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National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/62291	Date: May 31, 2024
Circular Ref. No: 335/2024	

To All NSE Members,

Sub: **SEBI Final Order in the matter of Svarnim Trade Udyog Ltd.**

This has reference to NSE Circular no. NSE/INVG/55446 dated February 1, 2023 in respect of SEBI order no. SEBI Order No. WTM/SM/ISD/ISD-SEC-4/23412/2022-23 dated January 31,2023 and NSE circular no. NSE/INVG/59643 dated December 6, 2023 in respect of SEBI order no. WTM/ASB/ISD/ISD-SEC-4/29849/2023-24 dated December 06,2023 issued in respect of following entities.

Sr. no.	Name of the Entity	PAN
1.	Vinod V. Sable	BUQPS6087Q
2.	Prijesh A. Kurani	AIQPK8093D
3.	Dharini P. Kurani	AQNPG4728L / DAEPK6510G
4.	Ashish P. Shah	AJRPS7737C
5.	Priyankbhai V. Prajapati	ANRPP5551F
6.	Suraj G. Prajapati	ALYPP7089F
7.	Jigar D. Chaudhari	ALUPC1624K
8.	Piyush B. Patel	AIFPP0950M
9.	Nishil K. Malde	APJPM4645M
10.	Jalaj Agrawal	AUDPA0226H
11.	Arvind Shukla	ISZPS7481G

Further, SEBI vide order no. WTM/AB/ISD/ISD–SEC–4/ 30379 /2024–25 dated May 31, 2024 has restrained :

1. Nine entities (mentioned at Sr. 1 to 9 in table above) from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or

being associated with the securities market in any manner, whatsoever, for a period of five (5) years from the date of this Order.

2. Two entities (mentioned at Sr. 10 & 11 in table above) from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of two (2) years from the date of this Order. Further, SEBI has clarified that the aforementioned restraint on Noticees 5 and 6 shall run consecutively after the restraint imposed on them vide the Order dated May 22, 2024, in the matter of Superior Finlease Ltd. (having no. WTM/AB/ISD/ISD–SEC–4/30348/2024–25), i.e. the period of restraint imposed vide this Order shall commence after the expiration of the period of restraint imposed vide the Order in the matter of Superior Finlease Ltd.

The above directions come into force with immediate effect.

The detailed order is available on SEBI website (http://www.sebi.gov.in).

Further, the consolidated list of such entities is available on the Exchange website http://www.nseindia.com home page 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: SEBI Final Order in the matter of Svarnim Trade Udyog Ltd.

WTM/AB/ISD/ISD–SEC–4/ 30379 /2024–25

SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

UNDER SECTIONS 11(1), 11(4), 11(4A) AND 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 IN THE MATTER OF SVARNIM TRADE UDYOG LTD.

IN RESPECT OF:

S. No.	ENTITY	PAN
1.	**VINOD V. SABLE**	**BUQPS6087Q**
2.	**PRIJESH A. KURANI**	**AIQPK8093D**
3.	**DHARINI P. KURANI**	**AQNPG4728L / DAEPK6510G**
4.	**ASHISH P. SHAH**	**AJRPS7737C**
5.	**JALAJ AGRAWAL**	**AUDPA0226H**
6.	**ARVIND SHUKLA**	**ISZPS7481G**
7.	**PRIYANKBHAI V. PRAJAPATI**	**ANRPP5551F**
8.	**SURAJ G. PRAJAPATI**	**ALYPP7089F**
9.	**JIGAR D. CHAUDHARI**	**ALUPC1624K**
10.	**PIYUSH B. PATEL**	**AIFPP0950M**
11.	**NISHIL K. MALDE**	**APJPM4645M**

*(THE AFORESAID ENTITIES ARE HEREINAFTER REFERRED TO BY THEIR RESPECTIVE NAMES /SERIAL NUMBERS OR COLLECTIVELY AS "**THE NOTICEES**").*

BACKGROUND:

1. As part of an investigation initiated pursuant to a complaint received at Securities and Exchange Board of India ("**SEBI**"), pertaining to suspicious trading transactions carried out by certain entities in the scrip of Svarnim Trade Udyog Ltd. ("***SNIM*** **/the Company**"), an Interim Order cum Show Cause Notice (Order no. WTM/SM/ISD/ISD–SEC–4/23412/2022–23), was issued by SEBI, against the Noticees on January 31, 2023 ("**Interim Order**").

2. In the Interim Order, SEBI had *prima facie* observed that: "*… the scheme so devised by Prijesh A. Kurani (Noticee 2) prima facie in collusion with other Noticees, commenced with use of …* ***(three) suspected Telegram Channels*** *(**'Intraday trading equity stock', 'Intraday Share Trading Equity Stock'** and*

'Intraday Share Training stock'*), to circulate the false inducing buy recommendation for the scrip of SNIM on (****1st Recommendation Day–) August 17, 2021****, followed by off–loading of shares of SNIM held by Prijesh (through his proxy, Vinod V. Sable–Noticee 1), then through the process of selling of majority of the remaining shares of SNIM held by Prijesh in the name of Vinod V. Sable in the market to the counter party buyers (Noticees 7 to 11) who happened to be connected to Ashish P. Shah (Noticee 4) and again, the said entities after indulging in a series of manipulative trades, thereby contributing to the price rise of scrip of SNIM, these entities become finally successful in off–loading those shares acquired by them during the intervening period (i.e. between* ***1st Recommendation Day*** *and* ***2nd Recommendation Day–November 30, 2021****) in a profitable manner by taking advantage of the stock recommendation made in favour of scrip of SNIM on the 2nd instance of recommendation (i.e. 2nd Recommendation Day)."*

3. Accordingly, the following directions were issued vide the Interim Order, against the Noticees:
   a. *"… Noticee nos. 1 to 11 are restrained from buying, selling or dealing in securities, either directly or indirectly, in any manner whatsoever until further orders.*
   b. *…*
   c. *The amounts mentioned in Table no. 22 at paragraph 74 of this Order (****totalling Rs.92,37,671.33****), being the alleged unlawful gains, shall be impounded, jointly and severally, from the entities mentioned in the respective column of the said Table…"*

4. Vide the Interim Order, the Noticees were also called upon to show cause as to why suitable directions including the following, should not be issued /imposed against them,
   a. *under Sections 11(1) and 11B(1) of the SEBI Act, 1992 ("****SEBI Act****"), directing them to:*
      i. *disgorge the amount equivalent to the alleged unlawful profits made on account of the scheme, as described above (along with interest); and*

ii. *refrain from accessing the securities market and prohibiting them from buying, selling or otherwise dealing in securities for an appropriate period.*

b. *appropriate penalty under Sections 11B(2) and 11(4A) read with Section 15HA of the SEBI Act for alleged violations of the provisions of the SEBI Act and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 ("**PFUTP Regulations, 2003**").*

5. Noticees 7 and 8 i.e. Priyankbhai V. Prajapati and Suraj G. Prajapati, filed Appeals against the Interim Order (***Appeal No. 423 of 2023 and Appeal No. 422 of 2023**, respectively),* before the Hon'ble Securities Appellate Tribunal ("**SAT**"). The SAT had disposed of the Applications in their Appeals (***Misc. Application No. 572 and 573 of 2023 in Appeal No. 423 of 2023 and Misc. Application No. 550 of 2023 in Appeal No. 422 of 2023**, respectively)* vide a common Order dated May 4, 2023 ("**SAT Order**"), observing: *"(We) dispose of the appeals directing that in the event the appellants deposit the unlawful gain as depicted against their names in Table No. 21 of the impugned Order, the demat accounts and bank accounts shall be defreezed within 48 hrs. upon the deposits. All other interim directions would continue to operate and it would be open to the appellants to move an appropriate application for vacation of the Interim Order before the WTM. If such an application is filed, the WTM will pass an appropriate order after giving an opportunity of hearing within four weeks thereafter."*

6. In compliance with the SAT Order, an opportunity of hearing was granted by SEBI, to Noticees 7 and 8 on November 7, 2023, and thereafter, an Order dated December 6, 2023 (Order no. WTM/AB/ISD/ISD–SEC–4/29849/2023–24) ("**Misc. Order**"), was issued by SEBI *inter alia* directing that:

a. *"(demat) accounts /trading accounts of Priyankbhai V. Prajapati (Noticee 7) and Suraj G. Prajapati (Noticee 8) be de–freezed."*

7. Subsequent to the Misc. Order, an opportunity of hearing was granted to all the Noticees and thereafter, replies were filed by them, details of which are reproduced below:

Table 1

Noticee No.	Name	Date of Hearing	Represented By	Date of Reply
1.	Vinod V. Sable	December 20, 2023	In Person	December 20, 2023
2.	Prijesh A. Kurani	December 20, 2023 and March 20, 2024	Did Not Appear	No Reply Received
3.	Dharini P. Kurani		Did Not Appear	August 8, 2023, December 20, 2023 and March 20,2024
4.	Ashish P. Shah	December 20, 2023	Robin Shah, Advocate	July 25, 2023 and December 22, 2023
5.	Jalaj Agrawal		Manish Gupta, Advocate	July 18, 2023
6.	Arvind Shukla		Rupendra Parwal, Advocate	May 13, 2023 and January 2, 2024
7.	Priyankbhai V. Prajapati	November 7, 2023 and December 20, 2023	Rinku Valanju, Advocate	March 28, 2023 and November 27, 2023
8.	Suraj G. Prajapati			April 6, 2023 and November 27, 2023
9.	Jigar D. Chaudhari	December 20, 2023	Vinit Nagar, Company Secretary	February 15, 2023, March 10, 2023 and December 28, 2023
10.	Piyush B. Patel			
11.	Nishil K. Malde		Bharat Redij, Advocate	July 25, 2023

8. Here, it may be mentioned that with regard to Noticee 2, the Interim Order and Notices for personal hearing were duly served on him through speed post with acknowledgment due /at his e–mail address. Noticee 2 failed to respond to the Interim Order or appear for the personal hearing by himself or through an authorised representative. Noticee 3 (wife of Noticee 2), who did not appear for the hearing, had however, submitted her replies dated August 8, 2023, December 20, 2023 and March 20,2024, to the Interim Order.

9. All the Noticees (excluding Noticee 2) had filed their replies to the Interim Order upon completion of the personal hearings in the instant proceedings. The contents of their replies have been summarised as under:

9.1 **Noticee 1 – Vinod V. Sable** *inter alia* submitted:

a. *He had been employed in a company owned by Noticee 2, as a peon, since 2017. He however, was no longer involved with the said company.*

b. *Noticee 2, as the owner of the company, had used his documents to open bank account and demat account.*

c. *He had no role in the trades effected through his trading /demat account as the same were controlled by Noticee 2.*

9.2 **Noticee 3 – Dharini P. Kurani** *inter alia* submitted:

a. *Noticee 1 was working with her husband, Prijesh A. Kurani. However, she was not aware as to nature of work carried on by her husband. She had been charged vide the Interim Order on account of being the wife of Noticee 2.*

b. *Her account was used by her husband without her knowledge, to transfer funds to Noticee 1 and Bricks Enterprise for the purpose of a loan. For the aforementioned, she will be ready to deposit the penalty in favour of SEBI.*

c. *Her bank statements did not indicate that she had received funds from the sale of shares of SNIM. Hence, the allegation regarding illegal gains accruing to her, would not stand.*

d. *She had not been residing in India since 2019.*

9.3 **Noticee 4 – Ashish P. Shah** *inter alia* submitted:

a. *He was into consultancy business. His role was to advise Noticee 2, Prijesh A. Kurani, to create awareness about SNIM. For assisting him, he was paid Rs. 4 Lakh.*

b. *There was no fraudulent intention on his part nor was he aware of any alleged operation by any Noticee or third party.*

c. *He had not traded in the scrip of SNIM.*

d. *He cannot be held jointly and severally liable with the other Noticees to disgorge the alleged ill–gotten gains as he was not part of any conspiracy and had not even traded in the scrip during the Investigation period. Further, he had also not received any portion of the ill–gotten gains.*

