall be made, except for demand draft and e-payment in favour of "Securities and Exchange Board of India" as mentioned above, until written instructions from SEBI. However, credits, if any, into the accounts of the Noticees may be allowed;
- (iv) The Depositories, with whom the Noticees' have demat accounts, are directed that no debit shall be made, without permission of SEBI, in respect of the demat accounts held, by the Noticees except for the purposes of compliance of this order. However, credits, if any, into the accounts of the Noticees may be allowed;
- (v) The Noticees are also directed not to dispose of or alienate any of their assets/ properties/ securities, till such time the direction of this order is complied with; and
- (vi) If the Noticees fail to pay the unlawful gains along with interest as directed herein within the stipulated time, they shall be restrained from accessing the securities market and shall also be prohibited from buying, selling or otherwise dealing in the securities market, until the discharge the liability of disgorgement to the satisfaction of SEBI with future interest at the rate of 12% per annum, without prejudice to any other action including action for

recovery of such amounts from the Noticees that may be initiated by SEBI under Section 28A of the SEBI Act, 1992.

27. The order comes into force with immediate effect.

28. Copy of this Order shall be forwarded to the recognised stock exchanges, registrar and transfer agents and depositories for information and necessary action.

sd/-

ANANTA BARUA

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA

Date: October 12, 2022

Place: Mumbai