National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/59195	**Date: November 01, 2023**
Circular Ref. No: 229/2023	

To All NSE Members,

Sub: SEBI Confirmatory Order in the matter of Stock Recommendations using YouTube in the scrip of Sharpline Broadcast Limited.

This is with reference to NSE Circular No. NSE/INVG/55833 dated March 02, 2023, in respect of SEBI Order No. WTM/AN/ISD/ISD-SEC-1/24334/2022-23 dated March 02, 2023, wherein SEBI had restrained following entities from accessing the securities market and prohibited from buying, selling or otherwise dealing in securities in any manner whatsoever, either directly or indirectly, for period mentioned therein.

Sr. no.	Name of the entity	PAN
1.	Manish Mishra (Noticee no. 1)	AMPPM6823L
2.	Manjari Tiwari (Noticee no. 2)	ADTPT3189M
3.	S L Gupta (Noticee no. 4)	AAEPG4790M
4.	Gaurav Gupta (Noticee no. 8)	AKHPG5185D
5.	Arpan Gupta (Noticee no. 9)	AMCPG5914F
6.	Kailash Agarwal (Noticee no. 10)	AAEPA6579Q
7.	Renuka Aggarwal (Noticee no. 11)	AAUPW5249D
8.	Gunjan Agarwal (Noticee no. 12)	AAEPA6620L
9.	Bhim Singh Chaudhary (Noticee no. 13)	CGZPS8373K
10.	Suman Lata (Noticee no. 14)	AEOPL7774E
11.	Bimla Chaudhary (Noticee no. 15)	APNPC1421R
12.	Nitesh Agarwal (Noticee no. 16)	ACNPA7007Q
13.	Rajesh Kumar Singh (Noticee no. 17)	ANLPS7727A
14.	Subhash Agarwal (Noticee no. 18)	AAEPA6699R
15.	Vivek Rana (Noticee no. 19)	DCBPR5043G

National Stock Exchange of India

SEBI vide its order no. WTM/AN/ISD/ISD-SEC-1/29733/2023-24 dated November 01, 2023, has restrained the above entities from dealing in the scrip of Sharpline Broadcast Limited during the pendency of the investigation.

The order comes 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 at the below mentioned link:

https://www.nseindia.com/regulations/member-sebi-debarred-entities

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

In case of any further queries, members are requested to email us at dl-invsg-all@nse.co.in

For and on behalf of
National Stock Exchange of India Limited

Sandesh Sawant
Senior Manager

ANNEXURE: Confirmatory Order in the matter of Stock Recommendations using YouTube in the scrip of Sharpline Broadcast Limited

WTM/AN/ISD/ISD-SEC-1/29733/2023-24

SECURITIES AND EXCHANGE BOARD OF INDIA

CONFIRMATORY ORDER

UNDER SECTIONS 11(1), 11(4) AND 11B (1) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992

In respect of:

S. no.	Name of the Noticee	PAN
1.	Manish Mishra (Noticee no. 1)	AMPPM6823L
2.	Manjari Tiwari (Noticee no. 2)	ADTPT3189M
3.	S L Gupta (Noticee no. 4)	AAEPG4790M
4.	Gaurav Gupta (Noticee no. 8)	AKHPG5185D
5.	Arpan Gupta (Noticee no. 9)	AMCPG5914F
6.	Kailash Agarwal (Noticee no. 10)	AAEPA6579Q
7.	Renuka Aggarwal (Noticee no. 11)	AAUPW5249D
8.	Gunjan Agarwal (Noticee no. 12)	AAEPA6620L
9.	Bhim Singh Chaudhary (Noticee no. 13)	CGZPS8373K
10.	Suman Lata (Noticee no. 14)	AEOPL7774E
11.	Bimla Chaudhary (Noticee no. 15)	APNPC1421R
12.	Nitesh Agarwal (Noticee no. 16)	ACNPA7007Q
13.	Rajesh Kumar Singh (Noticee no. 17)	ANLPS7727A
14.	Subhash Agarwal (Noticee no. 18)	AAEPA6699R

S. no.	Name of the Noticee	PAN
15.	Vivek Rana (Noticee no. 19)	DCBPR5043G

(Noticee nos. correspond to the nos. mentioned in the Interim Order dated March 02, 2023. The aforementioned persons are collectively referred to in this Order as "Noticees")

In the matter of Stock Recommendations using YouTube in the scrip of Sharpline Broadcast Limited

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A. BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") conducted a preliminary examination in the scrip of Sharpline Broadcast Limited (hereinafter referred to as "**Sharpline**") for the period from April 12, 2022 to August 19, 2022 (hereinafter referred to as "**Examination Period**"), based on certain complaints, to look into possible violations of provisions of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act**") and various regulations framed thereunder including SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**").

B. INTERIM ORDER

2. Pursuant to SEBI's preliminary examination, an Ad-interim Ex-parte order dated March 02, 2023 (hereinafter referred to as "**Interim Order**") was passed by SEBI against 24 *Noticees* wherein *inter alia* the following were noticed:
   - 2.1. The company, Sharpline was incorporated in 1990 and has its registered office at New Delhi. Sharpline is engaged in the business of launching television channels & to carry out the business of T.V. news, films, music, serials etc.
   - 2.2. Sharpline was listed on BSE on September 07, 2021 but the first trade in the scrip took place only on March 15, 2022. Thereafter, there was a spurt in the

price and volume of Sharpline between April 2022 and mid-May 2022. A significant portion of the volume during this period was the result of the trades executed by some of the Noticees to the *Interim Order*.

2.3. During second half of May 2022, false and misleading videos ("**YouTube Videos**") about the company were uploaded on two YouTube channels namely, "Midcap calls" and "Profit Yatra" ("**YouTube Channels"/ "Channels**"). These YouTube videos peddled false and misleading news to recommend that investors should buy the Sharpline stock for extraordinary profits. These YouTube Channels had lakhs of subscribers and the misleading videos had crores of viewership aided by promotion through paid advertising campaigns. Subsequently, the misleading YouTube videos ceased to be available for public viewing.

2.4. Subsequent to the release of the misleading YouTube videos, there was an increase in the price and trading volume of the Sharpline scrip. The volumes appear to have been contributed by large number of retail investors likely influenced by the misleading YouTube videos. During this period, certain non-promoter shareholders who held more than 1% of shareholding in Sharpline offloaded their entire holdings at inflated prices and booked profits.

2.5. The Noticees in this case can be broadly classified as follows - the creators of the YouTube Channels - "Midcap calls" and "Profit Yatra" are classified as a Misleading Message Disseminators ("**MMD**s"). Some of the Noticees are Net Sellers and profit makers ("**NSs**") i.e., persons who held shares of Sharpline at the start of the Examination period, and who traded in and net sold shares during the raid period. Other Noticees are Volume Creators ("**VCs**") i.e., persons other than those classified as NSs, who both bought and sold shares of Sharpline during the Examination period, hence contributing to a rise in trading volumes and interest in the scrip. Connection between all the *Noticees* across the MMDs, NSs and VCs has been established based on several facts on record including familial relationships, KYC details, common address & email IDs, call data records and fund transfers.

2.6. *Prima facie,* across the MMDs, NSs and VCs, the Noticees orchestrated an egregious case of 'pump-and-dump' of Sharpline Broadcast Ltd. – i.e., they collectively helped create trading volumes and interest in the scrip, spread patently false and misleading YouTube videos about the scrip, and hence induced unsuspecting small investors to buy the Sharpline scrip at elevated prices, thereby *prima facie* violating the provisions of the SEBI Act and PFUTP Regulations. Collectively, the NSs and some of the VCs have booked extraordinary profits as a result of this scheme.

2.7. It was *prima facie* concluded that the Noticee NSs and certain VCs through the co-ordinated involvement of MMDs and VCs were alleged to have made illegal gains amounting to INR 12,14,24,131 by way of the alleged fraudulent and manipulative scheme and therefore, *prima facie* violated Sections 12A(a), (b) and (c) of the SEBI Act read with Regulations 3(1), (b), (c), (d) and Regulations 4(1) and 4(2)(a), (d), (k) and (r) of the PFUTP Regulations.

3. Out of the 24 Noticees against whom the Interim Order was passed, Confirmatory Order dated July 11, 2023 has already been passed in respect of 9 Noticees namely, Jatin Manubhai Shah (Noticee no. 3), Angad M Rathod (Noticee no. 5), Heli Jatin Shah (Noticee no. 6), Daivik Jatin Shah (Noticee no. 7), Ashok Kumar Agrawal (Noticee no. 20), Anshu Aggarwal (Noticee no. 21), Anshul Aggarwal (Noticee no. 22), Hemant Dusad (Noticee no. 23) and Anshul Aggarwal Co HUF (Noticee no. 24). The instant post decisional order/ confirmatory order is with respect to the remaining 15 Noticees.

4. The role of the Noticees in respect of whom the instant Order is being passed is given in the Table below.

Table no. 1

S. No.	Entity Name	Role
1.	Manish Mishra	Creator of YouTube Channel – 'Midcap Calls' (MMD 1) and Profit maker
2.	Manjari Tiwari	Creator of YouTube Channel – 'Profit Yatra' (MMD 2) and Profit maker

S. No.	Entity Name	Role
3.	S L Gupta	Volume Creator and Profit maker (VC 2)
4.	Gaurav Gupta	Net Seller (NS 1)
5.	Arpan Gupta	Net Seller (NS 2)
6.	Kailash Agarwal	Net Seller (NS 3)
7.	Renuka Aggarwal	Net Seller (NS 4)
8.	Gunjan Agarwal	Net Seller (NS 5)
9.	Bhim Singh Chaudhary	Net Seller (NS 6)
10.	Suman Lata	Net Seller (NS 7)
11.	Bimla Chaudhary	Net Seller (NS 8)
12.	Nitesh Agarwal	Net Seller (NS 9)
13.	Rajesh Kumar Singh	Net Seller (NS 10)
14.	Subhash Agarwal	Net Seller and Volume Creator (NS 11)
15.	Vivek Rana	Net Seller and Volume Creator (NS 12)

5. Based on the information collected during the preliminary examination and conclusions as recorded in the *Interim Order,* pending further investigation in the matter, certain directions were issued against the above *Noticees* vide the aforesaid *Interim Order* which were *inter alia,* as follows:
   - 5.1. The *Noticees* were restrained from buying, selling or dealing in securities either directly or indirectly, in any manner whatsoever until further orders.
   - 5.2. The bank accounts of the *Noticees* to the extent of their liability for illegal gain made from the alleged fraudulent scheme in the scrip of Sharpline was

impounded. The *Noticees* were directed to open an escrow account with a Scheduled Commercial Bank and deposit the impounded amount therein within 15 days from the date of service of the Order. The escrow account/s was to be an interest-bearing escrow account with a lien in favour of SEBI. Further, it was directed that the monies kept therein shall not be released without permission from SEBI.

5.3. *Noticees* were directed not to dispose of or alienate any asset, whether movable or immovable, or create any interest or charge on any of such assets held in their name, jointly or severally, including money lying in bank accounts except with prior permission of SEBI until the impounded amount is deposited in the escrow account.

5.4. *Noticees* were directed to provide a full inventory of all assets held in their name, jointly or severally, whether movable or immovable, including details of all bank accounts, demat accounts and mutual investments, or any interest or charge on any of such assets, immediately but not later than 15 days from the date of receipt of the Order.

6. Further, vide the aforesaid *Interim Order,* the *Noticees* were also advised to submit their replies, if any, within 21 days from the date of service of the *Interim Order* and to indicate whether they desire to avail an opportunity of personal hearing in the matter.

C. SERVICE OF INTERIM ORDER, REPLY AND HEARING

7. It is noted that the *Interim Order* was served on the *Noticees,* however, the *Noticees* have neither complied with the direction to deposit the proceeds nor provided the details of their assets to SEBI. I further note that the *Noticees* had sought the relied upon documents/ inspection of documents and the same were provided to the *Noticees*. The list of documents provided to the Noticees are given below.

7.1. Examination Report

7.2. Complaints received in the matter of Sharpline Broadcast Limited

7.3. Quarter-wise shareholding pattern of Sharpline

7.4. Downloaded YouTube videos

7.5. Clarification sought from Sharpline by BSE

7.6. Police complaint filed by Sharpline regarding the YouTube videos

7.7. Details of YouTube videos and channels provided by Google LLC

7.8. Trade log and price volume data

7.9. CDR received from Telecom Service Providers

7.10. Payment made towards Google Ads

7.11. Bank Statements of the Noticees depicting fund transfers

7.12. Profit Calculation

8. The details of date and mode of providing the said documents are given in the table below:

Table no. 2

S. No.	Noticee name	Date of completion of inspection/ forwarding documents	Mode of providing documents
1.	Manish Mishra	27/03/2023	Inspection
2.	Manjari Tiwari	06/06/2023	Inspection
3.	S L Gupta	04/05/2023	Inspection
4.	Gaurav Gupta	29/03/2023	Inspection
5.	Arpan Gupta	12/04/2023	SPAD
6.	Kailash Agarwal	12/04/2023	SPAD
7.	Renuka Aggarwal	12/04/2023	SPAD
8.	Gunjan Agarwal	12/04/2023	SPAD
9.	Bhim Singh Chaudhary	12/04/2023	SPAD
10.	Suman Lata	12/04/2023	SPAD
11.	Bimla Chaudhary	12/04/2023	SPAD
12.	Nitesh Agarwal	12/04/2023	SPAD

S. No.	Noticee name	Date of completion of inspection/ forwarding documents	Mode of providing documents
13.	Rajesh Kumar Singh	12/04/2023	SPAD
14.	Subhash Agarwal	23/03/2023	Inspection
15.	Vivek Rana	12/04/2023	SPAD

9. I note that all the *Noticees* have submitted their written replies to the *Interim Order* and an opportunity of personal hearing was granted to all the *Noticees*. The date of hearing for all the *Noticees* is given in the Table below.

Table no. 3

S. No.	Noticee name	Date of hearing	Date of written replies
1.	Manish Mishra	25/07/2023	20/07/2023, 07/08/2023
2.	Manjari Tiwari	17/07/2023	10/05/2023, 12/07/2023, 24/07/2023
3.	S L Gupta	17/07/2023, 31/07/2023	22/03/2023, 30/06/2023, 24/07/2023, 25/07/2023, 30/07/2023
4.	Gaurav Gupta	26/07/2023 - adjournment sought, 09/08/2023	05/07/2023, 26/09/2023
5.	Arpan Gupta	26/07/2023 - adjournment sought, 09/08/2023 - did not appear	03/07/2023
6.	Kailash Agarwal	10/07/2023	05/06/2023

S. No.	Noticee name	Date of hearing	Date of written replies
7.	Renuka Aggarwal	26/07/2023	06/06/2023
8.	Gunjan Agarwal	17/07/2023	06/06/2023
9.	Bhim Singh Chaudhary	17/07/2023	10/06/2023
10.	Suman Lata	21/06/2023	01/05/2023
11.	Bimla Chaudhary	17/07/2023	08/06/2023
12.	Nitesh Agarwal	26/07/2023	06/06/2023
13.	Rajesh Kumar Singh	17/07/2023	23/05/2023
14.	Subhash Agarwal	17/07/2023	21/07/2023
15.	Vivek Rana	21/06/2023	01/05/2023

10. As can be seen in the Table no. 3 above, though an opportunity of hearing was granted on July 27, 2023, Arpan Gupta (Noticee no. 9) sought adjournment. Subsequently, another opportunity of personal hearing was granted to the said Noticee on August 09, 2023, however, the Noticee failed to appear before me. I note that the said Noticee has been given sufficient opportunities for personal hearing and therefore, the principles of natural justice have been duly complied with and I now proceed to consider the matter based on the reply dated July 03, 2023 submitted by the Noticee.

11. As regards the other *Noticees*, on the scheduled date of hearing, the Authorized Representatives ("**ARs**") of the Noticees / Noticees appeared and reiterated the submissions made in their respective written replies. Further, during the course of the personal hearing, certain clarifications on the written submissions were sought and the Noticees were advised to submit their replies within the specified time.

12. The contentions raised in the Noticees' oral and written submissions are summarised below.

Submissions of Manish Mishra (Noticee no. 1)

13. Vide his letters dated July 22, 2023 and August 07, 2023, he has denied all the allegations made in the *Interim Order* and has *inter alia* submitted the following:

13.1. The Noticee has submitted that the inspection of documents was incomplete and that the following documents have not been provided.