9.4 **Noticee 5 – Jalaj Agrawal** *inter alia* submitted:

a. *He had sought cross–examination of Noticee 4, Ashish P. Shah and the complainant who had filed the complaint leading to the SEBI investigation in the instant proceedings.*

b. *He had not traded nor had he advised anyone to trade in the scrip of SNIM. He had not made any unlawful gains from trading or dealing in securities.*

c. *The allegation in the Interim Order against him was that he facilitated the deal between Noticee 4 and Noticee 6, Arvind Shukla, the Administrator of the Telegram Channels, for which he had received money in his bank accounts on and around the 1st and 2nd Recommendation Days.*

d. *He admitted to having facilitated the deal between Noticees 4 and 6 but at the same time, had sought leniency from SEBI as he was not a habitual offender. Further, he did not deny the calls shared with Noticee 4.*

e. *He also admitted that he did receive Rs. 6,60,000 from Noticee 4, out of which Rs. 3,01,000 was immediately transferred to Noticee 6 in lieu of his services. However, with regard to Rs. 9,21,000 claimed by Noticee 4 to have been received by him, he stated that the same was never received as the deal was called off. Further, whatever amount was due to Noticee 4 had been settled by him through cash payments.*

f. *SEBI had not provided all the screenshots of the Suspected Telegram Channels other than those mentioned in the Interim Order. Further, SEBI had not provided any statement of its officers who were customers in the Suspected Telegram Channels.*

g. *No investigation was done into the factum of the price of the scrip soaring before the alleged 1st Recommendation Day.*

h. *His statement was recorded under coercion, by SEBI.*

i. *The recommendation on the 1st Recommendation Day was circulated after 12:49pm. Out of the total traded volume of 1,20,000 shares on the said day, only 41,980 shares were traded post 12:49pm, thereby indicating that the volumes were high even before the recommendation. Similarly, on the 2nd Recommendation Day, the recommendations were circulated at 12:34pm and 1:34pm after which 1,21,900 shares were traded as against the total traded volume of 2,49,000 shares on that day. The aforesaid indicate that the effect of the recommendations were negligible as the volumes were high since the morning of the 2nd Recommendation Day.*

j. *He had not received all the documents used in the investigation.*

9.5 **Noticee 6 – Arvind Shukla** *inter alia* submitted:

a. *He had started the Telegram Channels during the initial lockdown which was imposed in the wake of the COVID–19 pandemic.*

b. *He had posted the buy recommendation for SNIM as was forwarded to him by Noticee 5. However, the recommendation to buy the scrip was propagated widely through social media and it was not just the channels which were managed by him which had carried this.*

c. *The recommendations posted on his channels came with the necessary disclosures which among other things advised the investors to consult their financial advisor before making any investment decision.*

d. *He was not adequately aware of the workings of the stock market and various people had tried to take advantage of this fact to their benefit. Noticee 5 had approached him regarding posting of the buy recommendation in SNIM and had portrayed the recommendation as part of creating awareness about the stock amongst the general investors. He therefore, did not suspect that such actions were part of a larger conspiracy.*

e. *He had not traded in the scrip during the Investigation period.*

f. *No link has been made in the Interim Order as to how many investors who had traded in the scrip on the 2nd Recommendation Day, were actually induced by the messages which appeared on the Channels that were managed by him.*

g. He was paid Rs. 3.01 Lakh for posting the recommendation and other than this, he had received no other benefit.

h. He cannot be held jointly and severally liable with the other Noticees to disgorge the alleged ill–gotten gains as he was not part of any conspiracy and had not even traded in the scrip during the Investigation period.

9.6 **Noticee 7 – Priyankbhai V. Prajapati** *inter alia* submitted:

a. He had bought 1,52,552 shares and sold 97,476 shares of SNIM. On July 1, 2022, shares of SNIM were consolidated vide a corporate action, due to which 63,195 shares of his got consolidated into 8,119 shares. He no longer held any shares of SNIM in his demat Account.

b. He met with Noticee 4, Ashish P. Shah through a common friend. Noticee 4 portrayed himself as an investment advisor. Accordingly, he was under the impression that the advice given by Noticee 4 was pursuant to his analysis and experience and therefore, the trades were executed by the Noticee under same belief. He came to know about alleged 'pump and dump' operation and about the truth regarding Noticee 4 only when the Interim Order was passed. He therefore, cannot be held liable for the creation of artificial volume in the scrip of the SNIM.

*c. His contribution to price rise was 26.11% of Rs. 34.25 which was Rs. 8.84 and not Rs. 26.44 as was noted in the Interim Order. Further, he along with the other Noticees had contributed Rs. 12.31 (36.54%) of the net market positive Last Traded Price ("**LTP**").*

d. Trade logs of 4.11.2021, 8.11.2021, 10.11.2021 and 26.11.2021, days on which purported positive LTP trades took place, were examined. On 4.11.2021, he had keyed in order quantity of 5,000 shares; on 8.11.2021, he had keyed in order quantity of 15,000 shares; on 10.11.2021, he had keyed in order quantity of 30,000 shares and on 26.11.2021, he had keyed in order quantity of 20,000 shares and there was no such pattern existed as one which is narrated for Noticee 11, Nishil K. Malde, in the Interim Order. Hence, the prima facie finding that he along with Noticees 8 (Suraj G. Prajapati) and 11 were consistently and deliberately contributing to the positive LTP in the scrip of SNIM did not hold true.

*e. In the Interim Order, he was alleged to be connected to Noticees 4, 8 and 9 through calls. Noticee 4 had pretended to be an investment adviser and it was under his advice that he invested /bought /sold in the scrip of SNIM. Noticees 8 and 9 are friends of the Noticee and therefore, call data records ("**CDRs**") and bank transactions cannot be said to be corroborative evidence. He always provided financial support to Noticee 8 whenever it was required and vice–versa.*

f. The amount received from Bricks Enterprises (entity belonging to Noticee 4) was an independent transaction and it was nothing to do with alleged trades in the scrip of SNIM. The amount of Rs. 6.75 Lakh received from Noticee 8 was a friendly loan that was advanced to him. In addition, the following were the loans advanced by Noticee 8 to him.

S. No.	*Amount (₹)*	*Date*	*Remarks*
1.	*7,00,000/-*	*19/06/2021*	*Loan taken from Suraj*
2.	*25,000/-*	*18/12/2021*	*Paid a portion of loan to Suraj*
3.	*6,75,000/-*	*20/12/2021*	*Paid rest amount of the loan*

g. The alleged sell /buy trades were executed on the exchange platform during the Investigation Period. Also, there was no connection of the Noticee with the counter–parties to his trades. Hence, in the absence of any connection between the buyer and the seller, preponderance of probability cannot be applied. Reliance was placed by the Noticee on the Order dated 13.01.2020 of the Hon'ble SAT in the matter of Nishith M. Shah HUF v. SEBI (Appeal No. 97 0f 2019).

h. The Noticee was not connected with all other Noticee as said above. Reliance was placed by the Noticee on the observation made by the Hon'ble SAT in Kapil Chaturbhuj Bhuptani v. SEBI (Order dated October 10, 2013 in Appeal No. 95 of 2013).

i. He was not aware that share price of SNIM was falling due to alleged activity of Noticee 4, Noticee 2 and his proxies Noticees 1 and 3. He bought the shares on the advice given by Noticee 4.

j. *The Interim Order had alleged that the role played by Noticees 7 to 11 became evident not only from their manipulative ways of buying shares of SNIM apparently for the purpose of contributing to the LTP and increasing the price of the scrip, but also from the frequency of calls. The entire allegation against the Noticee was based on the statement made by Noticee 4 and no other substantial evidence was brought on record. Hence, the allegation against the Noticee did not stand.*

k. *No profit arising out of purported trades stood in his hands. A total of Rs. 35 Lakh was paid to Noticee 4.*

l. *In the Interim Order, SEBI had wrongly added the profit of Rs. 18,22,151.69 as unlawful gains. The said amount cannot be said to be unlawful gains as the trades were executed by him independently from his own funds.*

m. *He had made a profit of Rs. 1,06,538.63 in SNIM during the Investigation period and same is evident from the scrip wise trade summary. However, the amount was paid to Noticee 4.*

9.7 **Noticee 8 – Suraj G. Prajapati** *inter alia* submitted:

a. *He had started trading /investing in the stock market for the last two years, prior to which, he was a labour contractor for about eight years.*

b. *He had bought 74,361 shares and sold 74,361 shares of SNIM and as of now, no share is lying in his demat Account. He no longer held any shares of SNIM in his demat Account.*

c. *The alleged trades resulting in LTP are negligible and no connection with counter parties had been established.*

a. *Trade logs of 12.08.2021, 13.08.2021, 18.10.2021, 12.11.2021 and 16.11.2021, days on which purported positive LTP trades took place, were examined. There was no such pattern existed as one which was narrated for Noticee 11 in the Interim Order. Hence, the prima facie finding that he along with Noticees 7 and 11 were consistently and deliberately contributing to the positive LTP in the scrip of SNIM did not hold true.*

b. *In the Interim Order, he was alleged to be connected to Noticees 4 and 7. Noticee 4 had called him five times on the evening of November 30,* *2021, stating that he wanted to speak to Noticee 7. He was unaware as to how Noticee 4 had obtained his phone no. Further, no other calls were received from Noticee 4 after that day. As regards Noticee 7, the connection is not denied as he is a childhood friend.*

c. *The amount received from Bricks Enterprises (entity belonging to Noticee 4) was an independent transaction and it was nothing to do with alleged trades in the scrip of SNIM. The amount of Rs. 6.75 Lakh received from Noticee 8 was a friendly loan that was advanced to him. In addition, the following were the loans advanced by Noticee 8 to him.*

S. No.	*Amount (₹)*	*Date*	*Remarks*
1.	*7,00,000/-*	*19/06/2021*	*Loan given to Priyank*
2.	*25,000/-*	*18/12/2021*	*Priyank paid a portion of loan*
3.	*6,75,000/-*	*20/12/2021*	*Priyank rest of the loan*

d. *The alleged sell /buy trades were executed on exchange platform during the Investigation Period. Also, there was no connection of the Noticee with the counter-parties to his trades. Hence, in the absence of any connection between the buyer and the seller, preponderance of probability cannot be applied. Reliance was placed by the Noticee on the Order dated 13.01.2020 of the Hon'ble SAT in the matter of Nishith M. Shah HUF v. SEBI (Appeal No. 97 0f 2019).*

e. *The Noticee was not connected with all other Noticee as said above. Reliance was placed by the Noticee on the observation made by the Hon'ble SAT in Kapil Chaturbhuj Bhuptani v. SEBI (Order dated October 10, 2013 in Appeal No. 95 of 2013).*

f. *He was not aware that share price of SNIM was falling due to alleged activity of Mr. Ashish /Prijesh and his proxies (Vinod /Dharini). He bought the shares on the advice given by Noticee 4. Hence, profit earned in the scrip cannot be said as unlawful gain.*

g. *In the Interim Order, SEBI had wrongly added the profit of Rs. 13,53,407.82 as unlawful gains but calculation method has not been* *provided. The said amount cannot be said to be unlawful gains as the trades were executed by him independently from his own funds.*

9.8 **Noticee 9 – Jigar D. Chaudhari** *inter alia* submitted:

a. He is a practicing Company Secretary and a Fellow Member of the Institute of Company Secretaries of India. He also owns a sole–proprietorship firm in the name of M/s. Jigar Chaudhari & Associates and his firm is primarily working as a consultant and advisor including to entities which are owned and controlled by Noticee 10, Piyush Patel.

b. He and Noticee 10 also share a working space in Gota, Ahmedabad.

c. He shared a professional relationship with Noticee 7 on account of having been engaged for an assignment by the latter in the year, 2021. The trades effected by him were not with the intent of manipulating the price of the scrip of SNIM but were consequent to the recommendation of Noticee 7.

d. He was not aware of the counter–parties to the trades executed by him in the scrip of SNIM. Hence, he could not have provided an exit to Noticees 1 and 2.

9.9 **Noticee 10 – Piyush B. Patel** *inter alia* submitted:

a. The phone calls relied upon in the Interim Order to substantiate the relationship between him and Noticee 9 would not hold especially since the same were made on account of their relationship and Noticee 9's position as a practicing Company Secretary and Compliance Head to many of the Companies in which he was and continues to be a Director.

b. The decision pertaining to trading in the shares of SNIM was based on his own discretion coupled with the then prevailing trend in the scrip of the Company.

c. The other Noticees to whom he was alleged to be connected were complete strangers and the connection was denied.

9.10 **Noticee 11 – Nishil K. Malde** *inter alia* submitted:

a. *The allegations in the Interim Order were based on the premise that he was connected to Noticee 4, who as per his statement, stated that he had transferred Rs. 2.66 Lakh to him.*
b. *He was a regular trader in the securities market and was engaged in trading in the scrip of SNIM during the Investigation period.*
c. *He was clearly not the principal perpetrator /beneficiary or had knowledge of the alleged fraud of the principal perpetrator i.e. Noticee 2. Nothing had been brought on record to suggest that he had any connection with Noticee 2.*
d. *On the face of the record, other than making blanket statements without explaining his involvement, the Interim Order had brought nothing on record to indict him. It is an established principle that a vague allegation which does not specifically set out the reason for such allegation cannot be sustained as the same does not provide an opportunity to a Noticee to counter the charges and the same is contrary to the rules of natural justice.*
e. *When he executed the sell trades, he took the price which was available in the market. In fact, there were multiple trades when he had taken the low price since there was no other price. In those instances, he had contributed to negative LTP. This showed that there was no clear pattern determinable which suggested that his trades were fraudulent.*
f. *The Interim Order was issued after 3 years of the trades having occurred.*

FINDINGS ON THE PRELIMINARY OBJECTIONS RAISED BY THE NOTICEES –

10.1 **REQUEST BY NOTICEE 5, FOR CROSS EXAMINATION OF NOTICEE 4 AND THE COMPLAINANT IN THE INSTANT PROCEEDINGS:**

In his reply, Noticee 5 had requested SEBI to provide an opportunity to cross–examine Noticee 4 and the complainant. This request was denied as it was noted that statement recorded of Noticee 4 did not form the sole basis of the allegations qua Noticee 5. Evidence in the form of bank account statements, call data records and call recording, etc. were available. I am not proposing to get into the merits of this contention as the statement recorded is being relied upon in this Order only to the extent it can be corroborated with other evidence available on record. Further, as regards the request for cross–examination of the complainant in the instant proceedings, I am of the considered view that the same is not warranted since the complaint was not the basis for the Interim Order but merely the starting point of the Investigation in the instant proceedings.

It is also noted that Noticee 5 had contended that all the documents used in the Investigation were not provided to him. In this context, it is noted from the material available on record that all the documents sought by the Noticee were provided by SEBI through its letter dated June 30, 2023. Further, with regard to the contention that his statement was recorded under coercion, I find that apart from this assertion, no other material to substantiate the contention has been made available before me. I therefore, find no merit in the Noticee's contentions.

FINDINGS ON MERITS –

11.1 I have considered the Interim Order along with the replies /submissions made by the Noticees and all the relevant material available on record. Noticee 2 had not appeared before me nor filed a reply to dispute the *prima facie* findings contained in the Interim Order specifically in relation to his role in the *'pump and dump' operation,* carried out in the scrip of *SNIM,* despite having been provided with sufficient opportunities to do so. Even though he remained *ex parte*, I have perused the documents available on record while evaluating the case against him. In this context, I also crave leave to rely on the observations of the Hon'ble SAT in the matter of ***Sanjay Kumar Tayal vs. SEBI (Appeal No. 68 of 2013– Order dated February 11, 2014),*** wherein it had observed: *"As rightly contended by Mr. Rustomjee, learned senior counsel for respondents, appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges leveled against them in the show cause notices…"* I shall now proceed to take up for adjudication the following charges as reproduced from the SCNs.

A. Alleged violation of Sections 12A(a), (b) and (c) of the SEBI Act and Regulations 3(a), (b), (c), (d) read with Regulations 4(1), 4 (2) (a), (d), and (e) of the PFUTP Regulations, 2003 by Noticee nos. 1–11. In addition, alleged violation of Regulation 4(2)(k) and (r) of the PFUTP Regulations, 2003 by Noticees 2, 3 to 6.

12. Before I proceed to deal with the contentions advanced by the Noticees on merit, the following facts as available on record, are reproduced herein:

12.1 *SNIM* is engaged in the business of trading of textiles products. Its registered office is at 3 A, Mangoe Lane, 1st Floor Surana House, Kolkata, West Bengal, 700001. The equity shares of the Company are listed on BSE Ltd. ("**BSE**").

12.2 As per the shareholding pattern on March 31, 2022, the shareholding of *SNIM* was as under:

TABLE 2 – SHAREHOLDING PATTERN			
S. NO.	**SHAREHOLDERS**	**NO. OF SHAREHOLDERS**	**NO. OF SHARES (%)**
1.	PROMOTER	0	0 (0%)
2.	PUBLIC	1,979	2,43,15,000 (100%)

12.3 Notice 1, Vinod V. Sable, had purchased 2,50,700 shares of *SNIM* from Daman Investment & Finance Private Limited ("**Daman**") (Promoter of *SNIM* in the quarter–ended March 2018), through off–market transactions on Mar 12, 2018. The said shares were transferred to Notice 1 on May 21, 2018.

Thereafter, w.e.f. the quarter–ended June 2018, the Promoter shareholding in *SNIM* became *Nil.*

12.4 The Board of Directors of *SNIM* during FY21 was as under:

Table 3 – Board of Directors		
S. No.	**Name**	**Designations**
1.	Surbhi Aggarwal	Executive Director
2.	Bindess Kurrani	Non–Executive, Independent Director
3.	Bhavika D. Vankar	Non–Executive, Independent Director

12.5 As the scrip witnessed a significant increase in price and volume followed by a precipitous drop, the financials of the Company was looked at to understand whether the trading pattern was supported by fundamentals of the Company. The financials of *SNIM* for the Years FY–17 to FY–21 is given in the Table below:

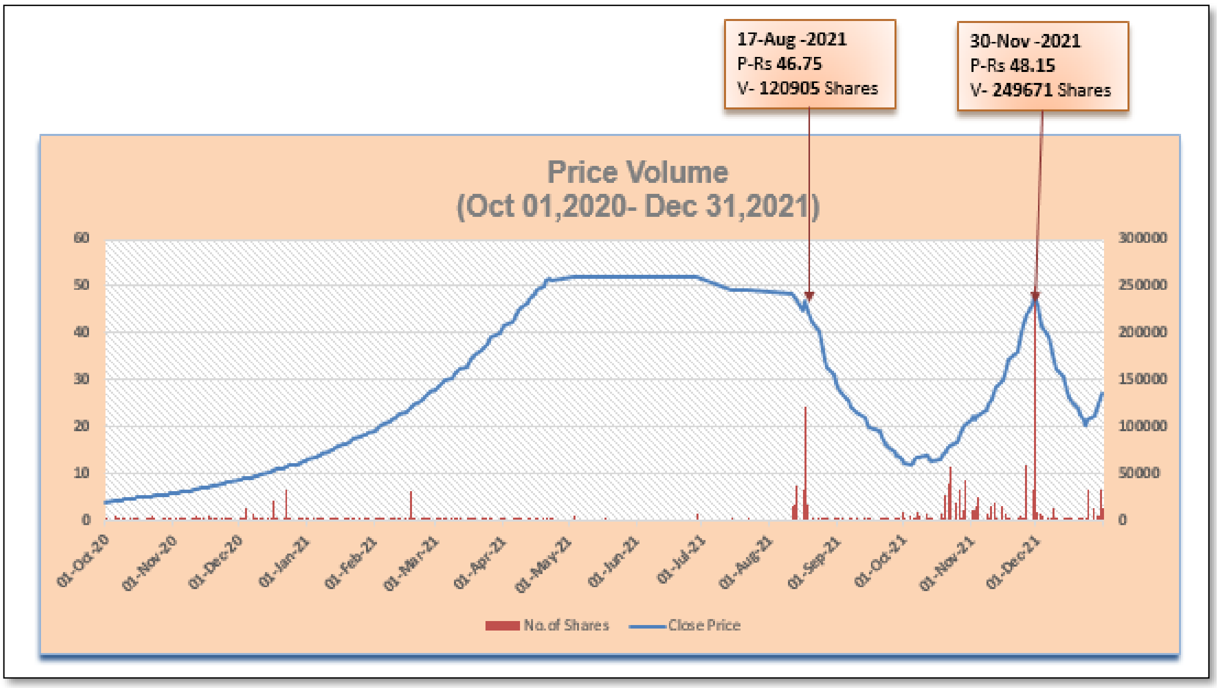
Table 4 – Profit and Loss Statement for FY17 to FY21 *(in Rs. Crore)*					
	Mar–17	**Mar–18**	**Mar–19**	**Mar–20**	**Mar–21**
Sales	8.85	11.93	7.95	0.33	0.89
Expenses	8.82	11.90	7.96	0.33	4.49
Operating Profit	0.03	0.03	–0.01	0.00	–3.60
Other Income	0	0	0	0	0
Interest	0	0	0	0	0
Depreciation	0	0	0	0	0
Profit before tax	**0.03**	**0.03**	**–0.01**	**0.00**	**–3.60**
Net Profit	**0.02**	**0.02**	**–0.01**	**0.00**	**–3.60**

(This Table was not part of the Interim Order.)

12.6 It can be noted from the Table above that *SNIM* reported declining sales and losses during the two–year period leading up to the *1st Recommendation Day*. The sharp escalation in the share price, without any substantive improvement in the Company's operational or financial performance, led to an examination of the trading activity in the scrip during this period.

12.7 The Investigation initiated by SEBI into the trading in the scrip of *SNIM* was for the period from October 1, 2020 to December 31, 2021 ("**Investigation period**"). The spike and fall in price noticed in the scrip of *SNIM*, during the Investigation period, is depicted below:

IMAGE 1: PRICE VOLUME CHART



12.8 The investigation was divided into six patches i.e. for the period from October 1, 2020 to December 31, 2021:

(a) Patch 1 – Prior to *1st Recommendation Day* (October 1, 2020 to August 16, 2021);
(b) Patch 2 – *1st Recommendation Day* (August 17, 2021); and
(c) Patch 3 – Post *1st Recommendation Day* (August 18–September 30, 2021);
(d) Patch 4 – Prior to *2nd Recommendation Day* (October 4, 2021–November 29, 2021);
(e) Patch 5 – *2nd Recommendation Day* (November 30, 2021) and
(f) Patch 6 – Post *2nd Recommendation Day* (December 1–31, 2021).

12.9 A substantial increase in trading volume was noted in the scrip of *SNIM* on August 17, 2021 ("***1st Recommendation Day***"). The trading volume, which averaged around 2,008 shares during the period October 1, 2020 to August 16, 2021, spiked to 1,20,905 shares, an approximately sixty–fold increase, on the 1^{st} *Recommendation Day*.

Trading volume prior to and post the *1^{st} Recommendation Day.*

12.10 The opening and closing price of the scrip along with the average trading volume during the period prior to and post the *1^{st} Recommendation Day* is given below:

TABLE 5 – PRICE VOLUME MOVEMENT DURING PATCHES 1–3						
PERIOD		**OPENING PRICE (RS.) AND VOLUME ON FIRST DAY OF THE PERIOD**	**CLOSING PRICE (RS.) AND VOLUME ON LAST DAY OF THE PERIOD**	**LOW PRICE (RS.) AND VOLUME DURING THE PERIOD**	**HIGH PRICE (RS.) AND VOLUME DURING THE PERIOD**	**(AVG.) NO. OF SHARES TRADED PER DAY DURING THE PERIOD**
1.10.2020 – 16.08.2021	PRICE	3.82 (1.10.2020)	44.6 (16.08.2021)	3.82 (1.10.2020)	52 (3.05.2021)	2008
	VOL.	76 (1.10.2020)	32134 (16.08.2021)	12 (14.11.2020)	36814 (3.08.2021)	
17.08.2021	PRICE	42.4	46.75	42.4	46.8	120905
	VOL.	120905				
18.08.2021 – 30.09.2021	PRICE	44.5 (18.08.2021)	12.87 (30.09.2021)	12.65 (30.09.2021)	44.5 (18.08.2021)	1324
	VOL.	16183 (18.08.2021)	4670 (30.09.2021)	1 (14.09.2021)	16183 (18.08.2021)	

12.11 The share price of *SNIM* had increased significantly in the days leading up to the *1^{st} Recommendation Day*. It moved from

(a) Rs. 3.82 on October 1, 2020,

(b) touched a high of Rs. 52 on May 3, 2021, and

(c) closed at Rs. 44.60 on August 16, 2021.

12.12 On the *1^{st} Recommendation Day*, the scrip

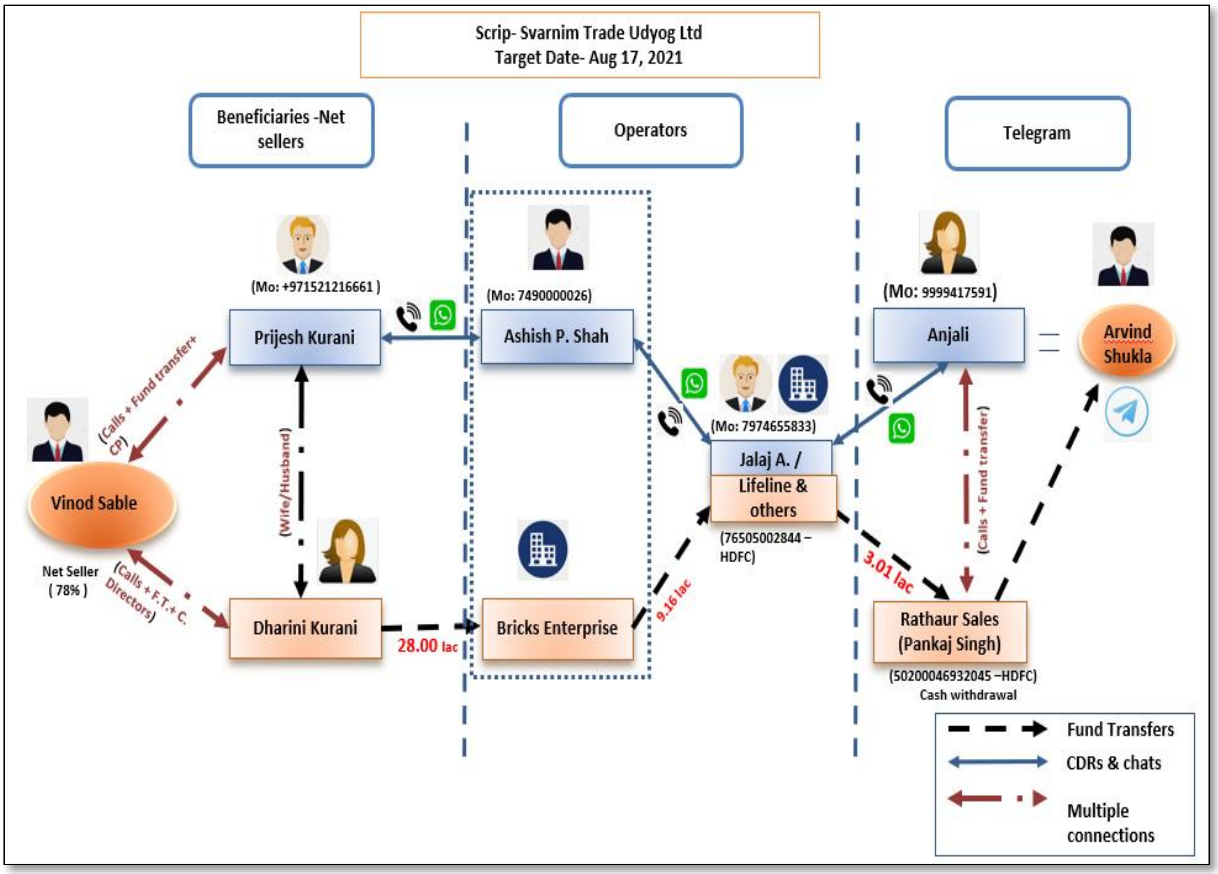
(a) opened at Rs. 42.40,

(b) touched a high of Rs. 46.80 and

(c) closed at Rs. 46.75.