13.1.1. Order log for the trades executed.

13.1.2. KYC details with respect to the Call Data Records ("CDRs") obtained by SEBI.

13.1.3. Correspondence between Google LLC and SEBI not provided.

13.2. Further, CDRs were given without establishing the identification of the persons involved with any appropriate documents. CDRs were in an excel sheet which can be edited and without any supporting documents to establish the authenticity.

13.3. The Noticee has relied upon the judgement of the Hon'ble Supreme Court in the matter of T. Takano vs. SEBI & Anr. (Civil Appeal nos. 487-488 of 2022) wherein it was held that all information that is relevant to the proceedings must be disclosed to the Noticee.

13.4. The observations made in the Examination Report do not show a *prima facie* basis that the Noticee was involved in volume creation or creation of false videos or propagating videos which he knew to be false.

13.5. The Noticee has submitted that SEBI had made findings which were final in nature in an interim order. There was no reason for SEBI to prohibit the Noticee from dealing in shares of companies other than Sharpline since in the present proceedings, there is nothing to show that the Noticee was involved in any illegal action in respect of any other security.

13.6. If SEBI apprehended that the Noticee would continue to upload any false and misleading video on YouTube Channels, a cease-and-desist order would have been appropriate.

13.7. The Noticee has submitted that there was no impending need or cogent evidence to pass such harsh directions against the Noticee and has relied upon the order dated March 12, 2019 of the Hon'ble SAT in the matter of North End Foods Marketing Pvt. Ltd. & Anr. Vs. SEBI in appeal no. 80 of 2019.

13.8. The Noticee is a doctorate in Psychology and an MBA in Human Resources. During CoVID-19, the Noticee started offering services through Digital Media, primarily, through YouTube.

13.9. In and around May 2022, the Noticee was engaged by one Abhay Singh to promote certain videos relating to Sharpline on YouTube and for this purpose, the Noticee created two YouTube Channels namely, "Midcap Calls" and "Profit yatra". The videos were provided to the Noticee by Abhay Singh and were not created by the Noticee and does not feature the Noticee's voice or face.

13.10. It was agreed that Mr. Abhay would reimburse the cost incurred by the Noticee to promote the videos but he failed to do so. The amounts paid to Google Ads may look large but it's not unusual for promotion of such videos on YouTube. When the Noticee followed up with Abhay for reimbursement of costs, he proposed to engage the Noticee for promotion of another company, Sadhna and that he would arrange to pay Google Ads for such promotion and agreed to compensate the Noticee from the revenues earned through YouTube Channels which promoted Sadhna Broadcast Limited. The YouTube Channels used for the promotion of videos related to Sadhna Broadcast Limited were not owned by the Noticee and the credential to operate the said channels were provided by Abhay Singh. The funds to Google Ads for promotion of those videos were provided by those persons who wanted their videos to be promoted.

13.11. The Noticee has submitted that Abhay Singh was a casual acquaintance of the Noticee in Ahmedabad. The arrangement between the Noticee and Abhay entailed the Noticee uploading the Abhay Singh's videos in YouTube in exchange for payment. To enhance the viewership, the Noticee used hashtags and promoted the same through Google Ads. The Noticee did not usually pay for the promotion of these videos as the payment for promotion was done by Abhay Singh, however, the Noticee was asked to pay for the promotion of these videos by Abhay Singh in exchange for adjusting his payment in future. The same was not reimbursed for uploading videos on Sharpline. Abhay Singh changed the agreement by allowing monetization of the YouTube videos uploaded in other channels i.e., “The Advisor” and “Moneywise” and allowed the Noticee to collect the revenue generated by this monetization in lieu of reimbursement.

13.12. The Noticee had no reason to believe that the videos uploaded contained factual errors or misstatements. The Noticee had come across similar content and had no reason to doubt the content of the videos. The Noticee came to know that the videos contained factual inaccuracies only when SEBI carried out search and seizure operation.

13.13. The Noticee has submitted that his trades in the scrip of Sharpline during the examination period are not significant enough to create volumes or impact the price of the scrip. The Noticee traded only in patch 2 and his trades of 27,220 shares are not included among the top buyers or sellers on a gross basis in Patch 2. The profit made by him is a nominal amount of INR 1,12,117 and the volumes of the Noticee’s trades was also insignificant.

13.14. Further, SEBI has not provided the details of how the profit was computed and the Noticee disputes the same.

13.15. SEBI should have restrained from acting on anonymous complaints as directed by Central Vigilance Commission vide circular no. 98/DSP/9 dated November 23, 2014.

13.16. It is not unusual for trading volumes and price of a scrip to increase after videos relating to them are promoted on social media including YouTube and the same does not per se indicate any manipulation.

13.17. Out of the 23 entities mentioned in the Interim Order, the Noticee is connected with the 4 entities, one is his friend from college – Manjari Tiwari, another is his wife – Anshu Mishra, Jatin Shah is the dealer of MNM Stock Broking through which the Noticee traded and Subhash Agarwal is a well-known RTA in Ahmedabad with whom the Noticee had interactions in respect of his wife’s companies.

13.18. The Noticee did not have any connection with the promoters of the Company or its Key Managerial Persons.

13.19. At the time of creation of the YouTube Channel “Profit Yatra”, the Noticee had some difficulty in accessing his mobile telephone and therefore used Manjari Tiwari’s mobile number for the same. Ms. Manjari Tiwari was not aware of the fact that the Noticee had used her mobile number for the creation of the said YouTube Channel and she provided the OTP received from Google in good faith. Since mobile number was not needed to login to the account after it was created, the Noticee did not change the mobile number linked to the said account.

13.20. The Noticee helped Manjari Tiwari with a loan of INR 5 lakhs to help her pay expenses and to repay the debt she had taken to start her business. The Noticee lent her the money in cash and she returned it through payments to the Noticee’s wife’s account.

13.21. The Noticee does not do long term investments, rather he trades in scrips which show an increasing trend in price and volume to make a profit. The Noticee observed upward movement in price and volume from March 2022 and also came across several videos on the internet that provided positive news. In addition to the same, the Noticee was provided with the videos by Abhay Singh, which again made several positive statements. Therefore, the Noticee had also traded in the scrip from May 20, 2022 onwards and was not contrary to the recommendations made in the videos promoted by him. The Noticee did not retain any significant shareholding in the Company after his trades in Patch 2.

13.22. The Noticee submits that he is not concerned with the trades of other persons mentioned in Tables 10 to 13 in the Interim Order.

13.23. The Noticee is not aware of the communication between BSE and the company with respect to the videos. The Noticee came to know about the announcement made by the company on June 10, 2022, much later through the Interim Order.

13.24. There were 75 phone calls with Subhash Agarwal during the period April 29, 2022 to September 29, 2022 and the same was for the reasons mentioned earlier. Further, he has submitted that it is erroneous to arrive at a conclusion without examining the contents of the calls. The conversations between the Noticee and Subhash Agarwal did not relate to the scrip of Sharpline.

13.25. The Noticee's role was limited to promoting the videos using digital marketing tools like keywords, hashtags etc.

13.26. The trades of the Noticee were carried out on BSE's trading system and was therefore, anonymous. The Noticee does not know the counterparties to his trades.

13.27. The Noticee has submitted that when the cost of acquisition of shares can be ascertained from records with SEBI, there is no reason to consider the average buy price or notional buy price to compute the cost of acquisition.

13.28. It is illogical to make the Noticee liable for the disgorgement of alleged illegal profits made by other Noticees, especially those who are not even connected with him.

<u>Submissions of Manjari Tiwari (Noticee no. 2)</u>

14. Vide her letters dated May 10, 2023, July 12, 2023 and July 24, 2023, she has denied all the allegations made in the *Interim Order* and has *inter alia* submitted the following:

14.1. The Noticee was unaware of the YouTube Channel – "Profit Yatra" purportedly operated under her name. She has submitted that she did not create, own or operate any YouTube Channels. The email id linked with the YouTube Channel 'Profit Yatra" does not belong to her. The Noticee came to understand that her mobile number was provided to Google Inc. as the contact number for creating the YouTube Channel through the Interim Order.

14.2. Mr. Manish Mishra who is the Noticee's college friend once requested her for an OTP sent to her mobile and she shared it in good faith. The Noticee did not make any payment to Google Ads for promotion of videos uploaded on the said channel. Therefore, she has submitted that benefit of doubt may be given to her.

14.3. The Noticee submitted that there was no impending need or cogent evidence to pass such harsh directions against the Noticee without sufficient adjudication, investigation or justification. Further, she has relied on the Hon'ble SAT Order dated March 12, 2019 in the matter of North End Foods Marketing Ltd. & Anr. Vs. SEBI appeal no. 80 of 2019.

14.4. The price volume information of BSE was provided in an excel sheet which can be easily edited and without any supporting documents. The profit calculation and trade logs were provided in an excel sheet which can be easily edited and without any supporting documents.

14.5. Further, certain documents have not been provided viz., KYC details and records obtained by SEBI from MCA, unmasked mobile numbers, letters sent to Google LLC and letters sent by Google LLC to SEBI, details of videos promoted by making payment to Google Ad Sense and documents evidencing details of YouTube Channels were taken as per procedure laid down in IT Act.

14.6. The Noticee has submitted that Manish Mishra has helped the Noticee with funds as loan from his wife's account to meet expenses and pay off some of her debt.

14.7. The Noticee has denied that she played any role in increasing the price of the scrip during the Examination Period. Further, she has submitted that Manish Mishra, while helping her with funds, also suggested that the Noticee to trade in the shares of listed companies so as to make profits and repay the loans. Manish Mishra provided the Noticee with tips on which scrip to trade and one of those scrips was that of Sharpline Broadcast Limited.

14.8. As per circular no. 98/DSP/9 dated November 25, 2014, SEBI was directed not to take any action on account of receipt of anonymous complaints. Therefore, SEBI ought to have refrained from action on anonymous complaints.

14.9. The Noticee was not involved in making, distribution or uploading of videos on YouTube. The Noticee is not connected with the company i.e., Sharpline, its shareholders or key managerial person or any of the other Noticees except Manish Mishra. The Noticee has not spread any false and misleading information about Sharpline Broadcast Limited.

14.10. The Noticee's gross trading volume was a mere 9,295 shares for the entire Examination Period and therefore, not significant enough to influence price or volume.

14.11. The details obtained from Google Inc. also do not state that the said YouTube Channels had been created by the Noticee.

14.12. The phone calls with Manish Mishra were in connection with helping her with funds and also providing stock tips to help her make profits through trading. The contact number mentioned at S. No. 2 of Table 5 is not of Manish Mishra and the Noticee had only one contact number of Manish Mishra mentioned at S. No. 1 of Table 5 on which the Noticee had 12 conversations with Manish Mishra.

14.13. There was no reason for SEBI to prohibit the Noticee from dealing in shares of companies other Sharpline since in the present proceedings, there is nothing to show that the Noticee was involved in any illegal action in respect of any other security.

14.14. The Noticee has been trying to comply with the direction to deposit the impounded amount but could not as the banks are not co-operating.

14.15. The Noticee has been directed not to alienate or dispose of property without the prior permission of SEBI until the amount due from all Noticees identified by SEBI as being jointly and severally liable are deposited in an escrow account.

<u>Submissions of SL Gupta (Noticee no. 4)</u>

15. Vide his letters dated March 22, 2023, June 30, 2023, July 24, 2023 and July 25, 2023, he has denied all the allegations made in the *Interim Order* and has *inter alia* submitted the following:

15.1. The Noticee has submitted that the ex-parte Interim Order is in gross violation of principles of natural justice and the Constitution of India.

15.2. It is a settled position in law that the actions taken by SEBI under section 11& 11B ought to be remedial and preventive. The directions in the Interim

Order against the Noticee are arbitrarily disproportionate and contravenes this position.

15.3. The Noticee has submitted that he is not the creator, uploader or related to the owners of the YouTube Channels. The Noticee has submitted that he is not a volume creator, price manipulator and he is not connected with Noticees/ entities.

15.4. The Noticee's name was not in the list of entities against whom action was recommended in the Examination Report.

15.5. The rationale for trading in the scrip of Sharpline was that the Noticee observed and expected upward trend and an appreciation in 'price' and invested in the scrip of Sharpline. Further, there were positive expectations and views on this stock.

15.6. The price of the scrip increased from INR 7 on March 15, 2022 to INR 9.35 on April 07, 2022. The Noticee purchased one lakh shares @INR 9.13 on April 12, 2022 and one lakh shares @INR 8.50 on April 13, 2022.

15.7. It is not unprecedented for any regular investor to purchase a lakh or more of a penny stock. The Noticee has submitted that he had done so in the past and had incurred enormous losses. Therefore, as a sensible investor, the Noticee purchased the shares of Sharpline.

15.8. Subsequently, the Noticee sold 50% of the stock in order to recover at least the cost of purchase and retained the remaining stock to observe future movement and pattern.

15.9. The Noticee is not a top 10 gross buyers and gross sellers during the period from May 20, 2022 to June 14, 2022 and the Noticee's name does not appear in the profit earned by suspected entities in the Examination Report.

15.10. The purchase of 2 lakh shares was 0.845% of the total market volume during the investigation period and less than 2% of the paid-up capital. Further, the Noticee has submitted that volume needs to be calculated for a period of at least one year and not on individual basis. The purchase of 2 lakh shares and sale of one lakh shares were not on the same date. Therefore, the Noticee has submitted that he does not fit the allegation of a volume creator.

15.11. The Noticee's trading was too insignificant during the relevant period and the quantity of trades by the Noticee was less than 1% of the total market volume in parch 2 of the Examination period (May 20, 2022 to June 14, 2022).

15.12. The Noticee did not indulge in multiple buying, repetitive or synchronized or circular trading. The Noticee has submitted that volume creation is done by circular trading, multiple trades over a period of time, purchase of huge number of shares that constitutes considerable percentage of the paid-up capital, trades between connected persons and repetitive trades in same scrip. The Noticee has submitted that he cannot be accused of being a volume creator.

15.13. The one isolated call with Subhash Agarwal was in professional capacity and was not in the context of Sharpline shares. The calls with Rakesh Kumar Gupta were after the Noticee had bought and sold the shares of Sharpline.

15.14. There is an implied admission by SEBI itself that the Noticee does not have any role/ connection with MMDs, NSs, VCs and YouTube Channels. The has not been shown to be connected with entities at S. No. 4,6,8,9 and NS 12 in Table 4 of the Interim Order.

15.15. The Noticee has submitted that he does not know Anshul Agarwal. Further, he has submitted that there is nothing on record to legally prove that he is connected with these entities. All trades were carried out through his broker, SMC on anonymous platform of BSE.

15.16. The Noticee has been shown to be connected with Jatin Manubhai Shah through Subhash Agarwal, however, there was only one phone call with Subhash Agrwal on May 27, 2022 and so the Noticee was not connected with Jatin Manubhai Shah on April 12, 2022, April 13, 2022 and May 17, 2022.

15.17. There was only one instance of transaction between the Noticee and Jatin Manubhai Shah, who went on to acquire shares of the Sharpline from other sellers in patch 1 & patch 2 and offloaded the shares after the YouTube videos were posted. The most plausible inference that can be drawn from his conduct is that he might have been on an acquisition spree and was acquiring shares of said company from various parties for the purpose of unlawful gains.

15.18. The Noticee has submitted that the sale proceeds were partly reinvested in other scrips and the remaining funds were used to repay the loan taken from his daughter-in-law, Richa Gupta. Further, he submitted a statement of accounts from Richa Gupta for the same.

15.19. The Noticee has not made any cash withdrawals from his bank account and has not borrowed or loaned any fund to any of the other Noticees.

15.20. The Noticee sold shares at very low average rate of INR 41.77 when the peak rate was INR 55.95. The Noticee came across the information that the scrip of Sharpline has come under ASM stage I between May 23, 2022 to May 31, 2022 and under ASM Stage II between May 31, 2022 to June 09, 2022. It is common wisdom in the stock market that when a scrip is put under ASM or GSM and also when a scrip unusually hits upper circuit very frequently, it is rational to remove the scrip from one's portfolio. The Noticee decided to sell off the shares based on videos on YouTube which warned investors to sell off the Sharpline stock. Sagar Singh's video was published on June 02, 2022 and Stock Market adda's video was released on June 07, 2022 and the Noticee sold 95,000 shares on June 09, 2022.