12.13 The share price, thereafter, saw a steady decline with the price moving from Rs. 44.50 on August 18, 2021 to close at Rs. 12.87, as on September 30, 2021.

12.14 A diagrammatic representation depicting the connections between Noticees 1, 2 and 3 along with the entities involved in posting the recommendations in the *Suspected Telegram Channels* on *1st Recommendation Day* to deal in the scrip of *SNIM*, is provided below:



12.15 The screenshots of the buy recommendations that appeared on the *Suspected Telegram Channels* on the *1st Recommendation Day* are given below:

Image 2: Screenshot of the message posted on the Telegram Channels

<table>
<tr><th>Screenshot 1</th><th>Screenshot 2</th></tr>
<tr><td>
</td><td>
</td></tr>
<tr><td colspan="2">Details – Recommendation to buy 2000-5000 qty of scrip SNIM above Rs. 46. Target was Rs. 60/65 and Stop Loss was set at Rs. 40.</td></tr>
</table>

12.16 Noticee 1 had earlier acquired 2,50,700 shares of *SNIM* in the year 2018. Thereafter, during the period March 5, 2020 to November 3, 2021, Noticee 1 had acquired an additional 1,21,336 shares of *SNIM*. During the aforesaid period, a total of 3,70,056 shares of *SNIM* were sold. Incidentally, as of November 3, 2021, the demat account of Noticee 1 had only 1,980 shares of *SNIM*. The details are as under:

<table>
<tr><th></th><th colspan="3">Table 6 – Change in Shareholding of Noticee 1 in SNIM</th></tr>
<tr><th>S. No.</th><th>Date / Period</th><th>Details</th><th>No of Shares</th></tr>
<tr><td>1.</td><td>On March 05, 2018</td><td>Acquisition (Off Market)</td><td>2,50,700</td></tr>
<tr><td>2.</td><td rowspan="2">During the period from March 5, 2020 to November 3, 2021</td><td>Buy (On Market)</td><td>1,21,336</td></tr>
<tr><td>3.</td><td>Sold (On Market)</td><td>3,70,056</td></tr>
<tr><td>4.</td><td>Post November 3, 2021 (As on December 31, 2021)</td><td>Current Holding</td><td>1,980</td></tr>
</table>

12.17 Noticee 1 was also the top net seller in the scrip of *SNIM* on the *1st Recommendation Day*, and had sold 59,770 shares (net traded volume) out of 1,20,905 shares of *SNIM* traded on that day. Further, out of the 1,20,905 shares of *SNIM* traded on the *1st Recommendation Day,* 76,396 shares had resulted in delivery. Accordingly, shares sold /off–loaded from Noticee 1's account had constituted 78.24% of the total net delivered shares in the scrip of *SNIM* on the *1st Recommendation Day.*

TABLE 7 – TRADES OF VINOD V. SABLE ON THE *1ST RECOMMENDATION DAY*							
NAME OF THE BROKER	**CLIENT**	**GR. BUY VOL.**	**GR. SELL VOL.**	**NET TRD VOL.**	**GR. BUY VALUE**	**GR. SELL VALUE**	**VOL% – NET TRD VOL/ MKT NET**
SHREE TISAI CONSULTANT PVT. LTD.	VINOD VILAS SABLE	9330	69100	59770	415653.15	3208288	78.24

12.18 An individual, Arvind Shukla (Noticee 6), was found to be the Administrator of the *Suspected Telegram Channels*. The analysis of his bank account statements pointed the needle of suspicion to Jalaj Agrawal (Noticee 5), and subsequently to Ashish P. Shah (Noticee 4), as persons from whom he had received instructions for posting the recommendation in the scrip of *SNIM* on the *1st Recommendation Day*.

12.19 Consequently, a *search and seizure operation* was carried out by SEBI targeting the said suspected entities, details of which are given below:

TABLE 8 – DETAILS OF ELECTRONIC DEVICES SEIZED			
S. No.	**NAME**	**LOCATION**	**NO. OF DEVICES SEIZED**
1.	VINOD SABLE (NOTICEE 1)	THANE, MAHARASHTRA	• MOBILE PHONES – 7 • ALL–IN–ONE PC – 1 • LAPTOP –1 • TABLET – 1 • HARD DISK – 1
2.	ASHISH P. SHAH (NOTICEE 4)	AHMEDABAD, GUJARAT	• MOBILE PHONES – 4 • LAPTOP – 1 • HARD DISK – 1 • EMAIL BACKUP – 5
3.	JALAJ AGRAWAL (NOTICEE 5)	NEEMUCH, MADHYA PRADESH	• MOBILE PHONES- 7

12.20 The statements of Noticees 1, 4 and 5 were recorded by SEBI. Based on the information gathered during the investigation, it was *prima facie* noted that Noticee 2, Prijesh A. Kurani, had utilised certain connected entities and the services of *'operators',* Ashish P. Shah and Jalaj Agrawal, for orchestrating a *'pump and dump'* operation in the scrip of *SNIM*.

12.21 The *'pump and dump'* operation on the *1st Recommendation Day prima facie* involved inducing investors to trade in the scrip of *SNIM* by the buy recommendations posted in the *Suspected Telegram Channels* operated by Noticee 6, and thereafter, off–loading the shares of Noticee 1 to unsuspecting public investors.

Trading volume prior to and post the *2nd Recommendation Day.*

12.22 Thereafter, on November 30, 2021 (***"2nd Recommendation Day"),*** another increase in trading volume was noted in the scrip of *SNIM*. The trading volume, which averaged around 13,316 shares during the period October 4, 2021 to November 29, 2021, spiked to 2,49,671 shares, an approximately eighteen–fold increase, on the *2nd Recommendation Day*.

12.23 For the period leading up to and in the immediate aftermath of the *2nd Recommendation Day* i.e. for the period from October 4–December 31, 2021 ("**Investigation Period**"):

(a) Patch 4 – Prior to *2nd Recommendation Day* (October 4, 2021–November 29, 2021);

(b) Patch 5 – *2nd Recommendation Day* (November 30, 2021) and

(c) Patch 6 – Post *2nd Recommendation Day* (December 1–31, 2021).

12.24 The opening and closing price of the scrip along with the average trading volume during the above mentioned three Patches is given below:

TABLE 9 – PRICE VOLUME MOVEMENT DURING PATCHES 4–6						
PERIOD		**OPENING PRICE (RS.) AND VOLUME ON FIRST DAY OF THE PERIOD**	**CLOSING PRICE (RS.) AND VOLUME ON LAST DAY OF THE PERIOD**	**LOW PRICE (RS.) AND VOLUME DURING THE PERIOD**	**HIGH PRICE (RS.) AND VOLUME DURING THE PERIOD**	**(AVG.) NO. OF SHARES TRADED PER DAY DURING THE PERIOD**
4.10.2021 – 29.11.2021	PRICE	11.65 (4.10.2021)	45.9 (29.11.2021)	11.07 (5.10.2021)	45.9 (29.11.2021)	13315
	VOL.	4670 (4.10.2021)	32368 (16.08.2021)	216 (27.10.2021)	59345 (26.11.2021)	
30.11.2021	PRICE	48.15	48.15	47.95	48.15	249671
	VOL.	249671				
1.12.2021 – 31.12.2021	PRICE	48.15 (1.12.2021)	27.15 (31.12. 2021)	19.4 (24.12.2021)	48.15 (1.12.2021)	6350
	VOL.	8747 (1.12.2021)	13802 (31.12. 2021)	257 (7.12.2021)	36213 (30.12.2021)	

12.25 The share price of *SNIM* had increased significantly in the days leading up to the *2nd Recommendation Day*. It moved from

(a) Rs. 11.65 on October 4, 2021,

(b) touched a high of Rs. 45.90 on November 29, 2021, and

(c) closed at Rs. 45.90 on November 29, 2021.

12.26 On the *2nd Recommendation Day*, the scrip

(a) opened at Rs. 48.15,

(b) touched a low of Rs. 47.95 and

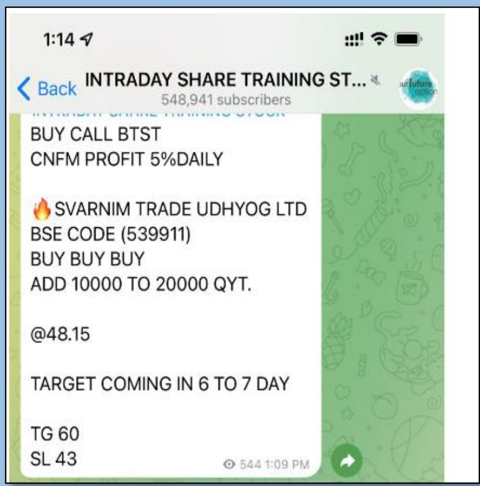
(c) closed at Rs. 48.15.

12.27 The share price, thereafter, saw a steady decline with the price moving from Rs. 48.15 (opening price on December 1, 2021) to a low of Rs. 19.40 on December 24, 2021.

12.28 On November 30, 2021, messages were posted on the *Suspected Telegram Channels* recommending public to buy shares of *SNIM*. The screenshots of the buy recommendations that appeared on the *Suspected Telegram Channels* on the *2nd Recommendation Day* are given below:

IMAGE 3: SCREENSHOT OF THE MESSAGE POSTED ON THE TELEGRAM CHANNELS

<table>
<tr><th>SCREENSHOT 1</th><th>SCREENSHOT 2</th></tr>
<tr><td>


</td><td>


</td></tr>
<tr><td colspan="2">Details – Recommendatin to buy 10000-20000 qty of scrip SNIM @ Rs.48.15. Target is Rs. 60. Stop Loss is at Rs. 43.</td></tr>
</table>

12.29 With respect to the remaining shares of *SNIM* held by Noticee 1, that remained unsold after the *1st Recommendation Day*, it was observed that during the period August 18 to November 3, 2021 (i.e. between Patch-3 and Patch-4), Noticee 1 had successfully sold 1,83,817 shares of *SNIM* on the stock exchange platform (see Table 6 at page 20). Further, out of these 1,83,817 shares *SNIM* sold, as much as 1,05,586 shares that constituted approximately 57.44% of the total number of shares sold, were collectively purchased by Noticees 7 to 11, viz. Priyankbhai V. Prajapati, Suraj G. Prajapati, Jigar D. Chaudhari, Piyush B. Patel and Nishil K. Malde (entities connected to Noticee 4) posing as counterparties on the stock exchange platform.

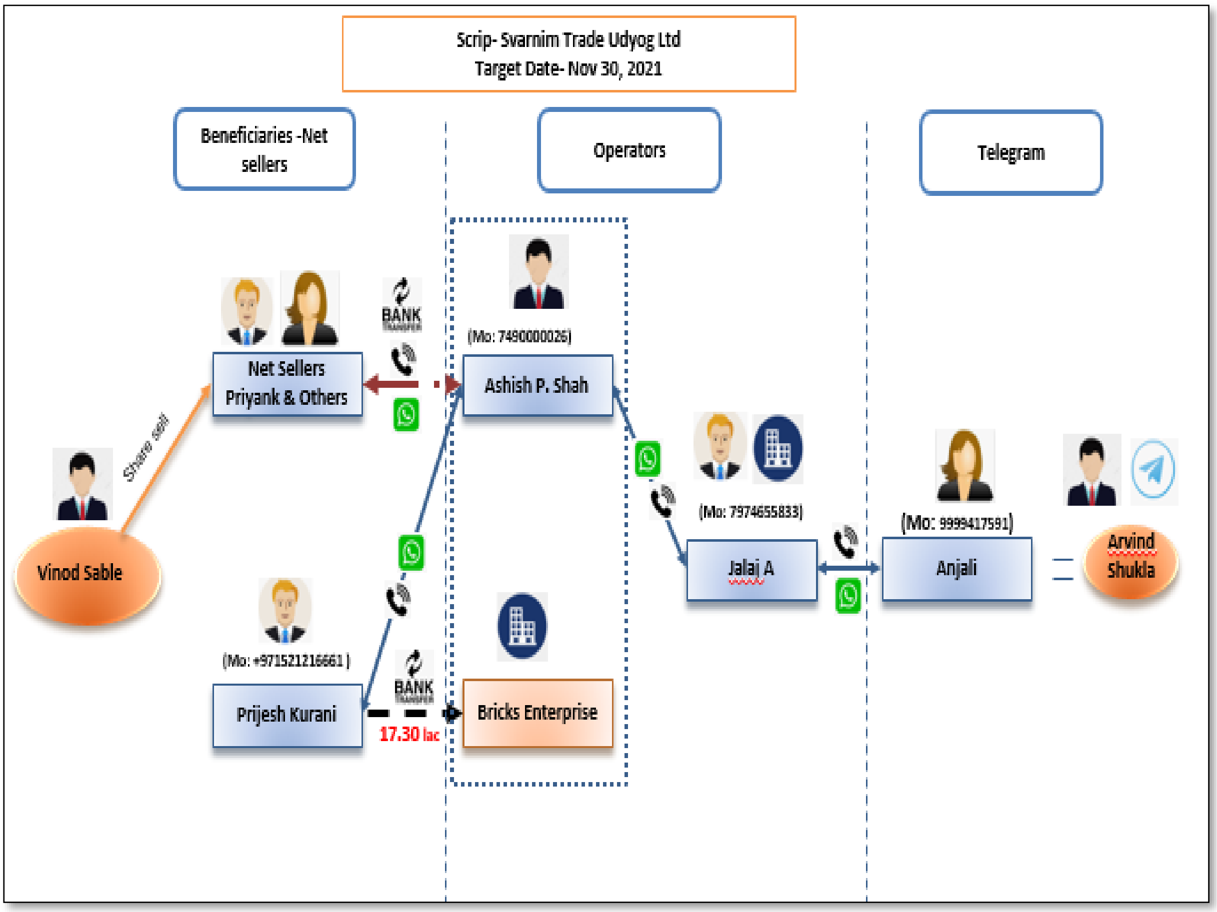
12.30 Of the top ten net sellers observed on the *2nd Recommendation Day,* five entities /Noticees 7 to 11 ("***Connected Sellers***"), were found to be connected

/related to Noticee 4 through fund transfers and CDRs. The trading details of the aforementioned five entities are produced below:

TABLE 10						
S. No.	NAME OF THE BROKER	NAME	GR BUY VOL	GR SELL VOL	NET TRADE VOL	VOL% - NET TRD VOL/ MKT NET
1.	EDELWEISS BROKING LTD.	PRIYANK	4420	77557	73137	29.99
2.	JAINAM BROKING LTD.	SURAJ	1000	63000	62000	25.42
3.	ZERODHA BROKING LTD.	JIGAR	350	41821	41471	17.00
4.	HORNIC INVESTMENT PVT. LTD.	PIYUSH	0	18000	18000	7.38
5.	CHOICE EQUITY BROKING PVT. LTD.	NISHIL	0	6115	6115	2.51
TOTAL			**5770**	**206493**	**200723**	**82.3**

12.31 The *Connected Sellers /Entities* had sold 2,00,723 shares (net sell), which was 82.30% of the net market volume on the *2nd Recommendation Day*.

12.32 A diagrammatic representation depicting the connections between Noticees 1 and 2, the entities involved in posting the recommendations in the *Suspected Telegram Channels* on *2nd Recommendation Day* to deal in the scrip of *SNIM* and *Connected Sellers*, is provided below:



12.33 The *'pump and dump'* operation on the *2nd Recommendation Day, prima facie,* involved the *Connected Sellers* acquiring shares from Noticee 1 and thereafter, inflating the price of the scrip through manipulative trades executed by them. Subsequently, *Connected Sellers* off–loaded the shares to unsuspecting public investors utilising the services of *'operators'*. The public investors were *prima facie* induced to trade in the scrip of *SNIM* by the buy recommendations posted in the *Suspected Telegram Channels* operated by Noticee 6, on the *Recommendation Day*.

12.34 Given the aforementioned, the issues that arise for consideration are as under:

I. *Is there sufficient material on record to substantiate the preliminary findings that Noticees 2 and 3 through utilization of the services of Noticees 4 to 6, had devised a scheme to offload the shares of SNIM held by Noticees 1, at an inflated price, on the 1st Recommendation Day and thereafter, through manipulative trades executed by the Connected Sellers, had devised a scheme to offload the shares of SNIM, at an inflated price, on the 2nd Recommendation Day?*

II. *If the Noticees had executed a 'pump and dump' operation in the scrip of SNIM, the amounts, if any, to be disgorged from them?*

III. *Monetary penalty to be imposed, if any.*

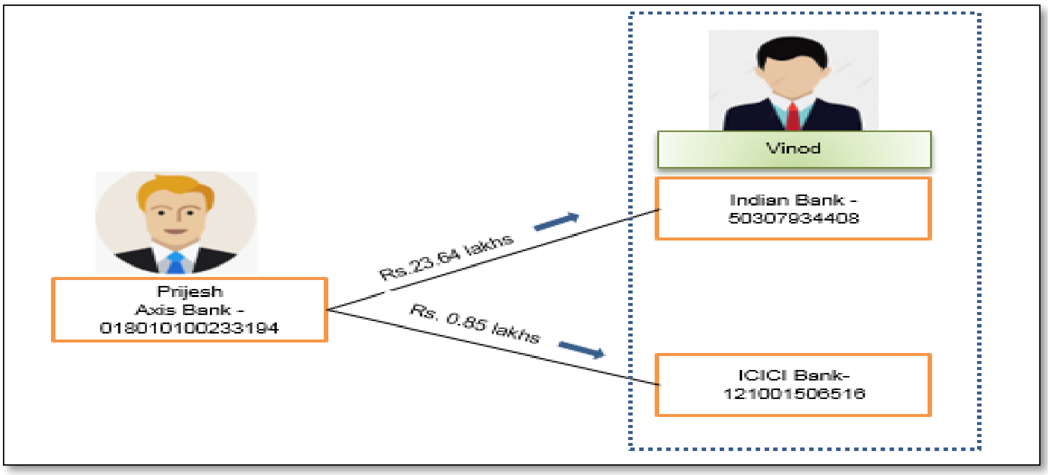
I. Is there sufficient material on record to substantiate the preliminary findings that Noticees 2 and 3 through utilization of the services of Noticees 4 to 6, had devised a scheme to offload the shares of SNIM held by Noticees 1, at an inflated price, on the 1st Recommendation Day and thereafter, through manipulative trades executed by the Connected Sellers, had devised a scheme to offload the shares of SNIM, at an inflated price, on the 2nd Recommendation Day?

12.35 In the instant proceedings, the *modus operandi* adopted by the Noticees has been reproduced at paragraph 2 of pages 2 and 3.

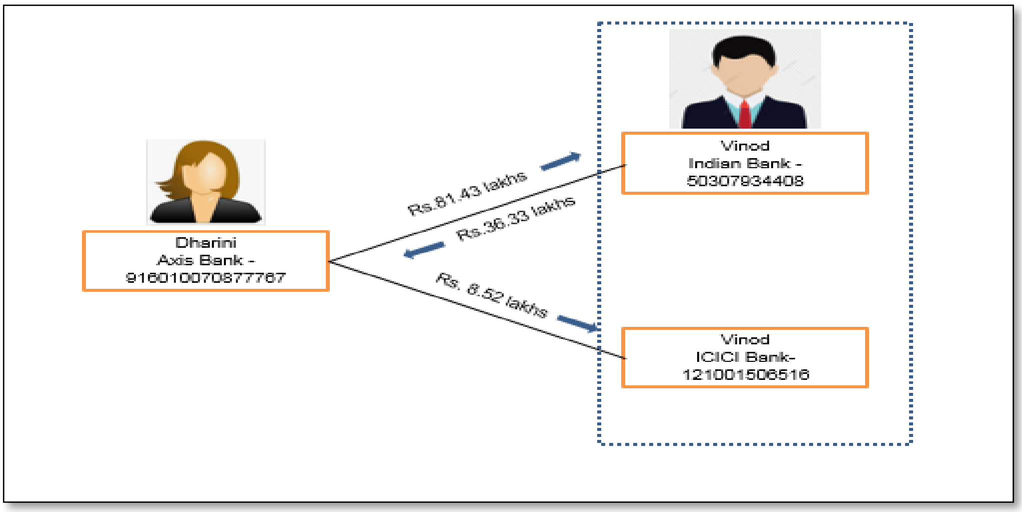
12.36 As per the Interim Order, Noticee 1 was found to be connected to Noticees 2 and 3 through fund transfers, common Directorship, call records, etc. details of which are provided below:

FUND TRANSFERS

a) During the period January 2020–February 2022, frequent fund transfers were observed between the bank accounts of Noticees 1 and 2. Noticee 2 had transferred Rs. 24.49 Lakh from his Axis Bank to the Indian Bank and ICICI Bank accounts of Noticee 1, as under:

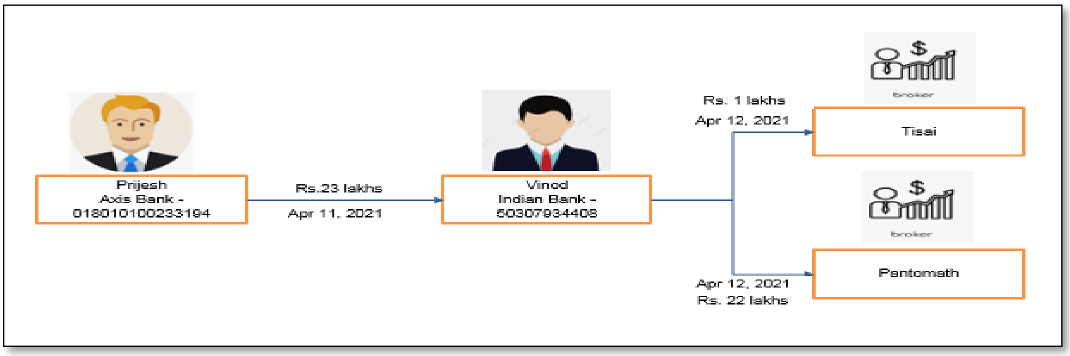


b) Similarly, during the period January 2020–February 2022, Noticee 3 had transferred RS. 89.96 Lakh from her Axis Bank A/c to the Indian Bank and ICICI Bank accounts of Noticee 1, as under:



c) The above mentioned funds transferred by Noticees 2 and 3 were subsequently used towards settlement obligations for trades carried out by

Noticee 1 during the Investigation period, through stock brokers, Shree Tisai Consultant Pvt. Ltd. ("**Tisai**") and Pentagon Stock Brokers Pvt. Ltd. ("**Pentagon**"). An illustration of the transfer of funds by Noticee 2 is provided below:



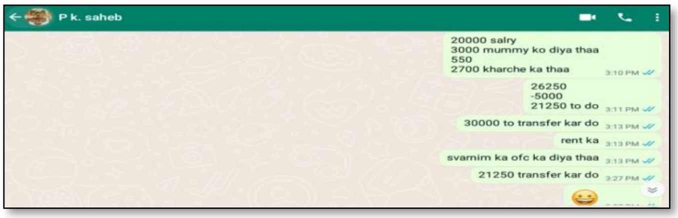
Common Directorship

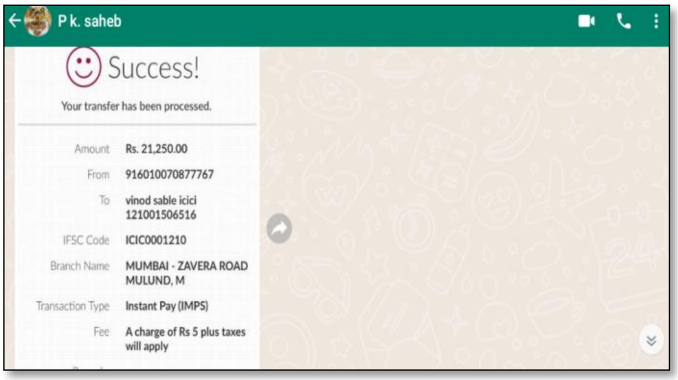
d) Noticee 1 was also a Director in several companies where Noticees 2 and 3 were Directors /Promoters and held 100% of the share capital, details of which are provided below:

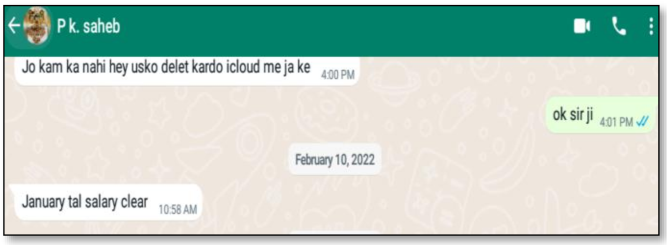
Table 11		
Name of the Company	**Directors**	**Promoters / Shareholding**
Weiz Mann Securities Pvt. Ltd. ("**Weiz**")	**Present Directors –** ▪ Surbhi Aggarwal (08409763) (Jan 2022- till date) ▪ Gulshan Kumar (09700752) (Aug 2022- till date) **Past Directors -** ▪ Dharini Navneet Gadoya (06752086) (Aug 2017 -Jan 2022) ▪ Prijesh Arunkumar Kurani (05150566) (Aug 2017-Oct 2017) ▪ Vinod Vilas Sable (07966139) (Oct 2017 -Jan 2022)	Prijesh Kurani - 5000 shares (50%) Dharini Gadoya - 5000 shares (50%)
Finetiq Shares And Commodity Pvt. Ltd. ("**Finetiq**")	**Present Directors –** ▪ Dharini Navneet Gadoya (06752086) (Aug 2017 –till date) ▪ Prijesh Arunkumar Kurani(05150566) (April 2022 –till date) ▪ Bindesh Arun Kurani (05135411) (April 2022- till date) **Past Directors -** ▪ Vinod Vilas Sable (07966139) (Oct 2017-April 2022)	Prijesh Kurani - 5000 shares (50%) Dharini Gadoya - 5000 shares (50%)
Capricos Commodities Pvt. Ltd. ("**Capricos**")	**Present Directors -** ▪ Dharini Navneet Gadoya (06752086)(Aug 2017 –till date) ▪ Prijesh Arunkumar Kurani (05150566) (April 2022 –till date) ▪ Bindesh Arun Kurani (05135411) (April 2022- till date) **Past Directors –** ▪ Vinod Vilas Sable 07966139)(Oct 2017-April 2022)	Prijesh Kurani - 5000 shares (50%) Dharini Gadoya - 5000 shares (50%)

EMPLOYEE /EMPLOYER RELATIONSHIP

e) In his statement and also vide his submissions during the hearing, Noticee 1 had stated that he was earlier employed by Noticee 2. In this context, from the devices seized from Noticee 1, it was observed that Noticee 2's mobile no.+9715XXXXX661 was saved as a contact with the title *'P. K. Saheb'.* Additionally, various WhatsApp chat messages were observed to have been exchanged between Noticees 1 and 2.

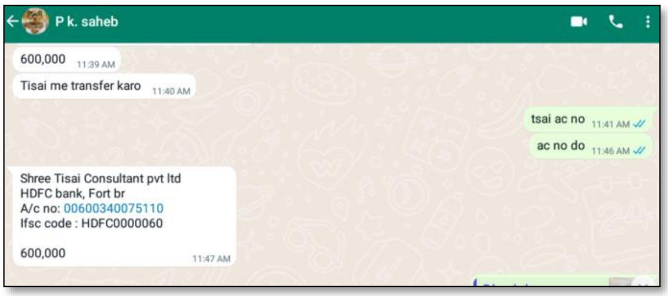
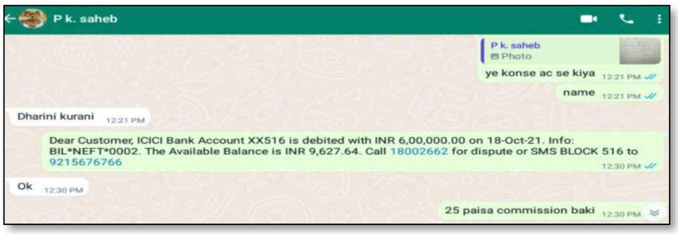
<table>
<tr><th colspan="2">TABLE 12</th></tr>
<tr><th>SNAPSHOTS OF WHATSAPP CHAT OF VINOD 844XXXX970 WITH PRIJESH +9715XXXXX661) FROM THE MOBILE OF VINOD</th><th>REMARKS</th></tr>
<tr><td>APRIL 22, 2021





</td>
<td>▪ ON APRIL 22, 2021
▪ ON APRIL 22, 2021, VINOD INFORMED PRIJESH TO TRANSFER RS. 21250/- WHICH INCLUDED SALARY OF RS. 20,000.
▪ THE SECOND SNAP SHOT REVEALS THAT ON APRIL 22, 2021, RS. 21,250 WAS TRANSFERRED FROM DHARINI (A/C NO. 91601007087767) TO VINOD (A/C NO. 121XXXXXX516).</td></tr>
<tr><td>FEBRUARY 10, 2022

</td>
<td>▪ ON FEB 10, 2022
▪ ON FEB 10, 2022, PRIJESH SENT A MESSAGE TO VINOD THAT HIS SALARY TILL JANUARY 2022 WAS CLEARED.
▪ IN THE STATEMENT RECORDED ON JUNE 17, 2022, VINOD STATED THAT THE SALARY OF RS. 20,000/- FOR THE MONTH OF JANUARY 2022 WAS RECEIVED ON FEB 10, 2022 FROM PRIJESH IN HIS ICICI BANK A/C NO. 121XXXXXX516.</td></tr>
</table>

Operation of account of Noticee 1 by Noticee 2

f) From various WhatsApp chats exchanged between Noticees 1 and 2 as extracted from the seized mobile phone of Noticee 1, it was observed that Noticee 2 had operated the trading account of Noticee 1 and had also instructed him with regard to the operation of Noticee 1's bank account as seen below:

Table 13	
Snapshots of WhatsApp Chat of Vinod 844XXXX970 with Prijesh (+9715XXXXX661) from the mobile of Vinod	**Remarks**
October 18, 2021  	**October 18, 2021-** Prijesh had instructed Vinod to transfer Rs. 6 Lakh to Tisai. In this regard, Vinod had sought the details of the bank account of Tisai and Prijesh accordingly provided the bank account number of Tisai. Subsequently, Vinod had sought the details of the bank account from which he had received the funds of Rs. 6 Lakh. In reply, Prijesh had informed Vinod that it was the account of Dharini. Subsequently, Vinod had confirmed the transfer of Rs. 6 Lakh by forwarding the transaction message to Prijesh received from Bank.

g) The aforesaid transaction as observed in the WhatsApp chat dated October 18, 2021 exchanged between Noticees 1 and 2 was further corroborated with the fact that on October 18, 2021, Noticee 1 had received Rs. 6 Lakh in his Indian Bank A/c from Noticee 3's ICICI Bank A/c. Subsequently, upon receipt of the said amount, Noticee 1 had transferred Rs. 6 Lakh to Tisai on the same day i.e. October 18, 2021, at the instructions of Noticee 2.

12.37 It is reiterated that Noticee 1 was the top net seller in the scrip of *SNIM* on the *1st Recommendation Day*, and the shares sold /off–loaded from his account had constituted 78.24% of the total net delivered shares in the scrip of *SNIM* on the *1st Recommendation Day.*

12.38 Upon a consideration of the above, it is evident that Noticee 1 was merely an employee of Noticee 2. It is also clear that the transactions that were carried out by Noticee 1 through his trading and bank accounts, were in fact transactions carried out by Noticee 2. Consequently, by making his demat and trading account available to Noticee 2, Noticee 1 had facilitated the unfair and fraudulent trades in the scrip of *SNIM* on the *1st Recommendation Day* and thereafter. Noticee 3 is also observed to have aided her husband, Noticee 2, in the execution of the aforesaid fraudulent scheme by periodically providing funds to the bank accounts of Noticee 1.

Connection between Noticees 2 and 3 with Noticee 4.

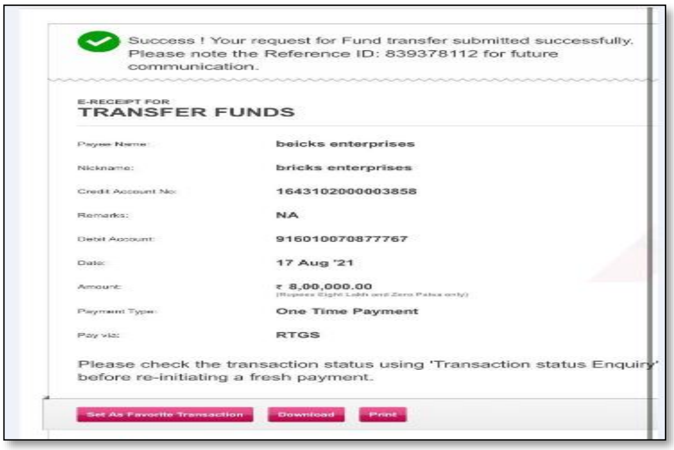
12.39 It is noted that Noticee 4, in his reply before me, has not disputed the *prima facie* finding in the Interim Order regarding his connection with Noticees 2 and 3. He has, however, contended that such connection along with the fact that he had not traded, cannot be the basis for alleging that he was involved in the alleged *'pump and dump'* operation. In this regard, it is noted from the Interim Order that fund transfers were observed between him and Noticees 2 and 3. In addition, WhatsApp chats and CDRs have been relied upon by SEBI in the Interim Order to establish a connection between Noticees 2, 3 and 4. Illustrations of the aforesaid are reproduced below:

Fund transfers between Noticees 3 and 4

a) During the period August 11–19, 2021 (prior to and immediately after the *1st Recommendation Day),* Noticee 3 was observed to have transferred Rs. 28 Lakh from her Axis Bank A/c -9160XXXXXXXX767 to Bricks Enterprises**,** IDBI A/c no. –1643XXXXXXXXX858. In his statement before SEBI, Noticee 4 had admitted that Bricks Enterprises bank account was operated by him since March 2021.

WhatsApp chats between Noticees 2 and 4

b) The CDR analysis of Mobile: +9715XXXXX661 (Noticee 2) and 74XXXXX026 (Noticee 4) showed frequent calls between the above two. Further, several WhatsApp chats were observed to have been exchanged between them.

TABLE 14	
SNAPSHOT OF WHATSAPP CHATS BETWEEN PRIJESH (+9715XXXXX661) AND ASHISH (74XXXXX026)	**REMARKS**
August 17, 2021  Success ! Your request for Fund transfer submitted successfully. Please note the Reference ID: 839378112 for future communication. E-RECEIPT FOR TRANSFER FUNDS Payee Name: beicks enterprises Nickname: bricks enterprises Credit Account No: 1643102000003858 Remarks: NA Debit Account: 916010070877767 Date: 17 Aug '21 Amount: ₹ 8,00,000.00 (Rupees Eight Lakh and Zero Paisa only) Payment Type: One Time Payment Pay via: RTGS Please check the transaction status using 'Transaction status Enquiry' before re-initiating a fresh payment. Set As Favorite Transaction Download Print	**<u>August 17, 2021</u>** On August 17, 2021 (i.e. on 1st instance of recommendation), Prijesh shared the snap shot with Ashish of fund transfer of Rs. 8 lakhs from Dharini (Axis Bank A/c no- 9160XXXXXXXX767 to Bricks account (IDBI A/c no: 1643XXXXXXXXX858).
August 18, 2021-  Success ! Your request for Fund transfer submitted suc Please note the Reference ID: 839551581 for future communication. E-RECEIPT FOR TRANSFER FUNDS Payee Name: beicks enterprises Nickname: bricks enterprises Credit Account No: 1643102000003858 Remarks: NA Debit Account: 916010070877767 Date: 18 Aug '21 Amount: ₹ 2,50,000.00 (Rupees Two Lakh Fifty Thousand and Zero Paisa only) Payment Type: One Time Payment Pay via: RTGS	**<u>August 18, 2021</u>** Prijesh shared the snap shot of fund transfer of Rs. 2.5 lakhs by Dharini (Axis Bank A/c no. 9160XXXXXXXX767 to Bricks (IDBI A/c No: 1643XXXXXXXXX858) with Ashish.

12.40 Upon a consideration of the aforementioned, I find that Noticee 4 was connected with Noticees 2 and 3.

Connection between Noticees 4, 5 and 6.

12.41 The Interim Order had *prima facie* identified Noticee 6 (Arvind Shukla) as the operator of the *Suspected Telegram Channels* where the recommendation to buy the scrip of *SNIM* had appeared on the *1st and 2nd Recommendation Days*. The Interim Order had relied on bank statements and other related material to identify Noticee 6 as the operator of the *Suspected Telegram Channels*. I, however, note that it is not necessary to get into these details in this Order as Noticee 6 in his reply before me had accepted that he was running the *Suspected Telegram Channels* identified in the Interim Order.

12.42 Noticee 6 had also submitted that he had received commission for posting stock recommendations regarding *SNIM* on the *Telegram Channels*. This commission, Noticee 6 submitted, was paid by Noticee 5 (Jalaj Agarwal), under whose instructions he had posted the stock recommendations in the scrip of *SNIM* on the *1st and 2nd Recommendation Days*. The commission amount as per the submission was Rs. 3.01 Lakh, received in the bank account of Rathaur Sales (Account No.: 50200046932045 with HDFC Bank). This account was used by Noticee 6 to collect commissions and subscription fees from the members of the *Telegram Channels*. The Proprietor of Rathaur Sales, Noticee 6 submitted, would withdraw the money and hand it over to him in cash.