15.21. The Noticee has submitted that if he had any connection with the other entities, he would not have sold the shares at a lower rate. Further, the Noticee bought 2,00,000 shares on April 12, 2022 and April 13, 2022 and sold 1,00,000 shares up to May 17, 2022 much before the uploading of the videos in the second half of May 2022.

15.22. The shareholding of the Noticee after the videos were uploaded was less than 1% of the paid-up capital and/ or total traded volume. During the course of trading and even till date, the Noticee has not received any warning or SCN from the broker or BSE, which means genuine, bona-fide and legal transactions were done. There was no regular communication with the other Noticees and there were no financial dealings of any kind.

15.23. The Order has not given the transcript or contents of the Noticee's call with Subhash Agarwal and Rakesh Kumar Gupta. The dates of the calls are different from the date of purchase of the Noticee. The CDR is a corroborative piece of evidence and it cannot be the sole basis for framing of charges.

15.24. The Interim Order assumes that the telephonic conversation to be a fact indicating the Noticee's association with other Noticees. In order to rely upon the CDR and trades as evidences, the principle underlying section 10 of the Evidence Act should have been followed. It is clearly stated in law that overt act in pursuance of the agreement should be done after the agreement. Therefore, the findings in the Interim Order fail the test of relevancy contained in sections 6 to 10 of the Evidence Act.

15.25. There is a clear violation of principles laid down regarding supply of documents and material by failure to provide Examination report and supporting documents along with Interim Order to the Noticee.

15.26. The Noticee has contended that he does not fit the definition of a volume creator merely by buying and selling 2 lakh shares which is a negligible percentage of the total paid up capital of the company and also the total traded volume.

15.27. The Noticee had genuine interest in the beneficial ownership and that is why he is still holding 5000 shares of Sharpline.

15.28. The Noticee had bought 50,000 shares in Sadhna and sold 10,000 shares. The Noticee has suffered a notional loss on the remaining 40,000 shares.

15.29. The Noticee has submitted that the Interim Order is of punitive nature and should not have been passed at the preliminary stage of the inquiry. In the absence of any finding that the appellants will defalcate the unlawful gains, the impounding order constitutes malice in law. There is nothing to prove that the Noticee was trying to divert the funds.

15.30. Further, the Noticee has submitted that he has already deposited 'Advance Income Tax' on the gain.

15.31. Further, the Noticee sought the following

15.31.1. Legal definition of "Volume" and "Volume Creator" supported with judicial case laws, preferably Supreme Court.

15.31.2. Transcript or contents of all call with Rakesh Kumar Gupta and Subhash Agarwal and copies of their confession statements.

15.31.3. Identification parade of SL Gupta vs other alleged co-Noticees, entities, complainants, traders etc. to prove the allegation of volume creator, connection with other Noticees, connection with creator and uploader and founder of YouTube videos, illegal trades, price manipulation etc.

15.31.4. Opportunity of cross examination of alleged co-Noticees, entities, complainants and connected persons, officers etc. including Subhash Agarwal and Rakesh Kumar Gupta.

15.32. The Noticee was exploring and searching for 'PRESSMAN' but finally 'Sharpline' was chosen and decided for trading and investment after due & proper scrutiny. Other such scrips were Thinkink Pictures and Praveg Ltd.

15.33. The Noticee has submitted his statement of purchase of penny stocks for the F.Y.s ended on March 2021, March 2022 and March 2023.

15.34. The Noticee has submitted that the complaints are incomplete, vague and not proper and does not contain name, address, email etc. of the complainants. Further, the complaint does not mention the name of SL Gupta.

15.35. The Noticee has sought cross-examination of other noticees to this case and the Investigation Officer.

15.36. The Noticee has requested to review the direction to deposit the alleged illegal gains in light of his submissions.

<u>Submissions of Gaurav Gupta (Noticee no. 8)</u>

16. Vide his letter dated July 05, 2023 and September 26, 2023, he has denied all the allegations made in the *Interim Order* and has *inter* alia submitted the following:

16.1. The Noticee has submitted that the Interim Order is in violation of principles of natural justice and Article 21 of the Constitution of India. Further, no plausible reason has been given in the Interim Order to indicate the urgency for passing of Interim Order.

16.2. The Noticee has no connection with the stock recommendation in the scrip.

16.3. During the investigation period, the Noticee's trading was not confined to Sharpline. The Noticee had invested in many other scrips other than that of Sharpline.

16.4. The Noticee has submitted that he has not been provided with the basic documents such as the examination report in the matter.

16.5. The rate of shares of Sharpline was increasing and the Noticee was in need of funds for investments and so he sold his shares. The trades done in Sharpline were insignificant vis-à-vis his total trading.

16.6. The Noticee has submitted that he observed an appreciation in price of the shares he had traded in. The positive effect on its price and value was due to stock recommendations made on YouTube channel. The Noticee, as a reasonable investor, invested in the scrip of Sharpline due to expected and potential return that he would get.

16.7. The scrip of Sharpline was witnessing healthy volumes and was fairly liquid during the investigation period. The volume of the scrip after the investigation period was much higher than the average number of shares traded during the investigation period. The liquidity and volumes in the scrip of Sharpline were in consonance with various public announcements made by Sharpline from time to time and also financial disclosures regarding its profitability.

16.8. The Noticee has no connection with the persons who created the YouTube videos. The trade log provided was incomplete as it was without elaborate and relevant details and no order log was provided.

16.9. The price volume data for the relevant period clearly established that the scrip was highly liquid and there were lot of trades and traders each day. The Noticee had traded in the ordinary course of business and some of his trades got matched with certain Noticees but the same cannot lead to the conclusion that the Noticee had indulged in fraudulent and unfair trade practices.

16.10. The complaints received was against the persons who posted the videos on YouTube but the Interim Order has been passed against the Noticee also without establishing any link with the person who posted the videos.

16.11. The Noticee bought the shares of Sharpline Broadcast as a regular business transaction and sold them in May 2022 to June 2022 as the rate of the shares was increasing and the Noticee was in need of funds.

16.12. As regards the connection with entities, the Noticee has submitted the following: Subhash Agarwal – Director of Skyline Financial Services Private Limited, Arpan Gupta – Sadhna's director and the Noticee had business conversation and Rakesh Kumar Gupta – Father of the Noticee. Further, the number and duration of calls with Arpan Gupta was minimal.

16.13. The sale of 5,00,000 shares is 1.52% of the total traded volume in patch 2 but the same is only 1.06% of the total volume during the investigation period.

16.14. The trading was carried out in anonymous trading platform of the stock exchange.

16.15. The trades were executed through his broker Parasram holdings which involves the Noticee specifying a particular number of shares to be traded by the Noticee directed to Parasram holdings. The identity of the counterparties was not a part of the communication between the Noticee and Parasram Holdings. Further, Parasram holdings is not a party to the Order.

16.16. Further, the Noticee has submitted that Hon'ble SAT has held that if 'A' is connected to 'B' and "B' is connected to 'C' and 'C' is connected to 'D', it doesn't mean that 'A' is connected to 'D'.

16.17. The price of the scrip was already in upward mode, even prior to the investigation period. Further, the price movement in the scrip was not abnormal or unusual, given the positive corporate announcements made by the company and the consistent profits disclosed by it.

16.18. Even if the statute dispenses with pre decisional hearing, the same should be resorted to in exceptional circumstances since post decisional hearing is not a remedial hearing and authority will embark on with a closed mind and there are little chances of getting a proper consideration of representation and also because once a decision has been taken there is a tendency to uphold it and a representation may not really yield any fruitful purpose. By returning the findings in said Order, which are final and no more prima facie in nature, SEBI has completely prejudged the case and rendered the proceedings an empty formality, in as much as fate of the proceedings has already been decided by the said Order.

16.19. The Noticee has submitted that he is not connected with Manish Mishra and his group or involved in the making/ distribution or uploading of the videos on the YouTube channels.

16.20. As per the Order, since Rakesh Gupta is related to me, therefore I am connected with Subhash Agarwal and through him to Manish Mishra and his group entities. The Noticee has submitted that based on such long drawn, stretched and convoluted connection, the Noticee cannot be connected with Manish Mishra and his group entities and made liable for their manipulative actions.

16.21. The 4 telephonic calls between Rakesh Gupta (father of the Noticee) and Subhash Agarwal were normal calls pertaining to routine company matters. The Noticee does not have any connection with Manish Mishra or others and there have never been any funds transfers or share transfers with Manish Mishra or others. The Noticee was not involved in the making/ distribution or uploading of the videos on the YouTube Channels.

16.22. The Noticee does not know SL Gupta. The telephonic calls of Rakesh Kumar Gupta and SL Gupta were normal calls pertaining to social matters. Therefore, based on the said calls, the alleged incriminating activities of SL Gupta cannot be fastened on to Rakesh Kumar Gupta and through him to the Noticee. There is no nexus the calls exchanged between Rakesh Kumar Gupta and SL Gupta with the sales executed by the Noticee during the period.

16.23. The Noticee had not given his mobile number or email ID for linking the same to demat account of Sharpline which was opened on July 30, 2022. The same was done by mistake by the Practising Company Secretary of Sharpline Broadcast Limited who is also the Practising Company Secretary of Sadhna Broadcast Limited (in which the Noticee is a promoter) in the place of authorised signatory i.e., Sulabh Dikshit for the demat account of Sharpline Broadcast Limited. No trading has been done in the demat account of the company. The Noticee had also sent a letter dated August 12, 2022 to the Board of directors to change his mobile number and email ID in the demat account. A copy of the letter has been submitted. Post becoming aware of the same through the Order, the Noticee made enquiries with the officials of Sharpline and the Broker about the status and they have changed it.

16.24. The Noticee has no role in the management of affairs of the company and he does not belong to the promoter or promoter group category.

16.25. The shares sold in the scrip of Sharpine during the investigation period were in the ordinary course. The sale proceeds were inter alia utilised towards loan repayment.

16.26. The Noticee has not bought any shares during the investigation period. The Noticee was not involved in the price increase. With regard to volume creation in the scrip, the Noticee has submitted that all his sales during the investigation period were delivery based.

16.27. There is nothing to indicate the Noticee had done anything to defalcate the alleged unlawful gains and therefore, the direction of impounding is wholly unwarranted.

16.28. The direction to Banks to not allow any debit in the bank accounts till such time the alleged gains are deposited in the escrow account is completely without jurisdiction, *non-est,* null and void ab initio. The said direction circumvents the provisions of section 11(4)(e) of the SEBI Act, by in effect purporting to attach the bank and demat accounts without following the mandatory provisions and process of section 11(4)(e). As per section 11(4)(e) of the SEBI Act, or rules or regulations, is subject to the check and balance of making an application for approval of such attachment to a Special Court (established under section 26A of SEBI Act). Further, the proviso to said section makes it clear that SEBI has no power to attach bank accounts or other property which are not actually involved in the alleged violation. In the present case, SEBI has not obtained any such approval. Therefore, the direction is wholly without jurisdiction, beyond the powers of SEBI and not inconsonance with the provisions of SEBI Act.

16.29. SEBI has overlooked that as per section 11(4)(d) of SEBI Act can impound and retain the proceeds or securities in respect of any transaction which is under investigation. Without identifying the bank account or demat account where the alleged securities or proceeds are lying, SEBI passed sweeping directions freezing all the bank accounts and demat accounts, which is gross misuse of power.

16.30. Direction of disgorgement can be passed by SEBI under section 11B of SEBI Act *inter alia* "*after making or causing to be made an enquiry*", if SEBI is satisfied that it is necessary in the interest of securities market. In the instant matter, at ad interim stage itself the direction of disgorgement have been passed and the same is illegal and without authority.

16.31. Under section 11B of the SEBI Act, the liability to disgorge an amount is individual and therefore, no direction could be issued to disgorge the amount jointly and severally. Further, SEBI has computed the alleged gains against each of the Noticees in the Order and therefore, the alleged gains have to be disgorged by each of the Noticee individually to the extent of the unlawful gain computed against them. By directing disgorgement of gains jointly and severally, whole concept of disgorgement has been turned on its head. It may be appreciated that the concept of "disgorgement" is difference from the concept of "penalty".

16.32. The directions that no amounts or securities may be debited from any of bank accounts and demat accounts and that the Noticee cannot alienate any assets, properties or securities, amount to an attachment before judgement and the same principles as set out in Order XXXVIII Rule 5 of the Code of Civil Procedure would be applicable, however, none of the essential criteria thereof have been averred.

16.33. The open-ended direction without any time limit issued against the Noticee, at this juncture is neither preventive or remedial nor curative, but out and out penal.

<u>Submissions of Arpan Gupta (Noticee no. 9)</u>

17. Vide his letter dated July 03, 2023, he has denied all the allegations made in the *Interim Order* and has *inter alia* submitted the following:

17.1. The Noticee has submitted that the Interim Order is in violation of principles of natural justice and Article 21 of the Constitution of India. Further, no plausible reason has been given in the Interim Order to indicate the urgency for passing of Interim Order.

17.2. The Noticee has no connection with the stock recommendation in the scrip.

17.3. During the investigation period, the Noticee's trading was not confined to Sharpline. The Noticee had invested in many other scrips other than that of Sharpline.

17.4. The Noticee has submitted that he has not been provided with the basic documents such as the examination report in the matter, trade log, order log and price volume data.

17.5. The rate of shares of Sharpline was increasing and the Noticee was in need of funds for investments and so he sold his shares. The trades done in Sharpline were insignificant vis-à-vis his total trading.

17.6. The Noticee has submitted that he observed an appreciation in price of the shares he had traded in. The positive effect on its price and value was due to stock recommendations made on YouTube channel. The Noticee, as a reasonable investor, invested in the scrip of Sharpline due to expected and potential return that he would get.

17.7. The scrip of Sharpline was witnessing healthy volumes and was fairly liquid during the investigation period. The volume of the scrip after the investigation period was much higher than the average number of shares traded during the investigation period. The liquidity and volumes in the scrip of Sharpline were in consonance with various public announcements made by Sharpline from time to time and also financial disclosures regarding its profitability.

17.8. The Noticee has submitted that the only connection on the basis of which allegations have been levelled against him is that he is connected with Gaurav Gupta through CDR. The said connection is by virtue of business relations as both work in the same company. The cumulative number of calls and cumulative seconds were very minimal.

17.9. The Noticee bought the shares of Sharpline Broadcast as a regular business transaction and sold them in May 2022 to August 2022 as the rate of the shares was increasing and the Noticee was in need of funds.

17.10. The Noticee's trading was too insignificant vis-à-vis total market volumes during the relevant period. The sale of 5,99,660 shares is 2.53% of the total traded volume.

17.11. The trading was carried out in anonymous trading platform of the stock exchange. While trading in the ordinary course, some of his trades matched with certain parties and the same cannot lead to the conclusion that the Noticee had indulged in fraudulent and unfair trade practices.

17.12. The trades were executed through his broker Choice Equity Broking Private Limited and SMC Global Securities Limited which involves the Noticee specifying a particular number of shares to be traded by the Noticee directed to Peeyush Aggarwal. The identity of the counterparties was not a part of the communication between the Noticee and Choice Equity Broking. Further, Choice Equity Broking is not a party in the Interim Order.

17.13. The price of the scrip was already in upward mode, even prior to the investigation period. Further, the price movement in the scrip was not abnormal or unusual, given the positive corporate announcements made by the company and the consistent profits disclosed by it.

<u>Submissions of Kailash Agarwal (Noticee no. 10)</u>

18. Vide his letter dated June 05, 2023, he has denied all the allegations made in the *Interim Order* and has *inter alia* submitted the following:

18.1. The Noticee has submitted that he has no role in the recommendation of the scrip of Sharpline as alleged in the Interim Order.

18.2. The Noticee requested SEBI to provide all the documents in the matter, however, no documents were provided. The reply being filed by the Noticee is based on the documents available with him.

18.3. The Interim Order has been passed on the basis of probable conclusions meaning that there are other probabilities which may include that the Noticee was not involved in the recommendation of the scrip of Sharpline.

18.4. The Noticee is neither controlling nor promoting any YouTube Channel. The Noticee has no relation with the owners of the YouTube Channels which were allegedly involved in the recommendation of the scrip of Sharpline. The Noticee was not involved in the price increase of the scrip.

18.5. There is no finding regarding involvement of the Noticee with respect to price recommendation in patch 1 between 12th April 2022 and 19th May 2022 or that the Noticee was involved in increase in the price of the scrip in patch 2 between 20th May 2022 to 14th June 2022. The only allegation against the Noticee is that he sold his shares in patch 2 and that he has been considered as a Net Seller. However, the Noticee sold his shares till 08/06/2022 which is within the period considered as parch 2 @ INR 39.17 and after the sale of the shares by the Noticee, the price of the shares went up to INR 56 per share (approx.) which clearly speaks volume that the Noticee was not involved.

18.6. There is no finding regarding connection of the Noticee with the company or its managerial personnel or that he has created any interest in the scrip. There is nothing to indicate that the Noticee has created any interest on any investor to trade in Sharpline scrip. There is no finding that the Noticee had spread any false and misleading information regarding Sharpline scrip.

18.7. The Interim Order does not provide any finding on apprehension of the WTM regarding defalcation of property by the Noticee. The Noticee has relied on the judgement of the Hon'ble SAT in the matter of M/s. North End Foods Marketing Private Limited & Anr. Vs. SEBI appeal no. 80 of 2019 decided on March 12, 2019.

18.8. The uploading of the video by owners of the YouTube Channel and sale of shares of the Noticee are not interconnected or has any bearing on each other and thus by no stretch of imagination, it can be concluded that the Noticee was engaged or actively connived with other Noticees for the purpose of stock recommendation of Sharpline Broadcast Limited.

18.9. The Noticee is an advocate by profession and was also engaged in trading of shares.

18.10. The Noticee purchased the shares of Sharpline in 2018 when it was not tradeable on any stock exchange. In 2022, the Noticee noted that the shares of Sharpline were once again started to be traded on Nationwide Stock Exchange. The Noticee liquidated his entire holding in the said company by selling the shares by June 08, 2022.

18.11. The Noticee had been regularly trading in shares of various companies and a copy of Profit and Loss Statement for the last Financial Year has been provided.

<u>Submissions of Renuka Agarwal (Noticee no. 11)</u>

19. Vide her letter dated June 06, 2023, she has denied all the allegations made in the *Interim Order* and has *inter alia* submitted the following:

19.1. The Noticee has submitted that she has no role in the recommendation of the scrip of Sharpline as alleged in the Interim Order.

19.2. The Noticee requested SEBI to provide all the documents in the matter, however, the documents provided were incomplete. The reply being filed by the Noticee is based on the documents available with her.

19.3. The Interim Order has been passed on the basis of probable conclusions meaning that there are other probabilities which may include that the Noticee was not involved in the recommendation of the scrip of Sharpline.

19.4. The Noticee is neither controlling nor promoting any YouTube Channel. The Noticee has no relation with the owners of the YouTube Channels which were allegedly involved in the recommendation of the scrip of Sharpline. The Noticee was not involved in the price increase of the scrip.

19.5. There is no finding regarding involvement of the Noticee with respect to price recommendation in patch 1 between 12th April 2022 and 19th May 2022 or that the Noticee was involved in increase in the price of the scrip in patch 2 between 20th May 2022 to 14th June 2022. The only allegation against the Noticee is that she sold her shares in patch 2 and that she has been considered as a Net Seller. However, the Noticee sold her shares till 13/06/2022 which is within the period considered as parch 2 @ INR 29.88 and after the sale of the shares by the Noticee, the price of the shares went up to INR 56 per share (approx.) which clearly speaks volume that the Noticee was not involved.

19.6. There is no finding regarding connection of the Noticee with the company or its managerial personnel or that she has created any interest in the scrip. There is nothing to indicate that the Noticee has created any interest on any investor to trade in Sharpline scrip. There is no finding that the Noticee had spread any false and misleading information regarding Sharpline scrip.

19.7. The Interim Order does not provide any finding on apprehension of the WTM regarding defalcation of property by the Noticee. The Noticee has relied on the judgement of the Hon'ble SAT in the matter of M/s. North End Foods Marketing Private Limited & Anr. Vs. SEBI appeal no. 80 of 2019 decided on March 12, 2019.

19.8. The uploading of the video by owners of the YouTube Channel and sale of shares of the Noticee are not interconnected or has any bearing on each other and thus by no stretch of imagination, it can be concluded that the Noticee was engaged or actively connived with other Noticees for the purpose of stock recommendation of Sharpline Broadcast Limited.

19.9. The Noticee is a regular trader in the secondary market.

19.10. The Noticee purchased the shares of Sharpline in 2018 when it was not tradeable on any stock exchange. In 2022, the Noticee noted that the shares of Sharpline were once again started to be traded on Nationwide Stock Exchange. The Noticee liquidated her entire holding in the said company by selling the shares by June 13, 2022.

19.11. The Noticee had been regularly trading in shares of various companies and a copy of Profit and Loss Statement for the last Financial Year has been provided.

Submissions of Gunjan Agarwal (Noticee no. 12)

20. Vide her letter dated June 06, 2023, she has denied all the allegations made in the *Interim Order* and has *inter alia* submitted the following:

20.1. The Noticee has submitted that she has no role in the recommendation of the scrip of Sharpline as alleged in the Interim Order.

20.2. The Noticee requested SEBI to provide all the documents in the matter, however, the documents provided were incomplete. The reply being filed by the Noticee is based on the documents available with her.

20.3. The Interim Order has been passed on the basis of probable conclusions meaning that there are other probabilities which may include that the Noticee was not involved in the recommendation of the scrip of Sharpline.

20.4. The Noticee is neither controlling nor promoting any YouTube Channel. The Noticee has no relation with the owners of the YouTube Channels which were allegedly involved in the recommendation of the scrip of Sharpline. The Noticee was not involved in the price increase of the scrip.

20.5. There is no finding regarding involvement of the Noticee with respect to price recommendation in patch 1 between 12th April 2022 and 19th May 2022 or that the Noticee was involved in increase in the price of the scrip in patch 2 between 20th May 2022 to 14th June 2022. The only allegation against the Noticee is that she sold her shares in patch 2 and that she has been considered as a Net Seller. However, the Noticee sold her shares till 06/06/2022 which is within the period considered as parch 2 @ INR 29.87 and after the sale of the shares by the Noticee, the price of the shares went up to INR 56 per share (approx.) which clearly speaks volume that the Noticee was not involved.

20.6. There is no finding regarding connection of the Noticee with the company or its managerial personnel or that she has created any interest in the scrip. There is nothing to indicate that the Noticee has created any interest on any investor to trade in Sharpline scrip. There is no finding that the Noticee had spread any false and misleading information regarding Sharpline scrip.

20.7. The Interim Order does not provide any finding on apprehension of the WTM regarding defalcation of property by the Noticee. The Noticee has relied on the judgement of the Hon'ble SAT in the matter of M/s. North End Foods Marketing Private Limited & Anr. Vs. SEBI appeal no. 80 of 2019 decided on March 12, 2019.

20.8. The Noticee sold all her holding by 06/06/2022 and the alleged YouTube videos were uploaded only on July 15, 2022 and thus by no stretch of imagination it can be concluded that the Noticee actively connived with the other Noticees.

20.9. The Noticee is a regular trader in the secondary market.

20.10. The Noticee purchased the shares of Sharpline in 2018 when it was not tradeable on any stock exchange. In 2022, the Noticee noted that the shares of Sharpline were once again started to be traded on Nationwide Stock Exchange. The Noticee liquidated her entire holding in the said company by selling the shares by June 06, 2022.

20.11. The Noticee had been regularly trading in shares of various companies and a copy of Profit and Loss Statement for the last Financial Year has been provided.

Submissions of Bhim Singh Chaudhary (Noticee no. 13)

21. Vide his letters dated June 10, 2023 and July 04, 2023, he has denied all the allegations made in the *Interim Order* and has *inter alia* submitted the following:

21.1. The Noticee has submitted that he has no role in the recommendation of the scrip of Sharpline as alleged in the Interim Order.

21.2. The Noticee requested SEBI to provide all the documents in the matter, however, the documents provided were incomplete. The reply being filed by the Noticee is based on the documents available with him.

21.3. The Interim Order has been passed on the basis of probable conclusions meaning that there are other probabilities which may include that the Noticee was not involved in the recommendation of the scrip of Sharpline.

21.4. The Noticee is neither controlling nor promoting any YouTube Channel. The Noticee has no relation with the owners of the YouTube Channels which were allegedly involved in the recommendation of the scrip of Sharpline. The Noticee was not involved in the price increase of the scrip.

21.5. The relationship with other connected Noticees are as follows: Kailash Agarwal, Subhash Agarwal – Director of Skyline Financial Services Private Limited, Suman Lata – wife of one of the directors of Skyline Financial Services Private Limited, Bimla Chaudhary – Wife of the Noticee, Anshul Agarwal – CEO of Nikunj Stock Brokers Limited where the Noticee has a demat/ trading account and Hemant Dusadi – operator with Nikunj Stock Brokers Limited.

21.6. As regards the phone calls with Suman Lata, the Noticee has submitted that the calls were actually with Virender Rana, husband of Suman Lata.

21.7. There is no finding regarding involvement of the Noticee with respect to price recommendation in patch 1 or that he was involved in the increase in price of the scrip in patch 2. The only allegation against the Noticee is that he sold his shares in patch 2. However, the Noticee sold his shares only till 10/06/2022.

21.8. There is no finding regarding connection of the Noticee with the company or its managerial personnel or that he has created any interest in the scrip. There is nothing to indicate that the Noticee has created any interest on any investor to trade in Sharpline scrip. There is no finding that the Noticee had spread any false and misleading information regarding Sharpline scrip.

21.9. The Interim Order does not provide any finding on apprehension of the WTM regarding defalcation of property by the Noticee. The Noticee has relied on the judgement of the Hon'ble SAT in the matter of M/s. North End Foods Marketing Private Limited & Anr. Vs. SEBI appeal no. 80 of 2019 decided on March 12, 2019.

21.10. The uploading of the video by owners of the YouTube Channel and sale of shares of the Noticee are not interconnected or has any bearing on each other and thus by no stretch of imagination, it can be concluded that the Noticee was engaged or actively connived with other Noticees for the purpose of stock recommendation of Sharpline Broadcast Limited.

21.11. The Noticee is a Chartered Accountant and was also engaged in trading in secondary market. He was holding the position of Director of Skyline Financial Services Private Limited till 20/02/2023.

21.12. The Noticee purchased the shares of Sharpline in 2018 when it was not tradeable on any stock exchange. In 2022, the Noticee noted that the shares of Sharpline were once again started to be traded on Nationwide Stock Exchange. The Noticee liquidated his entire holding in the said company by selling the shares by June 10, 2022.

21.13. The Noticee had been regularly trading in shares of various companies and a copy of Profit and Loss Statement for the last Financial Year has been provided.

21.14. The Noticee’s elder son is studying in France and has a joint account with the Noticee. Due to freezing accounts, the Noticee’s elder son’s education/survival is affected. Further, the Noticee’s younger son is mentally ill and needs medication. Copy of medical report of the younger son has been submitted.

21.15. The Noticee has submitted that the market price of some of the shares held by him is diminishing and he would suffer losses if the said shares are not disposed of immediately. Further, he has requested permission to sell certain securities to pay income tax and also invest up to INR 30 lakh in capital gain bonds with a lien in favour of SEBI.

<u>Submissions of Suman Lata (Noticee no. 14)</u>

22. Vide her letter dated May 01, 2023, she has denied all the allegations made in the Interim Order and has inter alia submitted the following:

22.1. The Noticee has submitted that she has no role in the recommendation of the scrip of Sharpline as alleged in the Interim Order.

22.2. The Noticee requested SEBI to provide all the documents in the matter, however, the documents provided to her were incomplete. The reply being filed by the Noticee is based on the documents available with her.

22.3. The Interim Order has been passed on the basis of probable conclusions meaning that there are other probabilities which may include that the Noticee was not involved in the recommendation of the scrip of Sharpline.

22.4. The Noticee is neither controlling nor promoting any YouTube Channel. The Noticee has no relation with the owners of the YouTube Channels which were allegedly involved in the recommendation of the scrip of Sharpline. The Noticee was not involved in the price increase of the scrip.

22.5. There is no finding regarding involvement of the Noticee with respect to price recommendation in patch 1 or that the Noticee was involved in increase in the price of the scrip in patch 2. The only allegation against the Noticee is that she sold her shares in patch 2. However, the Noticee sold her shares till 08/06/2022 which is within the period considered as Patch 1.

22.6. There is no finding regarding connection of the Noticee with the company or its managerial personnel or that she has created any interest in the scrip.

22.7. The Interim Order does not provide any finding on apprehension of the WTM regarding defalcation of property by the Noticee. The Noticee has relied on the judgement of the Hon'ble SAT in the matter of M/s. North End Foods Marketing Private Limited & Anr. Vs. SEBI appeal no. 80 of 2019 decided on March 12, 2019.

22.8. The Noticee sold all her holding by 08/06/2022 and the alleged YouTube videos were uploaded only on July 15, 2022 and thus by no stretch of imagination it can be concluded that the Noticee actively connived with the other Noticees.

22.9. The Noticee is employed with a private organisation along with regularly trading in secondary market. The mobile number of her husband is updated in her trading account to monitor the trades executed by the Noticee.

22.10. The Noticee purchased the shares of Sharpline in 2018 when it was not tradeable on any stock exchange. In 2022, the Noticee noted that the shares of Sharpline were once again started to be traded on Nationwide Stock Exchange. During the period from May 2022 till June 08, 2022, the Noticee liquidated her entire holding in the said company.

22.11. The Noticee had been regularly trading in shares of various companies and a copy of Profit and Loss Statement for the last Financial Year has been provided.

Submissions of Bimla Chaudhary (Noticee no. 12)

23. Vide her letter dated June 08, 2023, she has denied all the allegations made in the Interim Order and has inter alia submitted the following:

23.1. The Noticee has submitted that she has no role in the recommendation of the scrip of Sharpline as alleged in the Interim Order.

23.2. The Noticee requested SEBI to provide all the documents in the matter, however, no documents were provided. The reply being filed by the Noticee is based on the documents available with her.

23.3. The Interim Order has been passed on the basis of probable conclusions meaning that there are other probabilities which may include that the Noticee was not involved in the recommendation of the scrip of Sharpline.

23.4. The Noticee is neither controlling nor promoting any YouTube Channel. The Noticee has no relation with the owners of the YouTube Channels which were allegedly involved in the recommendation of the scrip of Sharpline. The Noticee was not involved in the price increase of the scrip.

23.5. There is no finding regarding involvement of the Noticee with respect to price recommendation in patch 1 between 12th April 2022 and 19th May 2022 or that the Noticee was involved in increase in the price of the scrip in patch 2 between 20th May 2022 to 14th June 2022. The only allegation against the Noticee is that she sold her shares in patch 2. However, the Noticee sold her shares by 10/06/2022.

23.6. There is no finding regarding connection of the Noticee with the company or its managerial personnel or that she has created any interest in the scrip. There is nothing to indicate that the Noticee has created any interest on any investor to trade in Sharpline scrip. There is no finding that the Noticee had spread any false and misleading information regarding Sharpline scrip.

23.7. The Interim Order does not provide any finding on apprehension of the WTM regarding defalcation of property by the Noticee. The Noticee has relied on the judgement of the Hon'ble SAT in the matter of M/s. North End Foods Marketing Private Limited & Anr. Vs. SEBI appeal no. 80 of 2019 decided on March 12, 2019.

23.8. The Noticee sold all her holding by June 10, 2022 and the alleged YouTube videos were uploaded only on July 15, 2022 and thus by no stretch of imagination it can be concluded that the Noticee actively connived with the other Noticees.

23.9. The Noticee purchased the shares of Sharpline in 2018 when it was not tradeable on any stock exchange. In 2022, the Noticee noted that the shares of Sharpline were once again started to be traded on Nationwide Stock Exchange. The Noticee liquidated her entire holding in the said company by selling the shares by June 06, 2022.

23.10. The Noticee had been regularly trading in shares of various companies and a copy of Profit and Loss Statement for the last Financial Year has been provided.

23.11. The Noticee's elder son is studying in France and has a joint account with the Noticee. Due to freezing accounts, the Noticee's elder son's education/survival is affected. Further, the Noticee's younger son is mentally ill and needs medication. Copy of medical report of the younger son has been submitted.

<u>Submissions of Nitesh Agarwal (Noticee no. 16)</u>

24. Vide his letter dated June 06, 2023, he has denied all the allegations made in the *Interim* Order and has inter alia submitted the following:

24.1. The Noticee has submitted that he has no role in the recommendation of the scrip of Sharpline as alleged in the Interim Order.

24.2. The Noticee requested SEBI to provide all the documents in the matter, however, the documents provided were incomplete. The reply being filed by the Noticee is based on the documents available with him.

24.3. The Interim Order has been passed on the basis of probable conclusions meaning that there are other probabilities which may include that the Noticee was not involved in the recommendation of the scrip of Sharpline.

24.4. The Noticee is neither controlling nor promoting any YouTube Channel. The Noticee has no relation with the owners of the YouTube Channels which were allegedly involved in the recommendation of the scrip of Sharpline. The Noticee was not involved in the price increase of the scrip.

24.5. There is no finding regarding involvement of the Noticee with respect to price recommendation in patch 1 between 12th April 2022 and 19th May 2022 or that the Noticee was involved in increase in the price of the scrip in patch 2 between 20th May 2022 to 14th June 2022. The only allegation against the Noticee is that he sold his shares in patch 2 and that he has been considered as a Net Seller. However, the Noticee sold his shares till 06/06/2022 which is within the period considered as parch 2 @ INR 31.11 and after the sale of the shares by the Noticee, the price of the shares went up to INR 56 per share (approx.) which clearly speaks volume that the Noticee was not involved.

24.6. There is no finding regarding connection of the Noticee with the company or its managerial personnel or that he has created any interest in the scrip. There is nothing to indicate that the Noticee has created any interest on any investor to trade in Sharpline scrip. There is no finding that the Noticee had spread any false and misleading information regarding Sharpline scrip.

24.7. The Interim Order does not provide any finding on apprehension of the WTM regarding defalcation of property by the Noticee. The Noticee has relied on the judgement of the Hon'ble SAT in the matter of M/s. North End Foods Marketing Private Limited & Anr. Vs. SEBI appeal no. 80 of 2019 decided on March 12, 2019.

24.8. The uploading of the video by owners of the YouTube Channel and sale of shares of the Noticee are not interconnected or has any bearing on each other and thus by no stretch of imagination, it can be concluded that the Noticee was engaged or actively connived with other Noticees for the purpose of stock recommendation of Sharpline Broadcast Limited.

24.9. The Noticee is a regular trader and was carrying on trading of various shares apart from Sharpline Broadcast Limited.

24.10. The Noticee purchased the shares of Sharpline in 2018 when it was not tradeable on any stock exchange. In 2022, the Noticee noted that the shares of Sharpline were once again started to be traded on Nationwide Stock Exchange. The Noticee liquidated his entire holding in the said company by selling the shares by June 06, 2022.

24.11. The Noticee had been regularly trading in shares of various companies and a copy of Profit and Loss Statement for the last Financial Year has been provided.

24.12. The Noticee is a family man and due to impounding of the bank account, his day-to-day proceedings have been affected including payment of fees of his children and other family expenses.

Submissions of Rajesh Kumar Singh (Noticee no. 17)

25. Vide his letter dated May 23, 2023, he has denied all the allegations made in the Interim Order and has inter alia submitted the following:

25.1. The Noticee has submitted that he has no role in the recommendation of the scrip of Sharpline as alleged in the Interim Order.

25.2. The Noticee requested SEBI to provide all the documents in the matter, however, the documents provided to his were incomplete. The reply being filed by the Noticee is based on the documents available with him.

25.3. The Interim Order has been passed on the basis of probable conclusions meaning that there are other probabilities which may include that the Noticee was not involved in the recommendation of the scrip of Sharpline.

25.4. The Noticee is neither controlling nor promoting any YouTube Channel. The Noticee has no relation with the owners of the YouTube Channels which were allegedly involved in the recommendation of the scrip of Sharpline. The Noticee was not involved in the price increase of the scrip.

25.5. There is no finding regarding involvement of the Noticee with respect to price recommendation in patch 1 between 12th April 2022 and 19th May 2022 or that the Noticee was involved in increase in the price of the scrip in patch 2 between 20th May 2022 to 14th June 2022. The only allegation against the Noticee is that he sold his shares in patch 2 and that he was connected with Subhash Agarwal through CDR. However, the Noticee sold his shares till 09/06/2022 and the phone calls with Subhash Agarwal was between 20/06/2022 and 22/06/2022.

25.6. There is no finding regarding connection of the Noticee with the company or its managerial personnel or that he has created any interest in the scrip. There is nothing to indicate that the Noticee has created any interest on any investor to trade in Sharpline scrip. There is no finding that the Noticee had spread any false and misleading information regarding Sharpline scrip.

25.7. The Interim Order does not provide any finding on apprehension of the WTM regarding defalcation of property by the Noticee. The Noticee has relied on the judgement of the Hon'ble SAT in the matter of M/s. North End Foods Marketing Private Limited & Anr. Vs. SEBI appeal no. 80 of 2019 decided on March 12, 2019.

25.8. The Noticee sold all his holding by 09/06/2022 and the alleged YouTube videos were uploaded in Mid May 2022 and therefore, it cannot be concluded that the Noticee was engaged or actively connived with other noticees for stock recommendation of Sharpline.

25.9. The Noticee is an advocate by profession and was regularly engaged in trading of shares apart from his professional assignments.

25.10. The Noticee purchased the shares of Sharpline in 2018 when it was not tradeable on any stock exchange. In 2022, the Noticee noted that the shares of Sharpline were once again started to be traded on Nationwide Stock Exchange. During the period from April 2022 to June 09, 2022, the Noticee liquidated his entire holding in the said company.

25.11. The Noticee had been regularly trading in shares of various companies and a copy of Profit and Loss Statement for the last Financial Year has been provided.

Submissions of Subhash Agarwal (Noticee no. 18)

26. Vide his letter dated June 21, 2023, he has denied all the allegations made in the *Interim Order* and has inter alia submitted the following:

26.1. The Noticee has submitted that he has no role in the recommendation of the scrip of Sharpline as alleged in the Interim Order.

26.2. The Noticee requested SEBI to provide all the documents in the matter, however, the documents provided were incomplete. The reply being filed by the Noticee is based on the documents available with him. Particularly, the documents in respect of formation of opinion for carrying out the search have specifically been not provided.

26.3. The Interim Order has been passed on the basis of probable conclusions meaning that there are other probabilities which may include that the Noticee was not involved in the recommendation of the scrip of Sharpline.

26.4. The Noticee is neither controlling nor promoting any YouTube Channel. The Noticee has no relation with the owners of the YouTube Channels which were allegedly involved in the recommendation of the scrip of Sharpline. The Noticee was not involved in the price increase of the scrip.

26.5. The relationship with other connected noticees are as follows: Bhim Singh Chaudhary – Director of RTA of Skyline Financial Services Pvt. Ltd., Rakesh Kumar Gupta and Manish Mishra – Professional clients, Jatin Manubhai Shah – used to talk to him for RTA clientele business, Kailash Agarwal – Uncle, Rajesh Kumar Singh - Professional Colleague of Noticee's uncle – Kailash Agarwal, Gunjan Agarwal – Wife, Nitesh Agarwal – acquaintance, Suman Lata – Wife of fellow director of Skyline Financial Services Pvt. Ltd., Anshul Agarwal – Erstwhile CEO of Nikunj Stock Brokers Limited and Hemant Dusad – Dealers of Nikunj Stock Brokers Limited.

26.6. As regards the phone calls with Suman Lata, the Noticee has submitted that the calls were actually with Virender Rana, husband of Suman Lata.

26.7. There is no finding regarding involvement of the Noticee with respect to price recommendation in patch 1 or that he was involved in increase in the price of the scrip in patch 2. The only allegation against the Noticee is that he sold his shares in patch 1 & 2. The said allegation is not correct as the Noticee did not sell his shares in connivance with other Noticees as alleged and was not involved in creation of artificial volume as alleged. Further, the sale of shares in Sharpline was even before the alleged YouTube videos were uploaded. The Noticee has submitted the statement of transactions done by the Noticee during this period.

26.8. The Interim Order does not provide the timing difference of sale and purchase of contracts and therefore, the allegation of being the volume creator is not correct.

26.9. There is no finding regarding connection of the Noticee with the company or its managerial personnel or that he has created any interest in the scrip. There is nothing to indicate that the Noticee has created any interest on any investor to trade in Sharpline scrip. There is no finding that the Noticee had spread any false and misleading information regarding Sharpline scrip.

26.10. The Interim Order does not provide any finding on apprehension of the WTM regarding defalcation of property by the Noticee. The Noticee has relied on the judgement of the Hon'ble SAT in the matter of M/s. North End Foods Marketing Private Limited & Anr. Vs. SEBI appeal no. 80 of 2019 decided on March 12, 2019.

26.11. The uploading of the video by owners of the YouTube Channel and sale of shares of the Noticee are not interconnected or has any bearing on each other and thus by no stretch of imagination, it can be concluded that the Noticee was engaged or actively connived with other Noticees for the purpose of stock recommendation of Sharpline Broadcast Limited.

26.12. The Noticee is a business person and was engaged in trading in the secondary market. He was also the Director of Skyline Financial Services Private Limited till February 20, 2023.

26.13. The Noticee had been regularly trading in the secondary market and he had been holding and trading in the scrips of many companies including Sharpline Broadcast Limited.

Submissions of Vivek Rana (Noticee no. 19)

27. Vide his letter dated May 01, 2023, he has denied all the allegations made in the Interim Order and has inter alia submitted the following:

27.1. The Noticee has submitted that he has no role in the recommendation of the scrip of Sharpline as alleged in the Interim Order.

27.2. The Noticee requested SEBI to provide all the documents in the matter, however, the documents provided to his were incomplete. The reply being filed by the Noticee is based on the documents available with him.

27.3. The Interim Order has been passed on the basis of probable conclusions meaning that there are other probabilities which may include that the Noticee was not involved in the recommendation of the scrip of Sharpline.

27.4. The Noticee is neither controlling nor promoting any YouTube Channel. The Noticee has no relation with the owners of the YouTube Channels which were allegedly involved in the recommendation of the scrip of Sharpline. The Noticee was not involved in the price increase of the scrip.

27.5. There is no finding regarding involvement of the Noticee with respect to price recommendation in patch 1 between April and July 2022 or that the Noticee was involved in increase in the price of the scrip in patch 2 between July 2022 to September 2022. The only allegation against the Noticee is that he sold his shares in patch 2. However, the Noticee sold his shares till 02/06/2022 which is within the period considered as Patch 1.

27.6. There is no finding regarding connection of the Noticee with the company or its managerial personnel or that he has created any interest in the scrip.

27.7. The Interim Order does not provide any finding on apprehension of the WTM regarding defalcation of property by the Noticee. The Noticee has relied on the judgement of the Hon’ble SAT in the matter of M/s. North End Foods Marketing Private Limited & Anr. Vs. SEBI appeal no. 80 of 2019 decided on March 12, 2019.

27.8. The Noticee sold all his holding by 02/06/2022 and the alleged YouTube videos were uploaded only on July 15, 2022 and thus by no stretch of imagination it can be concluded that the Noticee actively connived with the other Noticees.

27.9. The Noticee had been regularly trading in secondary market. The mobile number of his father is updated in his trading account to monitor the trades executed by the Noticee.

27.10. The Noticee purchased the shares of Sharpline in 2018 when it was not tradeable on any stock exchange. In 2022, the Noticee noted that the shares of Sharpline were once again started to be traded on Nationwide Stock Exchange. During the period from May 2022 till June 02, 2022, the Noticee liquidated his entire holding in the said company.

27.11. The Noticee had been regularly trading in shares of various companies and a copy of Profit and Loss Statement for the last Financial Year has been provided.

27.12. The Noticee is an MBA student and is self-financing his studies and due to impounding of his bank accounts, his studies are being affected.

D. CONSIDERATION

28. I have considered the allegations in the Interim Order, the replies/ written submissions of the Noticees and other material available on record. I note that the directions issued against the Noticees in the Interim Order were based on *prima facie* findings made on the basis of the material available on record. The present proceedings before me are in the nature of confirmatory or revocation proceedings which allow me the very limited remit of assessing whether the directions issued against the Noticees based on the prima facie conclusions arrived at in the Interim Order need to be confirmed, revoked or modified in any manner in light of the submissions of the Noticees. I understand that a detailed investigation into this matter is being conducted by SEBI, aided further by extensive search-and-seizure operations conducted by SEBI against some noticees. The outcome of investigation will decide the further course of action and initiation of further proceedings in the matter as per law.

29. Before I proceed further, it may be useful to summarise what a typical and tell-tale case of “pump-and-dump” stock manipulation looks like.

29.1. Initially, there is a period with minimal interest or trading activity in a scrip.

29.2. Thereafter, quite suddenly, there is a spurt in scrip trading volumes and price, without any visible fundamental reason for the same. Much of the activity is accounted for by a few connected individuals (“Volume Creators” and “Net Sellers”). I refer to this period – which creates the appearance of interest and activity - as “patch 1”.

29.3. With such an appearance of activity being created in patch 1, one or more Misleading Message Disseminators (MMDs) spread patently false and misleading messages about the scrip via social media or other forum, to entice and induce small investors to invest into the scrip immediately.

29.4. Some hapless retail investors then fall prey to the breathless and false messages being spread, and rush in to buy the scrip. This sets up a period of frenzied activity in the scrip, which I refer to as “patch 2”, where persons and entities directly or indirectly connected with the VCs and NSs of patch 1, and with the MMD, sell their holdings at elevated prices to unsuspecting small investors.

29.5. Finally, after much of the selling by the connected conspirators is completed, the frenzy meets its inevitable end, and in the absence of fundamentals, prices drop back sharply. In this “patch 3”, retail investors are left holding the scrip often at a fraction of the peak price seen during patch 2.

29.6. When such a tell-tale pattern exists, the totality of evidence would overwhelmingly suggest that the connected persons have put together a nefarious scheme to defraud hapless investors by fraudulently manipulating the stock.

30. This particular case meets the criteria of such a nefarious "pump-and-dump" scheme to the T. The volume and price movement in the scrip during the relevant period in time is produced below:

IMAGE no. 1

31. Based on the price and volume chart given above, it can be seen that the instant case fulfils all the criteria for a 'pump and dump' scheme.

   a. <u>Pre-Examination period</u> – No trading activity was observed in the scrip since the listing of the scrip on September 07, 2021 till March 14, 2022. The average daily traded volume was 115 shares during this period.

   b. <u>Creation of Interest</u>: During patch 1 of the Examination period (April 12, 2022 to May 19, 2022), there was sudden interest in the scrip by way of increase in volume, along with price. The closing price of the scrip increased by 150% (From INR 9 to around INR 23) and the daily average traded volume of the scrip increased by 46,214% during this period. Certain connected Notices to the *Interim Order* were observed to have contributed 29.28% of the total traded volume in this patch i.e., 13,531% increase in volume. It can be said that the appearance of market interest and price rise created by the Noticees to the *Interim Order* in patch 1 built the base storyline for the subsequent misleading messages disseminated.

c. Spreading Misinformation: During Patch 2 of the Examination period (May 20, 2022 to June 14, 2022), YouTube videos with false and misleading information were disseminated by persons (MMDs) who were directly or indirectly connected with the Noticee Net Sellers and Volume Creators. The said videos appear to have pumped the price and volume of the scrip and as a result there was an increase in the participation of retail investors. The average daily traded volume of the scrip increased by 1,615.31% shares and the closing price of the scrip increased by 116% during this period, from around INR 23 to INR 51.

d. Dumping of Shares: During the same period when the false and misleading YouTube videos were disseminated, large shareholders who were categorised as 'Net Sellers' – who were also directly or indirectly connected to the earlier NSs/ VCs/ and MMDs - dumped their entire holdings in Sharpline scrip on unsuspecting gullible investors at inflated prices. All the connected Net Sellers together dumped 35,37,585 shares of Sharpline in this period.

e. Aftermath: Post dumping of shares by the large shareholders, it is noted that the price and average daily traded volume of the scrip collapsed by 72.75% and 85.99% respectively, during patch 3 of the Examination period (June 15, 2022 to August 19, 2022). The above chart shows that there was a further fall in the price and volume of the scrip. The price inevitably fell back to INR 13 by end-August. Meanwhile, the number of small shareholders had risen from 571 as of March 31, 2022 to 20,009 by June 30, 2022.

32. Noticee nos. 10, 11, 12, 13, 14, 15, 16, 17, 18 and 19 have made identical submissions in their written replies. The submissions made by all the Noticees have been examined in details and the issues raised therein have been addressed in the following paragraphs.

32.1. **<u>Documents not provided</u>**

32.1.1. The Noticees have contended that they have not been provided with certain documents or that the documents provided were incomplete. The submissions of the Noticees regarding the same are dealt with in the following paragraphs.

32.1.2. *<u>Examination Report</u>* – Noticees nos. 4, 8 and 9 have submitted that they have not been provided with the Examination Report. The records show that Noticee no. 8 has carried out inspection in the matter on March 29, 2023 and was shown all the documents which are in possession of SEBI, in original, if available, as well as photocopies where original is not in possession of SEBI. The Record of Proceedings of Inspection specifically note that a copy of the Examination Report was provided to the said Noticee. Noticee nos. 4 and 9 were sent a copy of all the documents in the matter including the Examination Report in a Compact Disc (CD), as mentioned in Table no. 2 by way of SPAD. I also note that Noticee no. 4 has made submissions based on the Examination Report. Therefore, I do not find any merit in this contention.

32.1.3. *<u>Incomplete trade log</u>* – Noticee no. 8 has submitted that the trade log provided was incomplete as it was without elaborate and relevant details. The Noticee has made a bland assertion that the document was incomplete without specifying any deficiency in the data provided to him. I have perused the trade log provided to the Noticee and I do not agree with the submission of the Noticee.

33.1.1. *Order log* – Noticee nos. 1, 8 and 9 have submitted that they have not been provided with the Order log in the matter. In this regard, I note that neither the Examination Report nor the *Interim Order* makes any reference to the Order log and no allegation has been made based on the Order log in the matter. I am also informed that Order log is not available on record and therefore, the question of furnishing Order log does not arise. I am mindful of the fact that the judgement of the Hon'ble Supreme Court in the case of T. Takano mandates disclosure of all relevant documents, however, the Noticees cannot seek documents which are not in possession of SEBI stating that they are relevant for the adjudication of the case.

32.1.4. *KYC details with respect to the CDRs* – Noticee nos. 1 and 2 have sought KYC documents in respect of CDRs mentioned in the *Interim Order*. I note that none of these Noticees have disputed their connections with other Noticees which was established through CDR. In fact, these Noticees have confirmed in their replies that they were in touch with the other Noticees as mentioned in the Interim Order. Therefore, this query can only be viewed as being roving in nature. The KYC documents sought in respect of other Noticees with whom they had phone calls contain personal information of those Noticees. Further, Noticee no. 2 has stated that the *Interim Order* records that she had phone calls with Noticee no. 1 on the mobile number 997XXXX000 but the said mobile number does not pertain to him. In this regard, I note that Notice no. 1 has not disputed that the said mobile number does not belong to him. In any case, Noticee no. 2 has admitted her connection with Noticee no. 1 and has not disputed the phone calls with him on his other mobile number 886XXXX117.

32.1.5. *Correspondence between Google LLC and SEBI* –Noticee nos. 1 and 2 have requested for a copy of emails/ letters sent to/ received from Google LLC in the instant matter. In this regard, I note that all the documents received from Google LLC have already been sent to the Noticees as mentioned in Table no.2 read with paragraph no. 8.

32.1.6. *Unmasked mobile numbers* – Noticee no. 2 has submitted that the details of unmasked mobile numbers mentioned in the *Interim Order* were not provided to her. I note that the Examination Report provided to the Noticee during inspection of documents contains unmasked mobile numbers.

32.1.7. *Records obtained from Ministry of Corporate Affairs (MCA)* – Noticee no. 2 has submitted that the records obtained from MCA were not provided to her. The information related to companies was taken from the MCA website and a copy of the same has already been provided to the Noticee. In any case, MCA records are publicly available on its website.

32.1.8. *Details of videos promoted by making payment to Google Ads* – Noticee no. 2 has submitted that the details of videos promoted have not provided to her. In this regard, the details of the YouTube videos received from Google LLC such as date of upload, view count, channel name, channel user name, channel email id etc. have already been provided to the Noticee during inspection of documents, as mentioned at Table no. 2.

32.1.9. *Documents evidencing that the details of YouTube Channels were taken as per the procedure laid down in IT Act* – Noticee no. 2 has sought documents evidencing that the details of YouTube Channels were taken as per the procedure laid down in the IT Act. The Noticee has not raised any dispute in respect of the YouTube videos. In this regard, I note that the present proceedings have been initiated under Sections 11(1), 11(4) and 11B (1) of SEBI Act and hence are quasi-judicial in nature as held by the Hon'ble Supreme Court in the matter of *NSDL vs. SEBI and Other Connected Appeal, Civil Appeal No. 5173 of 2006* decided on March 2017. As such, the provisions of IT Act are not strictly applicable in the present matter.

32.1.10. *Documents provided were incomplete or not provided*– Noticee nos. 8 and 10 to 19 have submitted that all the documents were not provided to them or that the documents provided were incomplete. The records show that Noticee no. 8 and 18 carried out inspection in the matter on March 29, 2023 and March 23, 2023 respectively, and was shown all the documents in the matter which are in possession of SEBI. Further, Noticee nos. 10 to 17 and 19 were sent a copy of all the relevant documents in a CD as mentioned in Table no. 2. The said Noticees have made a claim that the documents were incomplete or not provided to them without specifying which documents were not provided.

32.1.11. *Transcript of calls* – Noticee no. 4 has sought the transcript for his calls with other Noticees. The *Interim Order* and the Examination Report does not make reference to call recordings and there is no transcript of the conversations with respect to his CDR. Therefore, the question of furnishing transcript of calls does not arise.

32.1.12. *Documents in respect of Search conducted by SEBI*: Noticee no. 18 has contended that documents in respect of formation of opinion for carrying out search at the Noticee's residence have not been provided. The Search and Seizure operation carried out at the Noticee's residence is part of the ongoing investigation in the case, independent of the instant proceedings. Therefore, the information sought is not a part of the present quasi-judicial proceedings.

32.1.13. In view of the above, I conclude that all the relevant documents have been provided to the Noticees and no prejudice can be said to have been caused to the Noticees' ability to make written and oral submissions.

32.2. **Request for cross-examination**

32.2.1. Noticee no. 4 has sought cross examination of other Noticees, complainants and connected persons, officers etc. In this regard, I note that no statements were recorded by SEBI before passing of the *Interim Order* in the matter and there are no oral statements that have been relied upon as evidence for the purpose of the *Interim Order*. Therefore, the need for cross-examination does not arise.

32.3. **<u>Ex-parte Order is in violation of principles of natural justice</u>**

32.3.1. The Noticees have contended that the ex-parte Order is in violation of principles of natural justice and the Constitution of India. Further, they have contended that the directions are disproportionate and not preventive or remedial. They have also contended that no plausible reason has been given to indicate the urgency for passing of Interim Order.

32.3.2. It is pertinent to note that Section 11 and 11B of the SEBI Act empowers SEBI to pass ex-parte interim orders in order to safeguard the interest of the investors and to maintain the market integrity.

32.3.3. The dissemination of patently false and misleading YouTube videos, had led to sharp increase in the number of small shareholders (i.e., from 571 to 20,009 shareholders) who ended up buying shares from the Noticees at inflated prices. It was also observed that as on February 20, 2023, both the YouTube Channels had published a video recommending the same stock. Considering the alleged illegal conduct of the Noticees in the extant matter, there was a high probability that they might employ the same *modus operandi* in other scrips as well.

32.3.4. As recorded in the *Interim Order*, certain Noticees to the *Interim Order* (specifically, Noticee nos. 1,3,5,6,7,8,9,13 and 18) were found to be involved in a similar "pump-and-dump" *modus operandi,* involving interest creation, followed by false and misleading videos being published, and subsequently followed by huge offloading of shares by large shareholders in at least one other scrip i.e., Sadhna Broadcast Limited. Persons associated with securities market (Noticees nos. 3, 22, and 23) who have the capacity to operate and execute such fraudulent schemes at a significant pace by misusing their position as a regulated entity were found to be repeatedly involved. The potential threat posed by these Noticees could have severely compromised the integrity of the securities market had they not been restrained from the securities market through the *Interim Order.*

32.3.5. Furthermore, considering the probability that the Noticees may divert the unlawful gains before investigation is concluded and directions for disgorgement, if any, are passed, impounding directions were issued vide the *Interim Order.* Consequently, I find that the available evidence supported the prima facie case against the Noticees. As noted above, the balance of convenience was also in favour of passing orders against the Noticees since irreparable damage would have been caused to the integrity of the securities market.

32.4. **Difference between the Examination report and the *Interim Order***

32.4.1. Noticee no. 4 has contended that the Examination Report has no recommendation against him whereas the ex-parte Order has adverse findings and adverse order has been passed against him. Further, Noticee nos. 1 and 4 have submitted that the Examination Report has no findings that they made any gain whereas the ex-parte Order has such findings recorded against them.

32.4.2. In this regard, I note that the Examination Report did not look into the profit, if any, made by Noticee nos. 1 and 4 who were categorised as Misleading Message Disseminator and volume creator respectively. This deficiency was taken note of while passing the Interim Order and accordingly, the role of the Noticees and the rationale for illegal profit calculation in respect of the said Noticees have been explained in the Interim Order.

32.5. **Connection among Noticees**

32.5.1. The Noticees have submitted that the CDR's evidencing phone calls between them were in respect of client-dealer/ broker relationship or in respect of business purposes or due to familial relationships and the financial transactions were part of loans provided to each other. In this regard, Noticee nos. 13, 18 and 19 have submitted that the phone calls with Noticee no. 14 were actually with the said Noticee no. 14's husband, Virender Rana who was also a director of RTA of Sharpline – Skyline Financial Services Pvt. Ltd. The Interim Order already records that the mobile number mentioned in the demat account of Noticee no. 14 belongs to her husband. Therefore, the *inter-se* connections amongst the Noticees as illustrated in the *Interim Order* have not been disputed. The Noticees have also submitted that in certain cases the phone calls do not coincide with their trades in the scrip of Sharpline. It is pertinent to note that object of the reliance on CDRs was not necessarily to show the proximity of the time of the call that may or may not exist. However, the prime objective for reliance on CDR is to demonstrate the existence of close connection between the Noticees.

32.5.2. The following set of Noticees are family members as per the Interim Order.

32.5.2.1. Subhash Agarwal (Noticee no. 18) and Gunjan Agarwal (Noticee no. 12)

32.5.2.2. Bhim Singh Chaudhary (Noticee no. 13) and Bimla Chaudhary (Noticee no. 15)

32.5.2.3. Nitesh Agarwal (Noticee no. 16) and Renuka Agarwal (Noticee no. 11)

32.5.2.4. Gaurav Gupta (Noticee no. 8) and Rakesh Kumar Gupta

32.5.2.5. Suman Lata (Noticee no. 14) and Virender Rana (Noticee no. 19)

32.5.3. Additionally, Subhash Agarwal (Noticee no. 18) has stated that and Kailash Agarwal (Noticee no. 10) is his uncle. Manish Mishra (Noticee no. 1) and Manjari Tiwari (Noticee no. 2) have stated that they are college friends.

32.5.4. As regards the connections established, Noticees no. 8 has relied on the judgement of the Hon'ble SAT in the matter of *Baldevsinh Vijaysinh Zala vs SEBI* (appeal no. 219 of 2019) decided on August 12, 2021 and submitted that if 'A' is connected to 'B' and 'B' is connected to 'C' and 'C' is connected to 'D', it does not mean that 'A' is connected to 'D'. On perusal of the said judgement, first of all I note that the said decision was in connection with an appeal against a final order passed by SEBI. Here, on the other hand, what needs to be seen is whether a *prima facie* case has been made out on the basis of available facts and circumstances. Further, I note that in the aforesaid Baldevsinh case, the Hon'ble SAT did not agree with SEBI's conclusions regarding connection between Noticees on the basis of the trading pattern as well. On the other hand, in the instant case, the timing and nature of the trades executed by the Noticees *prima facie* suggest that it was a part of a fraudulent scheme which eventually benefitted the Noticees. Noticee nos. 8, 9, 10, 11, 12, 13, 14, 15, 16, 17 and 19, who are Net Sellers, were *prima facie* found to be connected with the Misleading Message Disseminator through Noticee no. 18 (director of RTA of Sharpline).

32.5.5. Noticee no. 18 has submitted that he has no connection with the owners of the YouTube Channels. In this regard, I note that the said Noticee is directly connected with MMD (Noticee no. 1) through CDR. Therefore, I do not find any merit in this submission.

32.5.6. Subhash Agarwal (Noticee no. 18), Bhim Singh Chaudhary (Noticee no. 13) and Virender Rana (Husband of Noticee no. 14 – Suman Lata) were the directors of RTA of Sharpline – Skyline Financial Services Pvt. Ltd. Manish Mishra (Noticee no. 1) had direct financial relationship with Jatin Manubhai Shah (Noticee no. 3). While Manish Mishra (Noticee no. 1) has argued that the relationship was solely a dealer-client one, the fund transfer between the said Noticees suggests a much closer relationship. Manish Mishra (Noticee no. 1) has argued that the phone calls with Subhash Agarwal (Noticee no. 18) were in respect of 4 companies in which his wife is a director and that the conversation was not related to the scrip of Sharpline. Further, Manish Mishra (Noticee no. 1) and Manjari Tiwari (Noticee no. 2) have stated that Manjari Tiwari (Noticee no. 2)'s trades were based on the advice of Manish Mishra (Noticee no. 1).

32.5.7. The Noticees to this Order have not been able to bring out any fact that would lead to a different inference aside from making unsubstantiated assertions about the content of the conversations between the Noticees or the nature of the financial transactions between them. As far as Noticees other than Noticee no. 1 are concerned, the *Interim Order* had alleged an indirect connection between them and MMDs through Subhash Agarwal (Noticee no. 18) who is the director of RTA of Sharpline. In addition to CDR, Noticee no. 4 was a counter party to Subhash Agarwal (Noticee no. 18) during patch 1 of the Examination Period when the scrip was illiquid. Further, all the other Noticees connected with Subhash Agarwal (Noticee no. 18) either directly or indirectly completely exited the scrip of Sharpline during patch 2 of the Examination Period along with him. Subhash Agarwal's (Noticee no. 18) 83 phone calls during the relevant period with Virender Rana (mentioned as Suman Lata (Noticee no. 14) in the Interim Order) during patch 1 and patch 2 coupled with the fact that his son, Vivek Rana (Noticee no. 19) was the first to sell the shares of Sharpline to the highest volume creator in patch 1 followed by complete exit by Vivek Rana (Noticee no. 19) and Suman Lata (Noticee no. 14) indicates that their relationship was not just professional. The repeated rebuttal by Noticee nos. 1, 4, 8 and 13 is that the connection between them and Subhash Agarwal (Noticee no. 18) is in professional capacity and that the phone conversations should be seen in this light. I do not see their contention as effective enough to counter the inferences drawn in the *Interim Order, p*articularly in the face of their extraordinary common and coincident interest in selling shares and creating volumes in Sharpline during Patch 1, and selling the balance shares during Patch 2. Once again, the overall evidence from the tell-tale pump and dump scheme would overwhelmingly suggest, *prima facie*, that connected persons have put together a nefarious scheme to defraud hapless investors.

32.5.8. Subhash Agarwal (Noticee no. 18) has submitted that Interim Order does not provide the timing difference of sale and purchase of securities and therefore, the allegation of the Noticee being a volume creator is incorrect. I note that the above issues do not in any way form the crux of the arguments in the Interim Order. In any case, the crux of the interim order was that the overall evidence pointed to a set of connected persons concocting a nefarious pump and dump scheme to defraud small investors. That is not altered by the arguments provided here by the Noticees.

32.5.9. Further, I note that Sadhna Broadcast Limited is a "Company under common control" as per the disclosures made by Sharpine Broadcast Limited on the BSE website. Similarly, connections of the Noticees and their role in the case of Sharpline as well as their connections with the case of Sadhna Broadcast Limited (in which a fraudulent scheme using similar *modus operandi* was executed which was elaborated in SEBI Order no. WTM/AN/ISD/ISD-SEC-1/24333/2022-23), are given in the table below.

Table no. 4

Noticee Name	**Connection with Sharpline Broadcast Limited**	**Connection with Sadhna Broadcast Limited**
Garuav Gupta (Noticee no. 8)	Net Seller	Promoter of Sadhna/ Net Seller
Arpan Gupta (Noticee no. 9)	Net Seller	Director of Sadhna, Director and authorised signatory of Net Seller - Sadhna Bio Oils Pvt. Ltd.,
Kailash Agarwal (Noticee no. 10)	Net Seller / Director of RTA of Sharpline	Director of RTA of Sadhna
Bhim Singh Chaudhary (Noticee no. 15)	Net Seller / Director of RTA of Sharpline	Net Seller / Director of RTA of Sadhna

Noticee Name	Connection with Sharpline Broadcast Limited	Connection with Sadhna Broadcast Limited
Subhash Agarwal (Noticee no. 18)	Net Seller / Director of RTA of Sharpline	Director of RTA of Sadhna

32.6. **<u>Submission in respect of misleading YouTube videos</u>**

32.6.1. Noticees nos. 1 and 2 were alleged to have been the Misleading Message Disseminators based on the details of the YouTube Channels provided by Google LLC.

32.6.2. Noticee no. 1 has submitted that he was engaged by one 'Abhay Singh' to promote videos relating to Sharpline on YouTube and for this purpose, Noticee no. 1 created two YouTube Channels namely, "Midcap Calls" and "Profit Yatra" and the videos for promotion were provided by 'Abhay Singh'. The Noticee has failed to provide any document evidencing any agreement between them or provide any information to even verify the existence of this person named 'Abhay Singh'. Further, the Noticee has stated that he spent over INR 4 crore to promote the YouTube videos on Sharpline and that Abhay Singh did not reimburse the cost incurred by the Noticee. Thereafter, the Noticee was engaged in promotion of videos on another scrip – Sadhna Broadcast Limited and the Noticee was supposed to earn from YouTube revenue resulting from the promotion of those videos as compensation for promotion of videos related to Sharpline. The Noticee has also not provided any proof to show that he had actually received any compensation from the Ad Revenue of videos related to Sadhna Broadcast Limited. I find the submission that 'Abhay Singh' paid for the promotion of videos on Sadhna to be incredulous. It is illogical to assume that the Noticee magnanimously spent over INR 4 crore for someone whose identity the Noticee is not able to establish and that too without even a formal agreement or record of prior financial arrangement. Further, Noticee no. 1 has failed to disclose these essential details in the proceedings related to Sadhna Broadcast Limited. In the absence of any supporting evidence, I do not find any merit in this submission.

32.6.3. Noticee no. 1 has submitted that he had no reason to believe that the videos uploaded contained factual errors. Noticee no. 1 has also stated that he holds an MBA in Human Resources and PhD in psychology. More importantly, he is a trader and he was invited to be on discussion panels of various television channels on securities market. Purav Bharatbhai Patel, a Noticee in the matter of Sadhna Broadcast Limited, had stated that Noticee no. 1 used to be employed with the Stock Broker - Tipsons group. In my view, he cannot be said to be an ordinary investor or ignorant of the securities market. Spreading misinformation to pump up the price is a part of classic tell-tale of a 'Pump and Dump" scheme and I find it difficult to believe that a person who was associated with regulated entities in securities market has submitted that he had no reason to believe that the information in the videos were untrue, given the absurd nature of the information in the videos (including the assertions that the scrip of price of Sharpline would reach INR 750 in one year from the market price of INR 30 at that time) and crores of rupees used to promote those videos.

32.6.4. Noticee no. 1 has submitted that Noticee no. 2 is his friend from college and that he had used the mobile number of Noticee no. 2 for creation of the YouTube Channel "Profit Yatra" without the knowledge of Noticee no. 2. Noticee no. 2 has also made a similar submission. As regards the financial transaction between wife of Noticee no. 1 and Noticee no. 2, both the Noticees have submitted that the Noticee no. 1 had provided a loan of INR 5 lakh in cash to Noticee no. 2 and the same was returned by Noticee no. 2 to the bank account of wife of Noticee no. 1. As Noticee no. 1 has admitted to being the creator of the two YouTube Channels which promoted the videos of Sharpline and to have promoted the videos by paying crores of rupees to Google Ads, I do not have any reason to hold Noticee no. 2 as a Misleading Message Disseminator.

32.6.5. Noticee nos. 1 and 2 repeatedly bought and sold shares of Sharpline after the videos were uploaded in YouTube during patch 2 of the

Examination Period. The said Noticees have submitted that their trades were not significant to create volumes or impact the price of the scrip. Firstly, I note that there has no allegation of volume creation against the said Noticees in the *Interim Order*. Noticee no. 1 has admitted to having promoted the videos by paying crores of rupees to Google AdSense and has submitted that it is not unusual for trading volumes and price of a scrip to increase after videos relating to them are promoted on social media and does not per se indicate any manipulation. In this regard, I note that Noticee no. 1 has also traded in the scrip repeatedly taking advantage of the unsuspecting retail investors entering the scrip of Sharpline possibly induced by the misleading YouTube videos. I also note that Noticee nos. 1 and 2 last traded in the scrip on June 07, 2022 and June 13, 2022 respectively, after which the scrip touched its highest price on June 14, 2022 and then the price and volume of the scrip started to collapse. Although Noticee no. 2 has submitted that she traded on the advice of Noticee no. 1, the profits made by Noticee no. 2 were due to offloading of shares on gullible investors and Noticee no. 2 has aided Noticee no.1 in creating one of the YouTube Channels which published the misleading videos.

32.7. **<u>No artificial volume created:</u>**

32.7.1. Noticee nos. 4, 18 and 19 were volume creators in patch 1 of the Examination Period and Noticee nos. 1 and 2 were profit makers in patch 2 of the Examination Period. The Noticees have denied that they had created any artificial volume in the scrip. They have submitted that their volume contribution to the total market volume during the examination period was miniscule. Further, the orders were placed at the prevailing market prices on the anonymous platform of the stock exchange.

32.7.2. Although the scrip of Sharpline was listed on BSE on September 07, 2021, the first trade in the scrip took place only on March 15, 2022 i.e., 6 months later, which was followed by a spurt in the price and volume between April 2022 and mid-May 2022 (the tell-tale “patch 1” of the pump-and-dump scheme).

32.7.3. In the absence of any corporate announcement or significant financials of the Sharpline, the irrational increase in the volume of the scrip during this period (patch 2), followed by the tell-tale misleading messages disseminated in patch 3, leads to the prima facie inference that the sudden activity during patch 1 was artificial and not the consequence of genuine interest in the scrip. The said conclusion is corroborated by the observation that identified connected Noticees contributed to unusually large percentage of the total traded volume during this patch 1.

32.7.4. As brought out in paragraph 15 of the *Interim* Order, Noticee nos. 4, 18 and 19 along with 6 other Noticees to the Interim Order (Jatin Manubhai Shah (Noticee no. 3), Hemant Dusad (Noticee no. 23), Anshu Aggarwal (Noticee no. 21), Ashok Kumar Agrawal (Noticee no. 20), Anshul Aggarwal (Noticee no. 22) and Anshul Aggarwal Co HUF (Noticee no. 24)) contributed 29.28% to the total market volume of the scrip in April 2022 to mid-May 2022, i.e., during patch 1 of the Examination period. Particularly, Noticee nos. 18, 19, 20, 22, 23 and 24 were noted to have sold their shares to Noticee no. 4 during the first two trading days in patch 1 of the examination period.

32.7.5. Noticee no. 4 submitted that he traded in the scrip of Sharpline as he had observed an increase in the price of the scrip. I note that Noticee no. 4 had bought 1,00,000 shares on April 12, 2022 and 1,00,000 shares on April 13, 2022. After the scrip of Sharpline was listed on September 7, 2021, the first trade in the scrip was on March 15, 2022. As mentioned earlier, during the period from March 15, 2022 to April 11, 2022, the scrip was traded only on 7 days and the average number of shares traded per day was 115 shares. Suddenly, Noticee no. 4 bought 1,00,000 shares each on April 12, 2022 and April 13, 2022, out of which 1,62,960 shares i.e., approximately 82%, were bought from other connected Noticees including Subhash Agarwal (Noticee no. 18) with whom the Noticee had a direct connection through CDR. Noticee no. 4 contributed 11% to the total market volume in patch 1. Such an event, especially during the period prior to execution of a fraudulent scheme, indicates prior meeting of minds. Further, in patch 1, SL Gupta had sold 1,00,000 shares out of which 27,151 shares were sold to at least one connected Noticee, Jatin Manubhai Shah, who was the highest volume creator in patch 2.

32.7.6. Noticee no. 4 has submitted that he was not among the top 10 gross buyers and sellers during the period from May 20, 2022 to June 14, 2022. In this regard, I note that the allegation against the said Noticee is that he was a volume creator in patch 1 i.e., the period from April 12, 2022 to May 19, 2022 and a profit maker in patch 2 of the Examination Period i.e., May 20, 2022 to June 14, 2022. Therefore, the submission of the Noticee has no relevance to the allegation against him.

32.7.7. Noticee no. 4 has submitted that it is common for investors to buy lakhs of shares of penny stocks. He has also submitted that he has a history of trading in penny stocks and that he picked Sharpline Broadcast Limited as an alternative to the scrip namely, Pressman Advertising Limited. In this regard, I note that the daily average traded quantity of shares in the scrip of Pressman Advertising for the period from January 01, 2022 to April 11, 2022 (the Noticee bought shares in Sharpline from April 12, 2022) in NSE was 2,94,192. However, as noted above, the scrip of Sharpline was illiquid during the same period and the daily average quantity of shares was 115. The Noticee had chosen an illiquid stock instead of a fairly liquid stock and ended up buying lakhs of shares in that scrip mostly from other connected Noticees.

32.7.8. Noticee no. 4 has provided a list of penny stocks in which he had bought significant quantity of shares. Out of the said list, a few scrips in which he bought at least 50,000 or more shares and the daily average traded quantity for 90 days prior to his purchase is provided in the table below.

Table no. 5

S. No.	Date of purchase	Scrip Name	Exchange	Daily Average Traded Quantity	Period considered
1	03/02/21, 04/02/21	Biogen Pharmachem	BSE	11,62,722	01/11/20 to 02/02/21
2	03/02/21, 04/02/21	Jaypee Infratech Limited	BSE	9,07,487	
3	21/03/22	FCS Software	NSE	56,29,107	21/12/21 to 20/03/22
	06/06/22			53,44,207	06/03/22 to 05/06/22
	18/08/22			1,02,55,361	18/05/22 to 17/08/22
4	08/03/22, 30/03/22	ISF Limited	BSE	5,36,574	08/12/21 to 07/03/22
5	20/01/22	Urja Global Limited	NSE	36,79,691	20/10/21 to 19/01/22
6	06/06/22, 14/06/22	Alankit Limited	NSE	4,80,861	06/03/22 to 05/06/22
	12/01/23			1,74,115	12/10/22 to 11/01/23
7	18/04/22	GTL Infrastructure	NSE	7,65,60,853	18/01/22 to 17/04/22
8	19/05/22	Rollatainers	NSE	9,42,775	19/02/22 to 18/05/22
	10/08/22			9,99,513	10/05/22 to 09/08/22
9	19/07/22, 21/07/22	Sadhna Broadcast	BSE	2,01,751	19/04/22 to 18/07/222

32.7.9. From the above table, I note that the penny stocks in which Noticee no. 4 dealt with in the past were liquid unlike the case of Sharpline. Therefore, the Noticee’s dealing in the scrip of Sharpline is not comparable with his dealing in other penny stocks.

32.7.10. Noticee no. 4 has contended that he sold 95,000 shares of Sharpline on June 09, 2022 based on YouTube videos of “Sagar Singh” and “Stock Market adda” warning investors to sell off Sharpline shares. Further, the said Noticee has submitted that held 5,000 shares in the scrip due to genuine interest in beneficial ownership. On one hand, the Noticee has claimed to sold the shares based on warning messages he came across on YouTube and on the other hand, he also claims to have retained shares in the same scrip. Such submissions are contradictory.

32.7.11. Noticee no. 4 has submitted that volume needs to be calculated for a period of at least one year and not on individual basis. Further, he has contended that his trades were less than 2% of the paid-up capital and the purchase and sale in patch 1 were not on the same day. The Interim Order defines Volume Creators as persons who both bought and sold during the Examination Period contributing to rise in trading volume and interest. As explained earlier, a “pump and dump” scheme involves stages such as creation of interest, spreading misinformation and dumping of shares and accordingly, the Examination Period was divided in patches to identify persons orchestrating each stage. In patch 1 of the Examination Period, Noticee no. 4 contributed 11% to the total market volume. The Noticee’s submission has no basis and no rationale has been provided for the suggested method of identifying volume creators.

32.7.12. After the impugned YouTube videos were uploaded, the price, volume and number of entities who traded in the scrip of Sharpline increased multifold and Noticee nos. 8 to 19 were observed to have completely offloaded their holdings. Therefore, the submission that no artificial volume was created is devoid of any merit.

32.8. **Submission made by Net Sellers**

32.8.1. The Noticee Net Sellers i.e., Noticee nos. 8, 10, 11, 12, 13, 14, 15, 16, 17, 18 and 19 have made the following submissions.

i. They have no role in the recommendation of the scrip of Sharpline.

ii. The Noticees had no role in making, distribution or uploading of videos on YouTube.

iii. There is no evidence to show that the trades of the Noticees led to an increase in the price of the scrip.

iv. The Noticees have no relation with the owners of the YouTube Channels which were involved in the recommendation of the scrip of Sharpline.

v. The Noticees do not have any connection with the promoter/ director/ key managerial persons of the Company, Sharpline.

vi. They sold their shares before the scrip reached its highest price.

32.8.2. The contention raised at point (iv) by Noticee no. 18 has already been addressed in paragraph no. 32.5.5. Further, I note that the Interim Order does not specifically allege any of the points raised in respect of these Noticees. As regards point (vi), it is pertinent to note that in hind sight such an argument may seem logical but no one could have had the foresight to predict the level to which the price of a scrip would rise, even in a fraudulent scheme. I also note that Noticee nos. 8 to 19 are categorised as "Net Sellers" and a common submission by most of the said Noticees is that they had acquired the shares of the Sharpline in 2018 when it was not tradeable and in 2022, the Noticees sold their shares when it started trading in a Nationwide Stock Exchange.

33.1.1. The increase in retail shareholding in the scrip of Sharpline subsequent to the dissemination of false and misleading YouTube videos was alarmingly high i.e., an increase of around 3,404% (from 571 as of March 31, 2022 to 20,009 to June 30, 2022). Volumes and prices in these scrips had also increased abnormally in and around the period these messages were disseminated and were followed by near complete exit of large shareholders in these scrips. Such schemes cannot be perpetrated by one or two persons alone. There are likely to be several persons who may be involved in various aspects of fraud, the activities of each of which when individually seen in isolation may appear genuine or mundane. Fraudulent scheme in securities market usually involve co-ordinated activity by several connected persons individually playing separate parts such as volume creation, price escalation, misleading message dissemination etc. all leading up to illegal profit booking. In this regard, I would like to place reliance on the findings of Hon'ble SAT in the matter of *Hemant Sheth et.al. vs. SEBI and Other Connected Appeals* decided on March 04, 2020 wherein it was held as follows.

"*In a scheme of manipulative and unfair trading it is not necessary that every participant should be indulging in every type of trading violation or even in the same / similar magnitude. Once they are found to be part of a group trying to manipulate the volume or price of the scrip they became party to the violation. Hair splitting arguments that some traded more than others or on more days or some indulged in synchronized reversal and self-trade while others did only one of those types do not cast away their violations."*

32.8.3. As explained in paragraph 29.6 above, when such a tell-tale pattern of a "pump-and-dump" scheme exists, the totality of the evidence overwhelmingly suggests that the connected persons have put together a nefarious scheme to defraud hapless investors.

32.8.4. The Noticees to the instant Order were noted to have allegedly played the role of Misleading Message Disseminators, Volume Creators and/ or Net Sellers based on documents provided by Google LLC and the *inter-se* connections and trading pattern. Further, the ex-parte order is only interim in nature designed to avoid continued perpetration of such suspicious activity and with a view to avoid diversion of illegal gains made.

32.8.5. The *Interim Order* has *prima facie* concluded that the false and misleading YouTube videos and artificial volume created by the Volume Creators were *prima facie* designed to enable the complete exit of the Net Sellers from the scrip of Sharpline at inflated prices. The Noticees have not substantiated their submissions with any documentary evidence to dispute the direct or indirect connection with the Misleading Message Disseminators.

32.8.6. The alleged fraudulent scheme alleged in the *Interim Order* manifested most evidently in the misleading messages that were disseminated by the MMD Noticees through YouTube which was preceded as well as followed by abnormal spurt in volumes in the Sharpline scrip. The abnormal rise in volumes prior to the videos being published has in effect given credence to the outlandish claims made in the YouTube videos of market interest in the Sharpline scrip. Therefore, it is reasonable to conclude that persons who can be said to be associated directly or indirectly with the said MMDs and had themselves engaged in the unusual pattern of trading during the said period, were *prima facie* a part of the alleged fraudulent 'pump and dump' scheme.

32.8.7. I also note that the Noticees have not deposited any amount constituting illegal gain in escrow accounts despite specific directions in the Interim Order. This suggests that they have already diverted the sale proceeds or intend to do so. Specifically, Noticee no. 8 has admitted that he has already transferred the sale proceeds towards other purposes. None of the other directions passed against them *(excluding restraint from dealing in securities which has been enforced through the depository and stock exchange mechanism)* have also been complied with by the Noticees. The conduct of the Noticees clearly demonstrates a blatant and audacious disregard for the law.

32.9. **<u>Joint and Several Liability</u>**

32.9.1. The Interim Order casts joint and several liabilities for the total illegal gain made in the scrip of Sharpline *inter alia* on Noticee nos. 1, 8, 9, 13 and 18. Noticee no. 1 has submitted that it is illogical to make him liable for the alleged illegal profit made by other Noticees. Noticee no. 8 has submitted that the liability to disgorge the amount is individual and not joint and several. Further, he has stated that SEBI has computed the alleged gains against each Noticees and therefore, the alleged gains have to be disgorged individually. With respect to the contention of Noticee no. 8, I note that the Interim Order impounded the alleged unlawful gains and did not order any disgorgement. I also note that as recorded in the *Interim*

Order, the *prima facie* fraudulent scheme could not have been generated by the Net Sellers unless the Noticee MMDs and VCs had played their respective roles. Noticee no. 1 has *prima facie* played the role of Misleading Message Disseminator and Noticee nos. 8, 9, 13 and 18 have *prima facie* played the role of a Net Seller in the alleged fraudulent scheme and all these Noticees were also found to have been part of fraudulent 'pump and dump' scheme in the other scrip of Sadhna Broadcast Limited executed using a similar *modus operando*. The repeated role of these Noticees in the alleged fraudulent schemes suggests that these Noticees played a central role in devising the fraudulent schemes. The details regarding the same will crystallise upon conclusion of the ongoing detailed investigation. Considering that these Noticees enabled the perpetration of the fraudulent scheme and the probability that the they may be the ultimate beneficiaries of the scheme, the liability of the said Noticee cannot be limited to the profit, if any, made by him individually. I note that the submissions of these Noticees do not bring out any material that adequately contradicts the *prima facie* conclusions drawn against them in the *Interim Order*. Therefore, pending further investigation, I am of the view that they must bear an overall liability for the cumulative gain made by all the Noticees as already directed in the Interim Order.

32.10. **<u>Calculation of illegal profits made</u>**

32.10.1. Noticee no. 1 has submitted that the details regarding profit computation was not provided to him and that he disputes the same. As per Table no.2 read with paragraph no. 8, Noticee no. 1 was provided with the details of profit computation. Further, the Noticee has submitted that there is no reason to consider the average buy price when the actual cost of acquisition is available with SEBI. I note that Noticee no. 1 had executed trades only during the Examination Period and in this case, the usage of average cost of acquisition or actual cost of acquisition for computation would result in the same profit amount. I also note that the Noticee has acknowledged the profit amount mentioned in the Interim Order in his reply.

32.10.2. All the other Noticees have contended that the gains they made are not unlawful as alleged in the Order. In this regard, I note that the said transactions were *prima facie* part of a manipulative scheme and the profits directed to be impounded were arising out of the said transactions.

32.11. **Other submissions**

32.11.1. Manish Mishra (Noticee no. 1) has submitted that there was no reason to prohibit him from dealing in shares other than Sharpline as there is nothing to show that he was involved in any illegal action in respect of any other security. This submission is patently erroneous as the Noticee was observed to have disseminated misleading information in the scrip of Sadhna Broadcast Limited also. Therefore, I do not find any merit in this contention.

32.11.2. Noticee nos. 1 and 2 submitted that the SEBI should not have acted on anonymous complaints as directed by the Central Vigilance Commission vide circular no. 98/DSP/9 dated November 23, 2014. On perusal of the said circular and the circular no. 3(v)/99/2 dated June 29, 1999 of the Central Vigilance Commission, I note that the same was issued only in respect of complaints against government officials. Therefore, the submission of the Noticee is unfounded.

32.11.3. Noticee no. 2 has also submitted that she made efforts to comply with the direction to deposit the alleged unlawful gains in an escrow account but the Banks were not co-operating. She has provided copies of emails supporting her claim. In this regard, I note that SEBI sent an email dated August 28, 2023 to Noticee no. 2, providing details of Bank officials to be contacted for opening of an escrow account, however, no reply was received from her. I am given to understand that an official of a Public Sector Bank had spoken with Noticee no. 2 and he guided her to visit any branch of the Bank and that they would assist her in opening an escrow account. He also offered to speak to the Branch manager of the respective branch if any issue arises in opening the escrow account. Further, phone calls made by SEBI officials to Noticee no. 2 in the past were also unanswered. Noticee no. 2 has not complied with the direction to deposit the impounded amount in an escrow account till date and has not showed any intent in pursuing this further.

32.11.4. Noticee no. 4 has submitted that the CDRs and trades relied up on as evidences do not fulfil the principles of Indian Evidence Act. In this regard, as noted earlier, the present proceedings are quasi-judicial in nature and the Indian Evidence Act does not strictly apply to this proceeding.

32.11.5. Noticee nos. 12, 14, 15 and 19 have submitted that they sold their shares in Sharpline before the videos were published on July 15, 2022. The said submission is patently erroneous as the Interim Order clearly records that the videos were uploaded from May 20, 2022 after which the said Noticees had completed exited the scrip of Sharpline by offloading their shares on unsuspecting gullible investors.

32.11.6. Noticee no. 8 has submitted that the scrip of Sharpline was liquid during the investigation period and the volume of the scrip after the investigation period was much higher than the average number of shares traded during the investigation period. This submission is evidently incorrect as the average daily traded quantity during the period from April 12, 2022 to August 19, 2022 was 2,62,945 whereas the average daily traded quantity during the post examination period from August 20, 2022 to December 31, 2022 was 34,620 only.

32.11.7. Noticee no. 8 has also submitted that the volume and price movement was in line with the company's public announcements from time to time and its financial disclosures regarding profitability. As noted in the Interim Order, there were no price sensitive material disclosures made during the examination period and the Noticee has also failed to provide any evidence supporting this submission.

Direction in contravention of provisions of Section 11(4)(d) and 11(4)(e) of SEBI Act

33.1.2. Noticee no. 8 has contended that the direction of SEBI to banks to not allow any debit in the bank accounts is beyond the powers conferred on it, as section 11(4)(e) of the SEBI Act requires an approval from the Special Court which has not been obtained before attaching the said accounts.

33.1.3. Noticee no. 8 has also submitted that SEBI passed sweeping directions freezing all the bank accounts and demat accounts without identifying the bank account or demat account where the alleged securities or proceeds are lying and that the same is a gross misuse of power as per section 11(4)(d) of SEBI Act. In this regard, it is pertinent to mention that section 11(B)(1) of the SEBI Act empowers SEBI to issue directions in the interest of the investors and to prevent further damage to the securities market. I also note that the said Noticees in their own submission have admitted that the sale proceeds have already been transferred or invested and none of the Noticees have deposited the alleged unlawful gains. Therefore, I do not find any merit in these contentions.

Principles of Code of Civil Procedure would be applicable:

33.1.4. Noticee no. 8 has contended that directions in respect of freezing of accounts and not to alienate assets amounts to an attachment before judgement and the same principles as set out in Order XXXVIII Rule 5 of the Code of Civil Procedure would be applicable. In this regard, I note that the present proceedings have been initiated under Sections 11(1), 11(4) and 11B (1) of SEBI Act and hence are quasi-judicial in nature as held by the Hon'ble Supreme Court in the matter of NSDL vs. SEBI and Other Connected Appeal, Civil Appeal No. 5173 of 2006 decided on March 2017. Here, it would be appropriate to refer to the order of the Hon'ble Supreme Court of India in the matter of *Tata Consultancy Services Limited* vs. *Cyrus*

Investments Pvt. Ltd. dated March 26, 2021 wherein it was held as follows: "*It is true that the rigors of CPC and the Evidence Act are not applicable to Tribunals/Quasi-Judicial Authorities…*". Quasi-judicial proceedings are guided by principles of natural justice. They are not strictly subject to provisions of the CPC.

<u>Open-ended direction without any time limit is penal in nature:</u>

33.1.5. Noticee no. 8 has submitted that the open-ended direction without any time limit is not preventive or remedial or curative but penal. I note that the directions issued in the Interim Order were based on *prima facie* conclusions arrived at which warranted immediate action to protect the integrity of the securities market. The debit freeze on the Bank accounts was to ensure that the Noticees do not divert the alleged unlawful gains. However, the Noticees have failed to deposit the impounded amount indicating they have possibly already diverted the alleged unlawful gains. Further, unless the *prima facie* conclusion arrived at in the Interim Order is altered, given the conduct of the Noticees, allowing them to access the securities market poses a grave threat to the integrity of the securities market. In any case, these directions would be subject to the outcome of the ongoing investigation in the matter.

33.2. **<u>Asset and liability details</u>**

33.2.1. The Interim Order *inter alia* directed the Noticees directed the Noticees to provide a full inventory of all assets in their name. None of the Noticees except Noticee no. 8 has submitted any details regarding the same. Noticee no. 8 has submitted his list of assets and liabilities as on March 31, 2023 wherein only investment in the scrip of the Sadhna Broadcast during the said financial year has been mentioned. I note that as per the details available on BSE website regarding transactions of the promoters/ insider, Noticee no. 11 had made only sale transactions during the F.Y. 2022-23 and held 19,78,681 shares i.e., 1.97% of the shares of

Sadhna as on March 31, 2023. Therefore, the details submitted by the Noticee are apparently incorrect and therefore, cannot be considered to be in compliance with the directions issued in the Interim Order.

32.12. **<u>Relaxation sought by the Noticees</u>**

32.12.1. In the prayers submitted as a part of the submissions, the following Noticees have sought relaxations from the *Interim Order.*

32.12.1.1. Noticee nos. 13 and 15 have submitted that due to freezing accounts their elder son's education and younger son's medical expenses are affected.

32.12.1.2. Noticee no. 13 has requested permission to sell certain securities, as the price of those securities are diminishing, to pay income tax and also invest INR 30 lakhs in capital gain bonds with a lien in favour of SEBI.

32.12.1.3. Noticee no. 19 has submitted that he is an MBA student and due to impounding of his bank accounts, his studies are being affected.

32.12.1.4. Noticee no. 16 has submitted that due to impounding of bank accounts, education expenses of his children and family expenses are affected.

32.12.2. In this regard, I note that all the above mentioned Noticees have failed to comply with the direction to provide the list of assets and to deposit the impounded amount in escrow accounts. As regards the request in respect of education expenses by Noticee nos.13, 15, 16 and 19, the said Noticees have failed to substantiate their requests with relevant supporting documents so that the authenticity of their requests can be tested on the strength of the documents.

33.2.2. Noticee nos. 13 and 15 have submitted medical reports in support of their request for funds for medical expenses for their younger son. However, no estimate of actual requirement has been provided. Considering the stated nature of Noticees' younger son's illness and the submitted medical reports, I am inclined to permit access to limited quantum of funds to be periodically withdrawn solely for the purpose of meeting his medical expenses. Though no estimate of actual requirement has been provided, in the interest of parity with earlier confirmatory order dated July 11, 2023 in the matter wherein relaxation was granted on medical grounds, it would be appropriate to allow access to the extent of INR 1,00,000 per month.

32.12.3. Further, Noticee no. 13 has requested permission to sell his shares to pay income tax and also invest in capital gain bonds up to INR 30 lakh with a lien in favour of SEBI. Noticee no. 13 has only sought relaxation from the Interim Order to make investment or pay taxes instead of depositing the alleged unlawful in an escrow account. As Noticee no. 13 has not expressed any intent to comply with the direction to deposit the alleged unlawful gain, I am not inclined to provide any relaxation.

E. CONCLUSION

33. The *Interim Order* was passed based on the *prima facie* conclusions to prevent further perpetration of fraudulent schemes and to prevent defalcation of the illegal gains. In view of the reasons as discussed in preceding paragraphs, I find that the submissions of the Noticees are insufficient to refute the *prima facie* conclusions arrived at in the *Interim Order*. Instead, post hearing and based on materials brought before me by the *Noticees*, the *prime facie* conclusions have been further reinforced. Consequently, the *prima facie* findings in the Interim Order dated March 02, 2023 that the Noticees have *prima facie* engaged in a fraudulent and manipulative scheme resulting in *prima facie* contravention of provisions of Sections 12A(a), (b) and (c) of the SEBI Act read with Regulations 3(1), (b), (c), (d) and Regulations 4(1) and 4(2)(a), (d), (k) and (r) of the PFUTP Regulations, stand confirmed. However, considering the difficulties faced by Noticee nos. 13 and 15 in meeting medical expenses, based on the material submitted and the stated need, I find that certain modifications need to be made in respect of the directions issued in the *Interim Order*.

34. I note that Hon'ble SAT vide its order dated October 9, 2023 had *inter alia* modified the directions issued vide Confirmatory Order dated July 11, 2023 in respect of 9 Noticees in the instant case. Further, in the matter of Sadhna Broadcast Limited, the Hon'ble SAT vide its order dated October 19, 2023, while issuing a direction to pass orders in respect of two appellants who were categorised as "Net Sellers", had directed to consider its orders in Appeal No. 284 of 2023, Arshad Warsi & Ors. vs. SEBI and Appeal No. 285 of 2023, Aahuti Rasik Mistry vs. SEBI decided on March 27, 2023 and Appeal No. 679 of 2023, Jatin Manubhai Shah and other companion appeals vs. SEBI decided on October 9, 2023 (Noticees who were categorised as "Volume Creators"). Since the *modus operandi* in the case of Sadhna Broadcast Limited is similar to the instant case and common entities are involved in both the cases, in the interest of parity and proportionality, I have taken into consideration of the said SAT orders for the Noticees to this Order as well.

F. ORDER

35. In view of the above, pending conclusion of investigation, I, in exercise of the powers conferred upon me under Sections 11, 11(4) and 11B (1) read with Section 19 of the SEBI Act and after taking into account the specific facts and circumstances of the present matter, hereby confirm the directions issued *vide the Interim Order* dated March 02, 2023 read with Confirmatory Order dated July 11, 2023, subject to the following modifications:

35.1. The Noticees are restrained from dealing in the scrip of Sharpline during the pendency of the investigation.

35.2. The liability for the illegal gain made by each Noticee to this Order shall be borne by them individually.

35.3. Noticee nos. 13 and 15 (Bhim Singh Chaudhary and Bimla Chaudhary) are permitted to withdraw funds to the extent of INR 1,00,000 (Rupees One lakh) per month cumulatively to meet the medical expenses of their son. This modification shall be subject to the relaxation already provided to Shri Bhim

Singh Chaudhary in the confirmatory order dated October 31, 2023 passed in the case of Sadhna Broadcast Limited.

35.4. The directions in paragraph nos. 37.5, 37.6, 37.7 and 37.8 of the Interim Order are hereby revoked.

36. It is clarified that the funds to be deposited by the *Noticees* in interest bearing escrow accounts as directed in the Interim Order will remain in the said account with lien in favour of SEBI until further orders.

37. It is further clarified that the observations made in the present Order are tentative in nature. The investigation shall be carried out without being influenced by any of the directions passed or any observation made either in the *Interim Order* or in the present Order. Based on the outcome of the investigation, appropriate proceeding will be initiated in accordance with law.

38. This Order is without prejudice to the right of SEBI to take any other action against the Noticees in accordance with law.

39. This Order shall come into force with immediate effect.

40. A copy of this Order shall be served on the *Noticee nos. 1,2,4,8,9,10,11,12,13,14,15,16,17,18 and 19* as well as on recognised Stock Exchanges, Depositories, Registrar and Share Transfer Agents and Banks for necessary action and compliance with the above directions.

Sd/-

ANANTH NARAYAN G.

DATE: NOVEMBER 1, 2023 **WHOLE TIME MEMBER**

PLACE: MUMBAI **SECURITIES AND EXCHANGE BOARD OF INDIA**