12.43 The Interim Order had *prima facie* identified Noticee 5 (Jalaj Agrawal) as the individual engaged by Noticee 4 to facilitate the exit opportunity in the scrip of *SNIM.* In his reply, Noticee 5 (Jalaj Agrawal) had contended that his role was limited to introducing Noticee 6 to Noticee 4. He had submitted that he was paid Rs. 6.60 Lakh for his services, out of which Rs. 3.01 Lakh was transferred to Noticee 6. From the analysis of Noticee 5's bank statement, it was noted that an amount of Rs. 6.66 Lakh was received in the bank account of M/s Lifeline Pharma (medical store and Proprietorship Firm of Noticee 5) and Mr. Naveen Agrawal, an entity connected to Noticee 5, from Bricks Enterprises (Proprietorship Firm connected to Noticee 4). I therefore, note that in his reply, Noticee 5 had accepted the *prima facie* findings contained in the Interim Order of having facilitated the arrangement between Noticees 4 and 5 for which he had received funds /commission from Noticee 4.

12.44 It is, thus, noted that Noticees 5 and 6 had accepted the *prima facie* findings qua them in the Interim Order.

Connection between Noticees 4 and 7–11.

12.45 The Interim Order had *prima facie* found Noticees 7–11 to be the top net sellers on the *2nd Recommendation Day* i.e. on November 30, 2021 (see Table 10 at page 25). Further, the Interim Order had *prima facie* observed Noticees 7–11 to be connected to Noticee 4 through fund transfers and CDRs. In their replies, Noticees 7–8 have sought to deny the connection with Noticee 4 submitting that they only knew him as an investment adviser. Further, Noticees 7–8 have contended that the funds received from Bricks Enterprises had nothing to do with the alleged trades in the scrip of *SNIM.* Noticees 9–10 have submitted that there existed a professional relationship between them and also Noticee 7, who had engaged them for an assignment in 2021. In this context, the following is noted from the Interim Order:

<u>*CDRs analysis*</u>

a) The CDR analysis of Mobile: 917XXXX733 (Noticee 7), 982XXXX665 (Noticee 8) and 986XXXX525 (Noticee 11) showed frequent calls between them and Noticee 4 (74XXXXX026) during the period from October 4–November 29, 2021. Further, the CDR analysis of Mobile: 917XXXX733 (Noticee 7) and 901XXXX538 (Noticee 9) also showed frequent calls between them during the aforementioned period. Additionally, the CDR analysis of Mobile: 901XXXX538 (Noticee 9) and 982XXXX722 (Noticee 10) showed numerous calls between them.

Fund transfers between Noticees 4 and 7, 8 and 11

b) During the period April 1– December 12, 2021, Noticee 11 was observed to have received Rs. 13.65 Lakh in his Saraswat Bank A/c bearing no – 028XXXXXXXXX112 from Bricks Enterprises**,** IDBI A/c no. – 1643XXXXXXXXX858 (bank account operated by Noticee 4 since March 2021). The transfers between Noticee 11 and Bricks Enterprises had a remark '*SNIM*', one of which is provided below:

TABLE 15		
TRANSACTION DATE	**NARRATION**	**DEBIT**
11/29/2021 00:00:00	IMPS/133309138987/NISHIL/SRCB/XX5112/***SNIM*** S	20,000

c) Further, on September 14, 2021, Noticee 7 (HDFC A/c no.– 591XXXXXXXX733) had received Rs. 2 Lakh from Bricks Enterprises (IDBI A/c no- 1643XXXXXXXXX858). Further, on December 20, 2021, Noticee 7 (HDFC A/c no. – 591XXXXXXXX733) had transferred Rs. 6.75 Lakh to Noticee 8 (ICICI A/c no. – 520XXXX690).

LTP Contribution in the scrip of SNIM prior to the 2nd Recommendation Day.

12.46 An analysis of LTP contribution during the period October 4–November 29, 2021 (Patch–4) indicated that only 3 entities had contributed around Rs. 26.44 to the total market positive LTP as under:

TABLE 16									
S. No.	**NAME**	**NOTICEE**	**(+) LTP**		**(-) LTP**		**(0) LTP**	**NET LTP**	
			LTP IN RS.	**TRADED QTY**	**LTP IN RS.**	**TRADED QTY**	**TRADED QTY**	**LTP IN RS.**	**TRADED QTY**
1.	PRIYANK	NOTICEE 7	14.10	6,889	-0.05	1	1,38,742	14.05	1,45,632
2.	SURAJ	NOTICEE 8	2.57	121	-0.05	3800	58,940	2.52	62,861
3.	NISHIL	NOTICEE 11	9.77	1,088	-14.03	906	16,785	-4.26	18,779
	TOTAL (A)		26.44	8098	-14.13	4707	214467	12.31	2,27,272
	MARKET LTP CONTRIBUTION (B)		**101.23**	**22,122**	**-67.59**	**9,950**	**473930**	**33.64**	**5,06,002**
	% (A/B)		**26.11%**	**36.61%**	**20.91%**	**47.31%**	**45.25%**	**36.59%**	**44.92%**

12.47 From the aforesaid, it is noted that Noticees 7, 8 and 11 had contributed to the price rise to the extent of Rs. 26.44, which was 26.11% of the total market positive LTP of Rs. 101.23. It is also noted that the cumulative contribution of the aforesaid 3 Noticees i.e. Priyank, Nishil and Suraj to the net market LTP in the scrip of *SNIM* during Patch–4 was Rs. 12.31 (36.59% of the net market positive LTP). Further, an analysis of the positive LTP contributing trades executed by Noticees 7, 8 and 11 viz.–a–viz. the total number of trades executed by them in *SNIM* during Patch–4 revealed the following:

Table 17				
S. No.	**Name**	**+ LTP contribution**	**Number of trades with + LTP contribution**	**Total number of Trades**
1.	Priyank (Noticee 7)	14.1	18	213
2.	Suraj (Noticee 8)	2.57	3	87
3.	Nishil (Noticee 11)	9.77	10	90
	Total	26.44	31	390

12.48 From a joint reading of Tables 16 and 17, it is observed that a positive LTP of Rs. 26.11% was contributed by Noticees 7, 8 and 11 through trading in only 8,098 shares of *SNIM* which is 1.6% of the total number of shares traded (5,06,002 shares) in the scrip of *SNIM* during Patch–4. Such trading pattern of Noticees in the scrip *SNIM* during Patch–4, had resulted in positive LTP contribution. It is also noted that during Patch–4, Noticees 7, 8 and 11 had cumulatively executed 390 trades, out of which 31 trades [2.31% of the total number of trades (1337) in the scrip of *SNIM*], positive LTP contribution of Rs. 26.44, which was 26.11% of the total market positive LTP of Rs. 101.23. An illustration of one of such trade is tabulated below:

Table 18												
S. No.	**Trade Date**	**Name of the Buyer**	**Buy Order Time**	**Sell Order Time**	**Buy Order Rate**	**Sell Order Rate**	**Trade Rate**	**LTP Diff**	**%LTP**	**Buy Order Quantity**	**Sell Order Quantity**	**Trade QTY**
1.	12/10/2021	Nishil	14:58:52	14:52:44	13.3	13.3	13.3	0	0	31	30	30
2.	12/10/2021	Nishil	14:58:52	14:55:48	13.3	13.3	13.3	0	0	31	1	1
3.	12/10/2021	Nishil	14:58:54	14:32:39	13.9	13.9	13.9	0.6	4.51	1	258	1

12.49 In their replies, Noticees 7, 8 and 11 had contended that the Interim Order only considers the positive LTP impact of the trades executed by them and did not take into account their trades which resulted in negative LTP. In this context, it is noted that what is being considered, while alleging their role in price manipulation, is their contribution to gross positive market LTP during the period prior to the *2nd Recommendation Day*, the substantial majority of which was contributed by their trades. Their negative LTP contribution in my view, becomes irrelevant when considering the gross market positive LTP contribution. It may be a factor only if the net positive market LTP contribution was the metric that was being considered. Accordingly, I am inclined to reject the argument made by the Noticees.

12.50 It can, therefore, be noted from the above that Noticees 7, 8 and 11 had a significant concentration in the trades executed in the scrip of *SNIM* during the period prior to the *2nd Recommendation Day*. Further, such trades had significantly contributed to the market LTP. The aforementioned three *Noticees* had deliberately executed the LTP contributing buy trades in order to dump such shares along with Noticees 9 and 10 on the *2nd Recommendation Day* i.e. on November 30, 2021. Given the same, I note that the preliminary findings in the Interim Order that Noticees 7 to 11 had manipulated the price of the scrip of *SNIM* prior to the *2nd Recommendation Day,* stands established.

12.51 As noted from the above, fund transfers were observed between Noticee 4 and Noticees 7 and 11. Further, Noticees 7, 8 and 11 had frequent calls with Noticee 4 on the *2nd Recommendation Day,* as per the CDRs. Additionally, Noticee 7 had frequent calls with Noticee 9, who in turn, had numerous calls with Noticee 10. Such fund transfers, CDRs along with the pattern of trading is sufficient in my considered opinion to conclude on a preponderance of probability that Noticees 7 to 11 were indeed connected to Noticee 4. Further, it is trite law that the evidentiary principle for a quasi–judicial proceeding for adjudication of violations under the SEBI Act and regulations made thereunder, including the PFUTP Regulations, is preponderance of probabilities. The principle of preponderance of probabilities, to put it simply, envisages that for a fact to be established it must be the preponderant probability on the weighing of all possible probabilities. In this context, reference is made to the judgement of the Hon'ble Supreme Court in the matter of *Securities and Exchange Board of India v. Kishore R. Ajmera [AIR 2016 SC 1079]*, wherein the Supreme Court has held that "*The test, in our considered view, is one of preponderance of probabilities so far as adjudication of civil liability arising out of violation of the Act or the provisions of the Regulations framed thereunder is concerned….*"

12.52 In view of the above, I find that Noticee nos. 1–11 had violated Sections 12A(a), (b) and (c) of the SEBI Act and Regulations 3(a), (b), (c), (d) read with Regulations 4(1), 4 (2) (a), (d) and (e) of the PFUTP Regulations, 2003. Further, I find that Noticees 2, 3 to 6 had also violated Regulation 4(2)(k) and (r) of the PFUTP Regulations, 2003.

II. If the Noticees had executed a 'pump and dump' operation in the scrip of SNIM, the amounts, if any, to be disgorged from them?

12.53 From the findings contained in the preceding paragraphs, it has been established that the Noticees had violated the provisions of the SEBI Act and the PFUTP Regulations, 2003. Accordingly, the SCN has contemplated appropriate directions under the SEBI Act including disgorgement against all the Noticees for the aforesaid violations.

12.54 In the Interim Order, the ill-gotten gains made by the Noticees were separately calculated for trades during the *Price Rise Period* and for those on the *1st and 2nd Recommendation Days,* details of which are provided below:

TABLE NO. 19: PROFITS MADE BY NOTICEE 1

NET SELLER	HOLDING SINCE	OPENING	TRADING ON THE DAY OF RECOMMENDATION (AUG 17, 2021)				PROFIT ON THE DAY OF RECOMMENDATION	TRADING POST 1ST RECOMMENDATION DAY (AUG 18, 2021-NOV 03, 2021)						TOTAL PROFIT IN RS. (A+B)	CLOSING BAL
		QTY	BUY QTY	SELL QTY	WG. AV. SELL PRICE	WV. AVG. BUY PRICE FOR THE QTY SOLD		TOT.BUY QTY.	WAVG. BUY PRICE	TOT. SELL QTY	WG. AV. SELL PRICE	WV. AVG. BUY PRICE FOR THE QTY SOLD	PROFIT IN RS.		QTY
VINOD SABLE	2018	245567	9330	69100	46.43	9.59	25,45,717.12	5379	21.37	189196	17.83	9.92	14,96,346.81	40,42,063.93	1980

TABLE NO. 20: PROFITS MADE NOTICEES NO. 7 TO 11

NET SELLER	HOLDING SINCE	OPENING	TRADING PRIOR TO DAY OF RECOMMENDATION (OCT 04, 2021 – NOV 29, 2021)					PROFIT PRIOR TO THE DAY OF RECOMMENDATION (A)	TRADING ON THE DAY OF RECOMMENDATION (NOV 30, 2021)					PROFIT ON THE DAY OF RECOMMENDATION (B)	TOTAL PROFIT IN RS. (A+B)	CLOSING BAL
		QTY	TOT.BUY QTY.	WAVG. BUY PRICE	TOT. SELL QTY	WG. AV. SELL PRICE	WV. AVG. BUY PRICE FOR THE QTY SOLD	PROFIT IN RS.	TOT. BUY QTY.	WAVG. BUY PRICE	TOT. SELL QTY	WG. AV. SELL PRICE	WV. AVG. BUY PRICE FOR THE QTY SOLD	IN RS.	IN RS.	QTY
PRIYANK	AUG,2021	-	145632	26.32	9300	45.90	26.32	1,82,085.67	4420	48.04	77557	48.15	27.00	16,40,066.02	18,22,151.69	63195
SURAJ	AUG,2021	10500	62861	22.86	318	22.40	25.12	-863.40	1000	48.00	63000	48.15	26.65	13,54,271.22	13,53,407.82	11043
JIGAR	OCT,2021	-	41821	18.92	-	-	-	-	350	47.98	41821	48.13	19.16	12,11,469.43	12,11,469.43	350
PIYUSH	OCT,2021	-	18000	18.04	-	-	-	-	-	-	18000	48.15	18.04	5,42,007.95	5,42,007.95	0
NISHIL	SEPT,2020	1031	18779	23.35	13695	32.64	22.13	1,43,871.76	-	-	6115	48.13	28.07	1,22,698.76	2,66,570.52	0
TOTAL		11531	287093		23313			3,25,094.02	5770		206493			48,70,513.38	51,95,607.40	74,588.00

12.55 It can be noted from the above Table that the Interim Order identified the following sources of ill–gotten gains:

a. from the sale of shares by Notice 1 to third parties on the *1st Recommendation Day* and post the *1st Recommendation Day*;
b. sale of shares prior to and on the *2nd Recommendation Day* by Noticees 7 to 11.

12.56 The profits made by the individual Noticees, who have traded in the scrip of *SNIM* on the *1st Recommendation Day* and post the *1st Recommendation Day* and prior to and on the *2nd Recommendation Day*, have been computed by first calculating the weighted average price at which the respective Noticees have sold shares for the relevant period and then, subtracting the weighted average buy price from the said number and then multiplying the resultant number with the number of shares sold during the aforesaid period.

12.57 I am now proceeding to the arguments regarding the extent of liability of the individual Noticees for disgorgement. In this regard, I note that (a) Noticees 2 to 4 would be jointly and severally liable with Noticee 1 and (b) Noticee 2 and 4 would be jointly and severally liable with Noticees 7 to 11, to the extent of the profits made by them while dealing in the securities of *SNIM* during the Investigation Period.

12.58 However, the joint and several liability is not being fastened upon Noticees 5 and 6 as I am of the view that there is merit in their argument that they did not have visibility over the entire *'pump and dump'* operation that was being orchestrated. Having said that, it is noted that it is only the extent of the manipulation that the said Noticees may have not been aware of, but the fact that the other Noticees were attempting to manipulate the scrip of *SNIM* must have been known to them. This aspect will be considered when the question of monetary penalty to be imposed against them is being considered.

12.59 The details of the liability for disgorgement of profits made vide the trade during *1st and 2nd Recommendation Days* is given in the Table below:

TABLE 21		
NAME OF THE ACCOUNT HOLDER IN WHOSE ACCOUNT PROFITS HAVE BEEN MADE	**ENTITIES LIABLE FOR UN-LAWFUL GAINS**	**TOTAL UNLAWFUL GAINS (RS.)**
NOTICEE 1 (VINOD)	NOTICEE 1 (VINOD) NOTICEE 2 (PRIJESH) NOTICEE 3 (DHARINI) NOTICEE 4 (ASHISH)	40,42,063.93
NOTICEE 7 (PRIYANK) NOTICEE 8 (SURAJ) NOTICEE 9 (JIGAR) NOTICEE 10 (PIYUSH) NOTICEE 11 (NISHIL)	NOTICEE 2 (PRIJESH) NOTICEE 4 (ASHISH) NOTICEE 7 (PRIYANK) NOTICEE 8 (SURAJ) NOTICEE 9 (JIGAR) NOTICEE 10 (PIYUSH) NOTICEE 11 (NISHIL)	51,95,607.40
TOTAL		**92,37,671.33**

III. Monetary penalty to be imposed, if any.

12.60 The SCN has also contemplated directions under Sections 11(4A) and 11B(2) of the SEBI Act read with Rule 4 of Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 ("**Adjudication Rules, 1995**") imposing monetary penalty as stated in Section 15HA of the SEBI Act in respect of all the Noticees.

12.61 It would be, therefore, relevant to place hereunder the extracts of the appropriate penalty provisions for facility of reference:

Penalty for fraudulent and unfair trade practices. Section 15HA of SEBI Act, 1992: "*If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty of twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.*"

12.62 Upon a consideration of the aforementioned penalty provision, I find that Section 15HA of the SEBI Act has been invoked for fraudulent and unfair trade practices indulged by the Noticees. It has already been brought out that fraudulent and unfair trade practice, in this case the *'pump and dump'* operation, was carried out by the aforementioned Noticees. The preceding paragraphs of this Order contain findings in unequivocal terms demonstrating the role played by all the Noticees. I, therefore, find that penalty under Section 15HA of the SEBI Act is clearly attracted.

12.63 It is relevant to mention here that for the imposition of penalty under the provisions of the SEBI Act, guidance is provided by Section 15J of the said Act. The said provision reads:

"Factors to be taken into account while adjudging quantum of penalty. 15J. While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely: —
(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;
(b) the amount of loss caused to an investor or group of investors as a result of the default;
(c) the repetitive nature of the default.
Explanation. —For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section."

12.64 Additionally, reference is made to the case of *Adjudicating Officer, SEBI V. Bhavesh Pabari,* [1] whereby the Supreme Court had held, *"…if the penalty provisions are to be understood as not admitting of any exception or discretion and the penalty as prescribed in Section 15-A to Section 15-HA of the SEBI Act is to be mandatorily imposed in case of default/failure, Section 15-J of the SEBI Act would stand obliterated and eclipsed. Hence, the question referred.*

[1] *(2019) SCC Online SC 294*

Sections 15-A(a) to 15-HA have to be read along with Section 15-J in a manner to avoid any inconsistency or repugnancy."

12.65 In view of the above–mentioned facts, I will be considering the specific role played by each of the Noticees while considering the monetary penalties to be imposed against them.

12.66 Given the findings recorded in the preceding paragraphs, it can be clearly noted that the Noticees have engineered a classical *'pump and dump' operation* in the scrip of *SNIM*. The entire operation was stage managed by Noticee 2, Prijesh A. Kurani, through Noticees 1, 3, 4, 7 to 11. Noticee 2, utilizing connected entities, first manipulated the price of the scrip of *SNIM* and, thereafter, utilizing the services of certain *'operators'*, off–loaded the shares of the Company at an inflated price to the unsuspecting public investors on the *1st and 2nd Recommendation Days*.

12.67 The use of Telegram Channels to disseminate messages to unsuspecting investors led to a huge surge in trading volume in the scrip of *SNIM*, on the *1st and 2nd Recommendation Days*. The Company which only saw trading volumes of around 2,008 shares per day in the lead up to the *1st Recommendation Day* witnessed 1,20,905 shares changing hands on August 17, 2021. A similar increase in trading volume was also observed during the *2nd Recommendation Day* where 2,49,671 shares were traded on November 30, 2021 as against 13,315 shares in the lead up to the *2nd Recommendation Day*.

12.68 This effectively resulted in public shareholders purchasing the scrip at an inflated price. In this regard, it is noted that the number of public shareholders in the company saw a marked increase during this period. The company, which only had 679 public shareholders for the quarter ended June 30, 2021, thereafter saw an increase in shareholders to 1,252 shareholders for the quarter ended September 30, 2021 and 2,358 shareholders for the quarter ended December 31, 2021.

12.69 Such fraudulent activity dents investor confidence in the fairness of the markets and has a significant impact on investor participation, in the long run. Any such move, would not only be detrimental of effective allocation of resources in the economy, but could also result in increasing the cost of capital for companies looking to raise resources from the capital markets.

12.70 The regulator when faced with such instances has a bounden duty to ensure that stringent punitive measures are taken against the perpetrators of such activities. The digital and forensic evidence that has been marshaled in this case by the investigation has clearly brought out how the Noticees have conspired to profit at the cost of the ordinary investors. The fraudulent scheme perpetrated by the Noticees has undermined the integrity of our markets and inflicted substantial harm on unsuspecting investors. The measures taken by SEBI in such cases need to serve as an effective deterrent.

12.71 SEBI has recently issued an Order in the matter of Superior Finlease Ltd. (Order dated May 22, 2024, having no. WTM/AB/ISD/ISD–SEC–4/30348/2024–25), wherein three Noticees (Noticees 4, 5 and 6 of this Order were involved) had carried out a *'pump and dump' operation* employing the same *modus operandi.* Through the said Order, investors were urged to exercise due diligence and caution, especially while investing in companies which see sudden spikes in prices without any attributable change in fundamentals. The aforesaid message is once again reiterated to investors.

ORDER

13. In view of the aforesaid findings and having regard to the facts and circumstances of the matter, I, in exercise of the powers conferred upon me under Section 19 read with Sections 11(1), 11(4), 11(4A) and 11B read with Section 15I of the SEBI Act and Rule 5 of the Adjudication Rules, 1995, hereby direct as under:

   a. Noticees 1 to 4 and Noticees 7 to 11 are restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of **five (5) years** from the date of this Order.

   b. Noticees 5 and 6 are restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of **two (2) years** from the date of this Order. It is hereby clarified that the aforementioned restraint on Noticees 5 and 6 shall run consecutively after the restraint imposed on them vide the Order dated May 22, 2024, in the matter of Superior Finlease Ltd. (having no. WTM/AB/ISD/ISD–SEC–4/30348/2024–25), i.e. the period of restraint imposed vide this Order shall commence after the expiration of the period of restraint imposed vide the Order in the matter of Superior Finlease Ltd.

   c. Noticees 1 to 4 and Noticees 7 to 11 shall also be liable to disgorge the amounts provided in Table 21 at page 41 of this Order, along with simple interest at the rate of 12% per annum, calculated from the *2nd Recommendation Day* till the date of actual payment /impounding.

   d. The amount mentioned in paragraph 13(c) shall be remitted by the aforementioned Noticees to the Investor Protection and Education Fund (IPEF) referred to in Section 11(5) of the SEBI Act, within 45 (forty–five) days from the date of receipt of this Order. An intimation regarding the payment of said disgorgement amount directed to be paid herein, shall be sent to *"The Division Chief, ISD–SEC–6, SEBI, SEBI Bhavan II, Plot no. C - 7, 'G' Block, Bandra Kurla Complex, Bandra (E), Mumbai–400 051"*.

e. Noticees shall be liable to pay a monetary penalty under Sections 15HA of the SEBI Act, as indicated in the Table below:

NOTICEE	NAME	PENALTY
1.	VINOD V. SABLE	RS. 50,00,000
2.	PRIJESH A. KURANI	RS. 2,00,00,000
3.	DHARINI P. KURANI	RS. 1,00,00,000
4.	ASHISH P. SHAH	RS. 1,00,00,000
5.	JALAJ AGRAWAL	RS. 50,00,000
6.	ARVIND SHUKLA	RS. 25,00,000
7.	PRIYANKBHAI V. PRAJAPATI	RS. 50,00,000
8.	SURAJ G. PRAJAPATI	RS. 50,00,000
9.	JIGAR D. CHAUDHARI	RS. 50,00,000
10.	PIYUSH B. PATEL	RS. 50,00,000
11.	NISHIL K. MALDE	RS. 50,00,000

f. Noticees shall pay the monetary penalty imposed on them [amount mentioned in paragraph 13(e)] within a period of forty–five (45) days from the date of receipt of this Order. In case of their failure to do so, simple interest at the rate of 12% per annum shall be applicable from the expiry of the said 45 days till the date of actual payment.

g. Noticees shall pay the monetary penalty by online payment through following path on the SEBI website: www.sebi.gov.in/ENFORCEMENT → Orders → Orders of Chairman / Members → Click on PAY NOW. In case of any difficulties in payment of penalties, the Noticee may contact the support at portalhelp@sebi.gov.in.

h. The Noticees shall forward details of the online payment made in compliance with the directions contained in this Order to "*The Division Chief, ISD–SEC–6, SEBI, SEBI Bhavan II, Plot no. C - 7, 'G' Block, Bandra Kurla Complex, Bandra (E), Mumbai–400 051*" and also to e–mail id: tad@sebi.gov.in in the format given below:

1. CASE NAME:	
2. NAME OF THE PAYEE:	
3. DATE OF PAYMENT:	
4. AMOUNT PAID:	
5. TRANSACTION NO:	
6. BANK DETAILS IN WHICH PAYMENT IS MADE:	
7. PAYMENT IS MADE FOR:	PENALTY

i. Banks / depositories / depository participants / registrar and transfer agents / stock exchanges shall permit transfer of the amounts frozen in the accounts of Noticees. 1 to 4 and Noticees 7 to 11 to the Investor Protection and Education Fund referred to in Section 11(5) of the SEBI Act for the purpose of complying with this Order.

j. The Division Chief, ISD–SEC–4, SEBI, shall within a period of two (2) days from the date of payment of amount disgorged as per this Order, issue a certificate of compliance upon production of which, the banks shall defreeze the accounts frozen pursuant to the Interim Order dated January 31, 2023.

14. This Order comes into force with immediate effect.

15. The directions issued in the Interim Order, apart from as provided above, stands revoked. The bank accounts of Noticees 5 and 6 to the said extent, shall stand defreezed.

16. This Order shall be served on all the Noticees, Recognized Stock Exchanges, Depositories and Registrar and Share Transfer Agents and Banks to ensure necessary compliance.

Date: May 31, 2024 **ASHWANI BHATIA**

Place: Mumbai **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA