BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/MC/HP/2021-2022/13838-13845]

UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995 AND UNDER SECTION 23-I OF SECURITIES CONTRACTS (REGULATION) ACT, 1956 READ WITH RULE 5 OF SECURITIES CONTRACTS (REGULATION) (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 2005.

In respect of –

1. **Manoj Jain (HUF) (PAN: AAIHM8857K)** having address at – 109, Kanchanbag, Indore - 452 001
2. **Manoj Kantilal Jain (PAN: AABPJ5401D)** having address at – South Tukoganj, 109, Kanchanbag, Indore - 452 001
3. **Sanjay Kalwadia (HUF) (PAN: AATHS4243L)** having address at – 8 MIG, Arvind Nagar, Gouri Shankar Bhawan, Ujjain - 456 006
4. **Shreeji Investment (Ritesh Vyas) (PAN: AEVPV9291H)** having address at – 43 Jathi Colony, near Khare Coaching Classes, Ram Bag, Indore - 452 001 **and** 206 Manorama Apartment, 11th Floor, Ram Bag, Indore - 452 001
5. **Vijay Kumar Tayde (PAN: ACGPT9190C)** having address at – 215, Nehru Nagar, Patnipura, Vallabhnagar, Indore - 452 003
6. **Abhishek Upadhyay (PAN: AENPU4185K)** having address at – D-35, Janata Colony, Nanda Nagar, Indore - 452 011
7. **Sandhya Dharkar (PAN: AHXPD0564A)** having address at – 203, Navjeevan Prabha Apartment, 31 Jati Colony, Near Lokhande Bridge, Indore - 452 007
8. **Nitin Sen (PAN: CMLPS6798A)** having address at – 94, Bramhabag Colony, Makan No. 1 SE 148, Indore - 452 001

In the matter of STL Global Limited

BACKGROUND

1. Securities and Exchange Board of India (hereinafter be referred to as, **'SEBI'**) initiated adjudication proceedings under Section 15HA of the Securities and Exchange Board of India Act, 1992 (hereinafter be referred to as,**'SEBI Act'**) and Section 23H of Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as, '**SCRA**') against Manoj Jain HUF **(Noticee 1),** Manoj Kantilal Jain **(Noticee 2),** Sanjay Kalwadia HUF **(Noticee 3),** Shreeji Investment (Ritesh Vyas) **(Noticee 4),** Vijay Kumar Tayde **(Noticee 5),** Abhishek Upadhyay **(Noticee 6),** Sandhya Dharkar **(Noticee 7)** and Nitin Sen **(Noticee 8)** for the alleged violations of Regulation 3(a),(b),(c),(d) and Regulation 4(1) and 4(2) (a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as **'PFUTP Regulations'**), Section 16 of SCRA read with SEBI Notification dated October 3, 2013, Section 13 and Section 18 of SCRA read with Section 2(i) of SCRA pursuant to investigation in the matter of STL Global Limited (hereinafter be referred to as, **'Company/SGL/Scrip'**) for the period from November 22, 2016 to December 20, 2016 (**IP/investigation period**). The Noticees 1 to 8 are collectively referred to as **'Noticees/You'**.

APPOINTMENT OF ADJUDICATING OFFICER

2. The undersigned was appointed as Adjudicating Officer (hereinafter referred to as '**AO**') under Section15-I of the SEBI Act read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and Section 23-I of SCRA read with Rule 3 of Securities Contracts (Regulation) (Procedure for Holding Inquiry and imposing penalties) Rules, 2005 (hereinafter referred to as '**Adjudication Rules**'), *vide* order dated September 02, 2020 to inquire into and adjudge under Section 15HA of SEBI Act and Section 23H of SCRA, the aforesaid alleged violations against the Noticees. The appointment of the AO was communicated *vide* order dated October 28, 2020.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. Show Cause Notice No. EAD5/MC/DPS/19268/2020 dated November 11, 2020 (hereinafter be referred to as, the "**SCN**") was served upon the Noticees under Rule 4(1) of the Adjudication Rules to show cause as to why an inquiry should not be held and penalty not be imposed against Noticees under Section 15HA of SEBI Act and 23H of SCRA for the aforesaid alleged violations.

4. The allegations levelled against the Noticees in the SCN are summarized as below:

5. There was a sudden increase in the volume at BSE on December 06, 2016. It was observed that Noticee 3 was the top seller on that day and during the investigation period. Further, Noticee 3 received shares in off-market transfers from Noticee 7, 5, 4 and 8 and it has sold full/part of these shares in the market wherein these Noticees were major counterparties to the trades of Noticee 3. It was further observed that Noticee 1 was the top net seller in the scrip. Noticee 1 received shares in off-market transfers from Noticee 6, 4 and 5 on December 09, 2016 and sold those shares in the market to Noticee 8 and 5 on December 12 and 13, 2016. Noticee 2 received shares in off-market transfers from Noticee 6 and 7 on December 09, 2016 and sold those shares in the market to Noticee 8, 7 and 5 on December 12 and 13, 2016. Further, it was observed that Noticee 4 had banking transactions with Noticee 5, 6, 7 and 8.

6. The details of connection among the Noticees are as given below:-

Sr. No	Name	Basis of connection
1	Sanjay Kalwadia HUF (Noticee 3)	Noticees at Sr. 2 to 5 have transferred shares in off-market to the Noticee at Sr. No. 1. Noticee 4 had banking transactions with Noticee 6, 8, 5 and 7.
2	Nitin Sen (Noticee 8)	
3	Sandhya Dharkar (Noticee 7)	
4	Vijay Kumar Tayde (Noticee 5)	
5	Shreeji Investment (Rites Vyas) (Noticee 4)	
6	Manoj Jain (HUF) (Noticee 1)	Noticee 4 and 5 have transferred shares in off-market to Noticee 1
7	Manoj Kantilal Jain (Noticee 2)	Noticee 6 and 7 transferred shares to Noticee 2
8	Abhishek Upadhyay (Noticee 6)	Noticee 6 transferred shares in off-market to Noticee 1 and 2

7. The gross buy, gross sell and net traded volume of the Noticees during the investigation period are as follows:-

<u>Trades of Noticees at BSE</u>

Client Name	Buy Traded Quantity	% Buy Traded Quantity	Sell Traded Quantity	% Sell Traded Quantity
Noticee 5	148000	18.82%	0	0.00%
Noticee 8	130000	16.53%	0	0.00%
Noticee 7	114000	14.49%	0	0.00%
Noticee 4	44500	5.66%	19211	2.44%
Noticee 3	0	0.00%	320000	40.68%
Noticee 2	0	0.00%	70000	8.90%
Noticee 6	30005	3.82%	5	0.0006%
Total	**466505**	**59.31%**	**409216**	**52.02%**
Market Total	**786593**	**100.00%**	**786593**	**100.00%**

Trades of Noticees at NSE

Client Name	Buy Traded Quantity	% Buy Traded Quantity	Sell Traded Quantity	% Sell Traded Quantity
Noticee 8	40350	4.44%	350	0.04%
Noticee 5	30000	3.30%	0	0.00%
Noticee 7	26000	2.86%	0	0.00%
Noticee 4	10100	1.11%	5100	0.56%
Noticee 1	0	0.00%	70000	7.70%
Total	**106450**	**11.71%**	**75450**	**8.29%**
Market Total	**909439**	**100.00%**	**909439**	**100.00%**

8. It was observed from the table above that the aforesaid Noticees contributed 59.31% to buy volume and 52.02% to sell volume through trades at BSE and 11.71% to buy volume and 8.29% to sell volume through trades at NSE.

9. Combined Gross buy, Gross sell and Net traded volume on BSE and NSE by the Noticees during the Investigation Period are given below:-

Sr. No.	Name of the Client	Gross Buy	Gross Sell	Net Buy/(Net Sell)	Gross Buy % to total buy volume	Gross Sell % to total sell volume
1	Noticee 1	0	70000	-70000	0.00	4.13
2	Noticee 3	0	320000	-320000	0.00	18.87
3	Noticee 5	178000	0	178000	10.50	0.00
4	Noticee 4	54600	24311	30289	3.22	1.43
5	Noticee 7	140000	0	140000	8.25	0.00

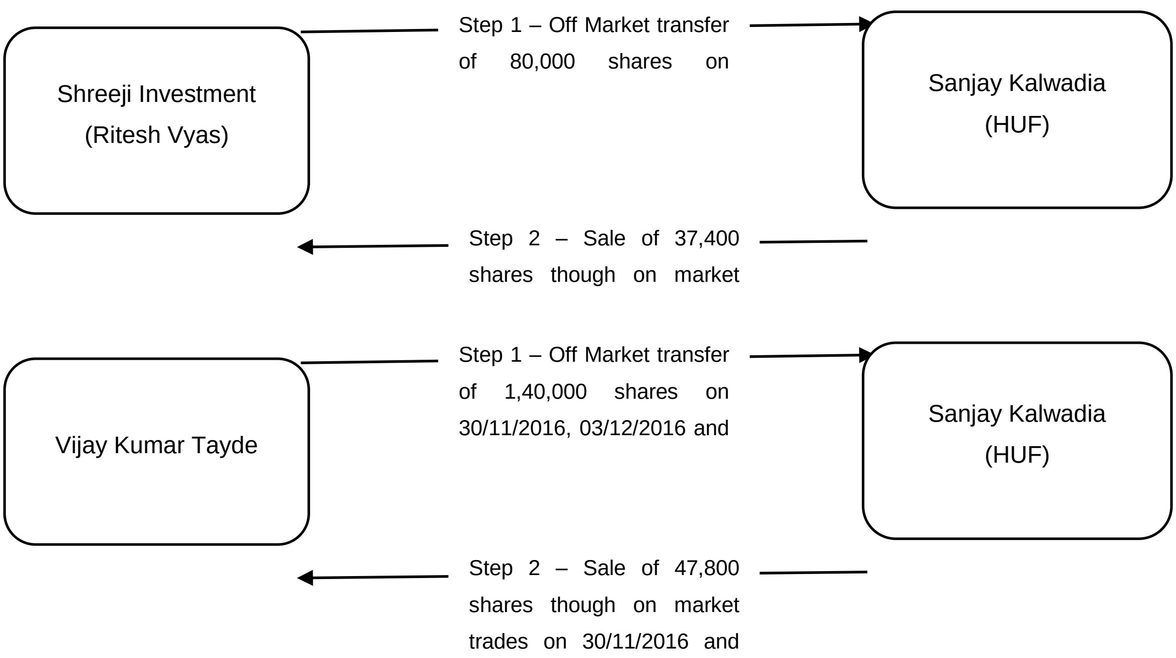
6	Notice 8	170350	350	170000	10.04	0.02
7	Noticee 2	0	70000	-70000	0	4.13
8	Noticee 6	30005	5	30000	1.77	0.0003
		572955	**484666**	**88,289**	**33.78**	**28.58**

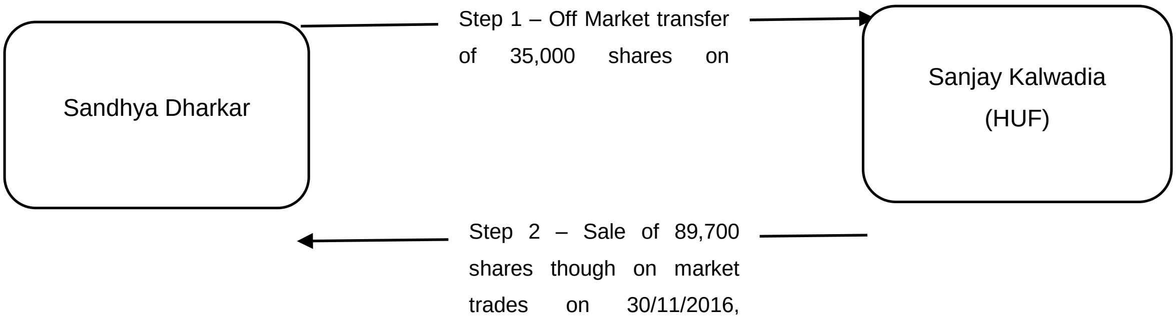
Off-Market/On-Market Trading analysis:

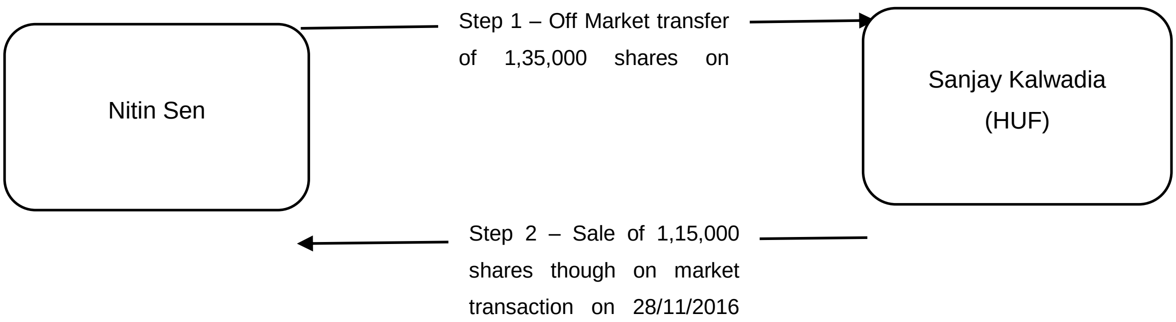
10. It was observed that Noticee 1 and 3 were the top sellers in the scrip. It was also observed that both the aforesaid Noticees acquired shares in off market and sold the shares on market during the investigation period. The details of buying and selling of these Noticees are as under:

Sanjay Kalwadia (HUF) / Noticee 3:

a) It was observed that during the investigation period, Noticee 3 acquired 3,90,000 shares of SGL from other connected Noticees through off-market transactions. The transactions are illustrated as under:







b) Details of the aforesaid transactions are as follows:

Date	Client Name (Transferee)	Client PAN	Counterparty Client Name (Transferor)	Counterparty Client PAN	Transaction Type	Quantity
24/11/2016	Sanjay Kumar Kalwadia (HUF)	AATHS4243L	Shreeji Investment (Ritesh Vyas)	AEVPV9291H	OFF MKT	80000
30/11/2016	Sanjay Kumar Kalwadia (HUF)	AATHS4243L	Vijay Kumar Tayde	ACGPT9190C	OFF MKT	50000
03/12/2016	Sanjay Kumar	AATHS4243L	Vijay Kumar Tayde	ACGPT9190C	OFF MKT	25000

Date	Client Name (Transferee)	Client PAN	Counterparty Client Name (Transferor)	Counterparty Client PAN	Transaction Type	Quantity
	Kalwadia (HUF)					
03/12/2016	Sanjay Kumar Kalwadia (HUF)	AATHS4243L	Sandhya Dharkar	AHXPD0564A	OFF MKT	35000
06/12/2016	Sanjay Kumar Kalwadia (HUF)	AATHS4243L	Nitin Sen	CMLPS6798A	OFF MKT	80000
16/12/2016	Sanjay Kumar Kalwadia (HUF)	AATHS4243L	Vijay Kumar Tayde	ACGPT9190C	OFF MKT	65000
16/12/2016	Sanjay Kumar Kalwadia (HUF)	AATHS4243L	Nitin Sen	CMLPS6798A	OFF MKT	55000
Total						**390000**

c) Further, Noticee 3 sold 3,20,000 shares of SGL on BSE on 4 trading days during the investigation period. Details of on-market sale of Noticee 3 at BSE is as under:

Trade Date	PAN No.	Client Name (Buy side)	Counterparty PAN No.	Counterparty Client name (Sell side)	Trade Rate	Traded Quantity	Trade Value
28/11/2016	CMLPS6798A	NITIN SEN	AATHS4243L	SANJAY KALWADIA HUF	16.4	25000	410000
28/11/2016	CMLPS6798A	NITIN SEN	AATHS4243L	SANJAY KALWADIA HUF	16.4	25000	410000

Trade Date	PAN No.	Client Name (Buy side)	Counterparty PAN No.	Counterparty Client name (Sell side)	Trade Rate	Traded Quantity	Trade Value
28/11/2016	CMLPS6798A	NITIN SEN	AATHS4243L	SANJAY KALWADIA HUF	16.45	15000	246750
28/11/2016	CMLPS6798A	NITIN SEN	AATHS4243L	SANJAY KALWADIA HUF	16.45	15000	246750
30/11/2016	AHXPD0564A	SANDHYA DHARKAR	AATHS4243L	SANJAY KALWADIA HUF	16.4	25000	410000
30/11/2016	ACGPT9190C	VIJAY KUMAR TAYDE	AATHS4243L	SANJAY KALWADIA HUF	16.3	25000	407500
06/12/2016	AMSPS2424E	DHAWANI HEMALBHAI SHAH	AATHS4243L	SANJAY KALWADIA HUF	18.95	219	4150.05
06/12/2016	AHXPD0564A	SANDHYA DHARKAR	AATHS4243L	SANJAY KALWADIA HUF	18.95	24781	469599.95
06/12/2016	AHXPD0564A	SANDHYA DHARKAR	AATHS4243L	SANJAY KALWADIA HUF	18.95	24919	472215.05
06/12/2016	BIVPS6626Q	MAHENDRA SINGH	AATHS4243L	SANJAY KALWADIA HUF	18.55	50	927.5
06/12/2016	AAGPG6854Q	SAUBHAGAYA ASSOCIATES	AATHS4243L	SANJAY KALWADIA HUF	18.55	31	575.05
06/12/2016	AENPU4185K	ABHISHEK UPADHYAY	AATHS4243L	SANJAY KALWADIA HUF	18.7	9723	181820.1
06/12/2016	DBOPM2790H	MOHAMMED AZAM	AATHS4243L	SANJAY KALWADIA HUF	18.55	150	2782.5
06/12/2016	ACBPN2712R	ASOKEKUMAR GORACHAND NANDI	AATHS4243L	SANJAY KALWADIA HUF	18.5	127	2349.5
06/12/2016	AENPU4185K	ABHISHEK UPADHYAY	AATHS4243L	SANJAY KALWADIA HUF	18.55	17990	333714.5
06/12/2016	ACGPT9190C	VIJAY KUMAR TAYDE	AATHS4243L	SANJAY KALWADIA HUF	18.55	2010	37285.5

Trade Date	PAN No.	Client Name (Buy side)	Counterparty PAN No.	Counterparty Client name (Sell side)	Trade Rate	Traded Quantity	Trade Value
06/12/2016	ACGPT9190C	VIJAY KUMAR TAYDE	AATHS4243L	SANJAY KALWADIA HUF	18.55	20790	385654.5
06/12/2016	AEVPV9291H	SHREEJI INVESTMENT	AATHS4243L	SANJAY KALWADIA HUF	18.4	24933	458767.2
06/12/2016	AEVPV9291H	SHREEJI INVESTMENT	AATHS4243L	SANJAY KALWADIA HUF	18.4	67	1232.8
06/12/2016	AEVPV9291H	SHREEJI INVESTMENT	AATHS4243L	SANJAY KALWADIA HUF	18.45	9900	182655
06/12/2016	AEVPV9291H	SHREEJI INVESTMENT	AATHS4243L	SANJAY KALWADIA HUF	18.4	2500	46000
06/12/2016	ADSPS7317M	GANGARAM RAMBHAI SOLANKI	AATHS4243L	SANJAY KALWADIA HUF	18.2	100	1820
06/12/2016	AAKPC0963C	SURESH CHANDAK	AATHS4243L	SANJAY KALWADIA HUF	18.1	5	90.5
06/12/2016	AAKPC0963C	SURESH CHANDAK	AATHS4243L	SANJAY KALWADIA HUF	18.05	5	90.25
06/12/2016	AAGPG6854Q	SAUBHAGAYA ASSOCIATES	AATHS4243L	SANJAY KALWADIA HUF	18.05	656	11840.8
06/12/2016	ABWPV2690L	GYANESHWAR VATS	AATHS4243L	SANJAY KALWADIA HUF	18	100	1800
06/12/2016	AKFPP1110R	LALCHAND PRASAD	AATHS4243L	SANJAY KALWADIA HUF	18	500	9000
06/12/2016	AEDPT7471B	NISHIT PANKAJ TANNA	AATHS4243L	SANJAY KALWADIA HUF	18	344	6192
06/12/2016	AEDPT7471B	NISHIT PANKAJ TANNA	AATHS4243L	SANJAY KALWADIA HUF	18	100	1800
20/12/2016	CMLPS6798A	NITIN SEN	AATHS4243L	SANJAY KALWADIA HUF	16.45	15000	246750

Trade Date	PAN No.	Client Name (Buy side)	Counterparty PAN No.	Counterparty Client name (Sell side)	Trade Rate	Traded Quantity	Trade Value
20/12/2016	AHXPD0564A	SANDHYA DHARKAR	AATHS4243L	SANJAY KALWADIA HUF	16.4	15000	246000
20/12/2016	CMLPS6798A	NITIN SEN	AATHS4243L	SANJAY KALWADIA HUF	16.35	20000	327000
						320000	

d) From the above table it was observed that out of 3,20,000 shares of SGL sold by Noticee 3 on BSE during 4 trading days, connected Noticees bought 3,17,613 shares, which constituted 99.25% of the total shares sold by Noticee 3. The entity wise details of the shares bought during the investigation period are as under:

Name of the Noticee	Quantity
Noticee 8	115000
Noticee 7	89700
Noticee 5	47800
Noticee 4	37400
Noticee 6	27713
Total	**317613**

Analysis of trading on December 06, 2016

e) Maximum increase in volumes at BSE was observed on December 06, 2016. The traded quantity increased from 10002 shares as on December 05, 2016 to 245804 shares on December 06, 2016 i.e. 2358% increase from previous day traded quantity.

f) As per the trading details, Noticee 3 was the top seller on December 06, 2016 on BSE, sold 140000 shares which was 56.96% of the total market volume on that day. Noticees contributed 66.11% to buy volume and

64.77% to sell volume and contributed 50% to market volume through trades among themselves on December 06, 2016. The details of the same are as under:

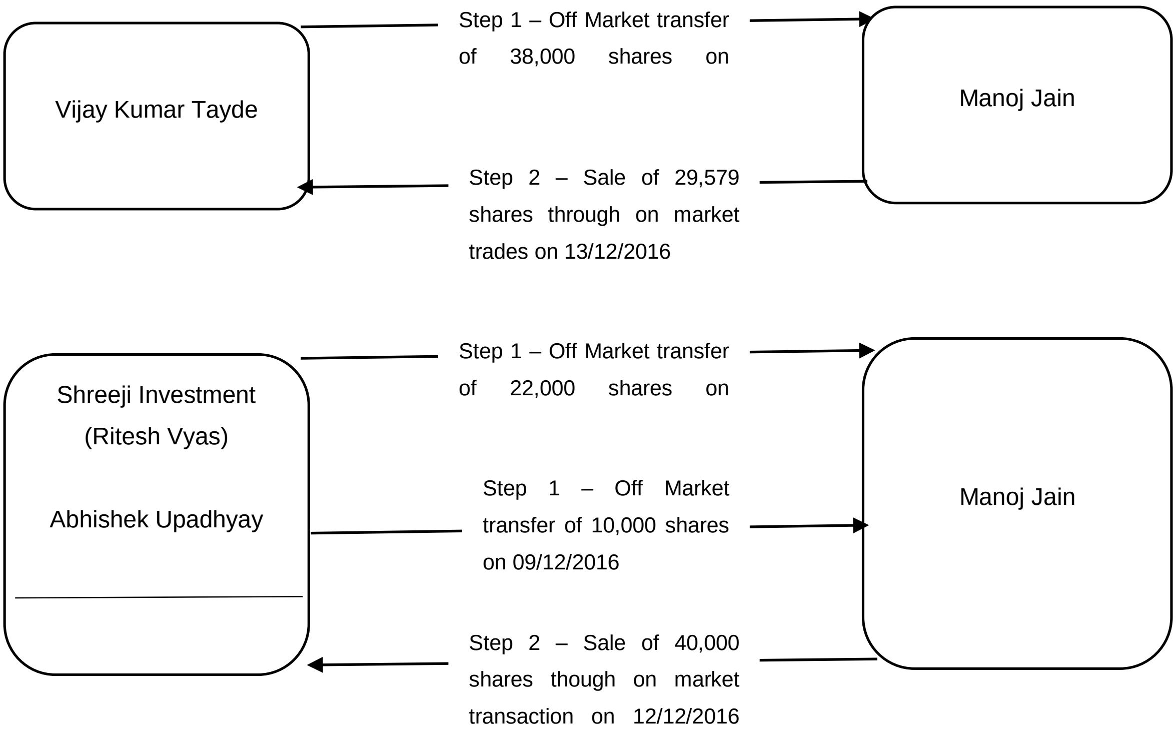
Noticee Name	**Buy Traded Quantity**	**% Buy Traded Quantity**	**Sell Traded Quantity**	**% Sell Traded Quantity**
Noticee 7	50000	20.34%	0	0.00%
Noticee 4	44500	18.10%	19211	7.82%
Noticee 5	38000	15.46%	0	0.00%
Noticee 6	30000	12.21%	0	0.00%
Noticee 3	0	0.00%	140000	56.96%
Total	**162500**	**66.11%**	**159211**	**64.77%**
Market Total	**245804**	**100.00%**	**245804**	**100.00%**

g) In view of the above, it was alleged that Noticee 3 executed trades by (i) buying the shares through off market transfers from Noticee 4, 5, 7, and 8 and (ii) selling shares back to these Noticees through on market trades.

h) Hence, the above Noticee 3, 4, 5, 7 and 8 were alleged to have contributed in generating artificial volume in the scrip on December 06, 2016.

Manoj Jain (HUF) / Noticee 1:

i) It was observed that Noticee 1 acquired 70,000 shares of SGL through off market transactions during the investigation period from other Noticees i.e. Noticee 4, 5 and 6. Further, during the investigation period, Noticee 1 sold 69,579 shares of SGL on NSE wherein 69,579 shares (99.40%) were sold to Noticees i.e. Noticee 5 and 8. These transactions are illustrated as under:



j) Details of the aforesaid transactions are as follows:

Date	Client Name (Transferee)	Client PAN	Counterparty Client Name (Transferor)	Counterparty Client PAN	Transaction Type	Quantity
09/12/2016	Manoj Jain (HUF)	AAIHM8857K	Abhishek Upadhyay	AATHS4243L	OFF MKT	10000
09/12/2016	Manoj Jain (HUF)	AAIHM8857K	Ritesh Vyas	AEVPV9291H	OFF MKT	22000
09/12/2016	Manoj Jain (HUF)	AAIHM8857K	Vijay Kumar Tayde	ACGPT9190C	OFF MKT	38000
Total						**70000**

k) Further, Noticee 1 sold 70,000 shares of SGL on NSE on 2 trading days during the investigation period. Details of on-market sale of Noticee 1 on NSE is as under:

Trade Date	PAN No.	Client Name (Buy side)	Counterparty PAN No.	Counterparty Name (Sell side)	Trade Rate	Trade Value	Traded Quantity
12/12/2016	CMLPS6798A	NITIN SEN	AAIHM8857K	MANOJ JAIN (HUF)	17.9	447500	25000
12/12/2016	CMLPS6798A	NITIN SEN	AAIHM8857K	MANOJ JAIN (HUF)	17.9	179000	10000
13/12/2016	AAHPS0839G	KINNER PRAFULCHANDRA SAPANI	AAIHM8857K	MANOJ JAIN (HUF)	17.6	7040	400
13/12/2016	AAACI2044K	INVENTURE GROWTH & SECURITIES LTD	AAIHM8857K	MANOJ JAIN (HUF)	17.6	17.6	1
13/12/2016	ACBPY4148C	NANDAKUMAR	AAIHM8857K	MANOJ JAIN (HUF)	17.6	352	20
13/12/2016	ACGPT9190C	VIJAY KUMAR TAYDE	AAIHM8857K	MANOJ JAIN (HUF)	17.6	256590.4	14579
13/12/2016	ACGPT9190C	VIJAY KUMAR TAYDE	AAIHM8857K	MANOJ JAIN (HUF)	17.7	177000	10000
13/12/2016	ACGPT9190C	VIJAY KUMAR TAYDE	AAIHM8857K	MANOJ JAIN (HUF)	17.6	88000	5000
13/12/2016	CMLPS6798A	NITIN SEN	AAIHM8857K	MANOJ JAIN (HUF)	17.7	88500	5000
Total							**70000**

l) From the above table, it was observed that on December 09, 2016, Notice 1 bought 70,000 shares through Off-Market from Noticee 4, 5 and 6 and sold all the 70,000 shares through on-market trades on NSE on December 12 and December 13, 2016.

m) It was further observed that out of 70,000 shares of SGL sold by Noticee 1 on NSE during the aforesaid 2 trading days, connected Noticees bought 69,579 shares, which constituted 99.40% of the total shares sold by Noticee 1. The entity wise details of shares bought during the investigation period is as under:

Name of the Noticee	Quantity
Noticee 8	40000
Noticee 5	29579
Total	**69579**

n) Notice 1 traded in the scrip on December 12, 2016 and December 13, 2016 wherein Noticee 1 was observed to be the top seller in the scrip on both days contributing 63.19% and 44.51% respectively in the volume on NSE. Further, it was also observed that Noticee 8 was the top buyer on both December 12-13, 2016, contributing 63.19% and 38.15% to market volume.

o) From the above, it was alleged that Noticee 1 executed trades by (i) buying the shares through off market transfers from Noticee 4, 5 and 6 and (ii) selling shares back to Noticee 8 and Noticee 5 through on market trades. Hence, the above Noticees were alleged to have contributed in generating artificial volume in the scrip on NSE.

11. **<u>Synchronized Trades by the connected Noticees during Investigation Period</u>**

a) The details of synchronized trades i.e. where the buy and sell order quantity and rate were identical and orders for these transactions were placed within time gap of one minute were analysed for the connected Noticees. It was observed that connected Noticees entered into synchronised trades during Investigation period. The details of such trades are as follows:-

Details of synchronized trades among Noticees (BSE):

Gross Buy Qty of connected entities	Gross Sell Qty of connected entities	Gross Total	Total traded qty among connected entities	Synchronized traded qty by connected entities	Sync Trades as % of total traded qty among the connected entities	Sync Trades as % of Total market volume	Sum of LTP at Sync Trades
466505	409216	875721	400613	396036	98.86%	50.34%	-0.25

b) It was observed that during the investigation period, the Noticees collectively entered into synchronized trades for 396036 shares which was 50.34% of total market traded volume. Therefore, Noticees 1 to 8 allegedly traded through synchronized trades among themselves and contributed to artificial/fictitious market volumes.

Details of synchronized trades among Noticees (NSE):

Gross Buy Qty of connected entities	Gross Sell Qty of connected entities	Gross Total	Total traded qty among connected entities	Synchronized traded qty by connected entities	Sync Trades as % of total traded qty among the connected entities	Sync Trades as % of Total market volume	Sum of LTP at Sync Trades
106450	75450	181900	75029	69579	92.73%	7.65%	-0.05

c) It was observed that during the investigation period, the Noticees collectively entered into synchronized trades for 69579 shares which was 7.65% of total market traded volume.

d) In view of the above, it was alleged that Noticees 1 to 8 by indulging in trades that were in the form of synchronized trades which accounted for 50.34% of total market traded volume at BSE and 7.65% of total market volume at NSE, created artificial/fictitious volume in the market, and gave a false and misleading appearance of trading in the scrip and thus, the Noticees are in violation of Regulations 3 (a), (b), (c), (d), 4 (1), 4 (2) (a) of PFUTP Regulations.

12. **<u>Examination of Off Market transactions:-</u>**

Delivery Instruction Slips (DIS) and Demat statement were sought from NSDL for the off-market transfers made between the connected Noticees.

<u>Abhishek Upadhyay / Noticee 6</u>:

a) It was observed from the DIS that Noticee 6 transferred 20,000 shares of SGL to Noticee 2 and 10,000 shares to Noticee 1 through off market transfer on December 09, 2016. It was further observed that the said transfer of shares were made in lieu of Rs.3.6 lacs and Rs.1.8 lacs respectively. Noticee 6 submitted that consideration was received against the transfer of aforesaid shares. To verify the actual transfer of funds, bank statement reflecting the transaction amount was sought from Noticee 6. Following was observed from the bank statement and reply provided by the Noticee 6:

   i. There was a mismatch in the amounts reflected in DIS (Rs.3.6 lacs and Rs.1.8 lacs) and actual credit (Rs.3.35 lacs and Rs.1.73 lacs) in the account of the Noticee 6.
   ii. Though as per DIS the transactions for transfer of shares were executed on December 09, 2016, However, Noticee 6 stated that he received the funds (Rs.3.35 lacs and Rs.1.73 lacs) against the said transfer of shares on December 19, 2016 and January 31, 2017.

b) As per the Spot Delivery Contract provisions mentioned at Section 2(i) of the SCRA, the transferee was required to make actual payment for the shares on the same day as the date of the receipt of shares or on the next day. It was observed from the bank statement that the actual amount indicated in DIS was not received by Noticee 6 from Noticee 1 and 2 after the shares were actually transferred to them in their respective demat accounts. Thus, the dealings of both, transferor and transferee were not as per the provisions of Spot Delivery Contract as mentioned at Section 2(i) of the SCRA.

c) In view of the above, it was alleged that Noticee 6 has violated Section 16 of SCRA read with SEBI Notification dated October 3, 2013, Section 13 and Section 18 of SCRA read with Section 2(i) of the SCRA.

Manoj Jain (HUF) / Noticee 1:

d) It was observed from the DIS that Noticee 1 bought 10,000 shares of SGL from Noticee 6 through off market transfer on December 09, 2016. It was further observed that the said transfer of shares were made in lieu of Rs.1.8 lacs. To verify the actual transfer of funds, bank statements reflecting the transaction of corresponding amount was sought from Noticee 1. However, Noticee 1 has not provided Bank account statements sought. Thus, the bank statement linked to his trading account (available in UCC database with BSE) was sought from SBI Bank and it was observed that there was no debit transaction of the amount indicated in DIS from his bank account during the period November 01, 2016 to December 31, 2016.

e) As per the Spot Delivery Contract provisions mentioned at Section 2(i) of the SCRA, the transferee was required to make actual payment for the shares on the same day as the date of the receipt of shares or on the next day. It was observed from the bank account of Noticee 1, that it has not paid the consideration amount indicated in DIS to Noticee 6 after the shares were actually transferred to him in his demat account. Thus, the dealings of the transferor and transferee were not as per the provisions of Spot Delivery Contract as mentioned at Section 2(i) of the SCRA.

f) In view of the above, it was alleged that Noticee 1 has violated Section 16 of SCRA read with SEBI Notification dated October 3, 2013, Section 13 and Section 18 of SCRA read with Section 2(i) of the SCRA.

Manoj Kantlilal Jain / Noticee 2:

g) It was observed from the DIS that Noticee 2 bought 20,000 shares of SGL from Noticee 6 through off market transfer on December 09, 2016. It was further observed that the said transfer of shares were made in lieu of Rs.3.6 lacs. To verify the actual transfer of funds, bank statements reflecting the transaction of corresponding amount was sought from Noticee 2. He has not submitted his Bank account statements sought. Thus, the bank statement linked to his trading account (available in UCC database with BSE) was sought from SBI Bank and it was observed that there was no debit of corresponding amount as indicated in DIS during the period November 01, 2016 to December 31, 2016.

h) As per the Spot Delivery Contract provisions mentioned at Section 2(i) of the SCRA, the transferee was required to make actual payment for the shares on the same day as the date of the receipt of shares or on the next day. It was observed from the bank account of Noticee 2, that he has not paid the consideration to Noticee 6 after the shares were actually transferred to him in his demat account. Thus, the dealings of the transferor and transferee were not as per the provisions of Spot Delivery Contract as mentioned at Section 2(i) of the SCRA.

i) In view of the above, it was alleged that Noticee 2 has violated Section 16 of SCRA read with SEBI Notification dated October 3, 2013, Section 13 and Section 18 of SCRA read with Section 2(i) of the SCRA.

Sanjay Kalwadia (HUF) / Noticee 3:

j) It was observed from the DIS that Noticee 3 received 390000 shares through off market transactions. SEBI asked Noticee 3 to provide reason/purpose for receipt of shares on various dates through off market route and consideration paid, if any, for the receipt of such shares along with supporting documents/bank statements. Noticee 3 was also asked to provide its relationship with the respective transferors.

k) The reply provided by the Noticee 3 is reproduced in the tabulated format as under:

Date of receipt of shares	**No. of shares**	**Shares received from**		**Reason for receipt of shares**	**Consideration Paid, if any (in Rs.) (supported by proof/ Bank Statement)**	**Date of payment made**
		Name	**PAN**			
24.11.2016	80000	Ritesh Vyas	AEVPV9291H	Purchase of Shares	Yes	Not Provided
30.11.2016	50000	Vijay Kumar Tayde	ACGPT9190C	Purchase of Shares	Yes	Not Provided
03.12.2016	25000	Vijay Kumar Tayde	ACGPT9190C	Purchase of Shares	Yes	Not Provided
16.12.2016	65000	Vijay Kumar Tayde	ACGPT9190C	Purchase of Shares	Yes	Not Provided
06.12.2016	80000	Nitin Sen	CMLPS6798A	As Security For Business Purpose	Yes, Adjust Amount towards due as per Market Value	Not Provided
16.12.2016	55000	Nitin Sen	CMLPS6798A	As Security For Business Purpose	Yes, Adjust Amount towards due as per Market Value	Not Provided
03.12.2016	35000	Sandhya Dharkar		As Security For Business Purpose	Yes, Adjust Amount towards due as per Market Value	Not Provided

l) Further, the Noticee 3 sought an extension to produce supporting documents. Though the extension was granted to him vide email dated January 13, 2020 to submit the supporting documents by January 17, 2020, yet the Noticee 3 did not respond till 10/02/2020. Various reminders were also sent to the Noticee 3 in this regard. Thus, the bank statement linked to his trading account (available in UCC database with BSE) was sought from UCO Bank and it was observed that there was no corresponding amount as indicated in DIS during the period November 01, 2016 to December 31, 2016.

m) As per the Spot Delivery Contract provisions mentioned at Section 2(i) of the SCRA, the transferee was required to make actual payment for the shares on the same day as the date of the receipt of shares or on the next day. It was observed from the bank account of Noticee 3, that it has not paid the consideration to the transferors after the shares were actually transferred to it in demat account. Thus, the dealings of the transferor and transferee were not as per the provisions of Spot Delivery Contract as mentioned at Section 2(i) of the SCRA.

n) In view of the above, it was alleged that Noticee 3 has violated Section 16 of SCRA read with SEBI Notification dated October 3, 2013, Section 13 and Section 18 of SCRA read with Section 2(i) of the SCRA.

Vijay Kumar Tayde / Noticee 5:

o) It was observed from the DIS that Noticee 5 transferred 50000, 25000 and 65000 shares to Noticee 3 on November 30, 2016, December 03, 2016 and December 16, 2016 respectively and 38000 shares to Noticee 1 on December 09, 2016. Noticee 5 was asked to provide reason/purpose for transfer of shares on various dates through off market route and consideration received, if any, for the transfer of such shares along with supporting documents/bank statements. Noticee 5 was also asked to provide his relationship with the respective transferees.

p) From the reply of Noticee 5 and DIS obtained from NSDL, the following was observed:

Date of Sale	Quantity Sold	Consideration as specified on DIS (In Rs.)	Entity to whom Shares were sold	Whether consideration was received
09/12/2016	38000	6.85 lacs	Manoj Jain (HUF)	Yes
03/12/2016	25000	4.10 lacs	Sanjay Kalwadia (HUF)	Yes
30/11/2016	50000	8 lacs	Sanjay Kalwadia (HUF)	Yes
16/12/2016	65000	11.05 lacs	Sanjay Kalwadia (HUF)	Yes

As submitted by Noticee 5, consideration was received by him in lieu of sale of shares as tabulated in the aforementioned table. To verify the actual receipt of funds, bank statements/supporting documents were sought from the entity. Further, bank statements for the account available in UCC database, were also sought from the bank. From the bank statements received from the bank, it was observed that the considerations as specified on DIS were not credited to the bank account of the Noticee 5. However, from the bank statements/supporting documents submitted by the Noticee 5, following is observed:

i. There is a mismatch in the amounts reflected in DIS (as mentioned in the table above) and actual credit of amount as highlighted by Noticee 5 in his reply, for consideration (Rs. 15 lacs, 4 lacs, 5 lacs and 2 lacs).

ii. Sale of shares took place on different dates which were much later than the date of receipt of funds (November 17, 2016 and November 18, 2016).

q) As per the Spot Delivery Contract provisions mentioned at Section 2(i) of the SCRA, the transferee was required to make actual payment for the shares on the same day as the date of the receipt of shares or on the next day. It was observed from the bank account of Noticee 5, that he did not receive the consideration amount from Noticee 1 and Noticee 3 after the shares were actually transferred to them in their respective demat accounts. Thus, the dealings of both, transferor and transferee were not as per the provisions of Spot Delivery Contract as mentioned at Section 2(i) of the SCRA.

r) In view of the above, it was alleged that Noticee 5 has violated Section 16 of SCRA read with SEBI Notification dated October 3, 2013, Section 13 and Section 18 of SCRA read with Section 2(i) of the SCRA.

Sandhya Dharkar / Noticee 7:

s) It was observed from the DIS that Noticee 7 transferred 35000 shares to Notice 3 and 50000 shares to Noticee 2 on December 03, 2016. It was further observed that the said transfer of shares were made in lieu of Rs.5.74 lacs and Rs.8.95 lacs respectively. To verify the actual transfer of funds, bank statements reflecting the transaction of corresponding amount was sought from Noticee 7. Noticee 7 submitted that the amount was taken as advance from the transferee for business purpose and then transferred the shares against advance received. In this regard, supporting documents/bank statements reflecting the amount received towards advance for business purpose for the said transactions were sought from the Noticee 7. From the bank statement submitted by the Noticee 7, it was observed that there is no credit transaction of the amounts indicated in DIS to her bank account during the period November 01, 2016 to December 31, 2016.

t) Further, Noticee 7 vide email dated February 06, 2020 submitted that she was not aware of the transactions executed in her trading account as well as bank account. She submitted that a person named Hemant Dange operated her trading account as well as bank account by obtaining signed blank cheque books, blank Delivery Instruction Slips, etc. She has submitted whatsapp snapshots of her conversation with Hemant Dange with regard to SEBI queries. She further alleged that Hemant Dange has misused her trading account and bank account. However, it was observed that she has not raised any complaint regarding the same with any authority.

u) As per the Spot Delivery Contract provisions mentioned at Section 2(i) of the SCRA, the transferee was required to make actual payment for the shares on the same day as the date of the receipt of shares or on the next day. It was observed from the bank account of Noticee 7, that she did not receive the consideration amount from Noticee 2 and Noticee 3 after the shares were actually transferred to them in their respective demat accounts. Thus, the dealings of the transferor and transferee were not as per the provisions of Spot Delivery Contract as mentioned at Section 2(i) of the SCRA.

v) In view of the above, it was alleged that Noticee 7 has violated Section 16 of SCRA read with SEBI Notification dated October 3, 2013, Section 13 and Section 18 of SCRA read with Section 2(i) of the SCRA.

<u>Nitin Sen / Noticee 8:</u>

w) It was observed from the DIS that Noticee 8 transferred 80000 shares and 55000 shares to Noticee 3 on December 06, 2016 and December 12, 2016 respectively. It was further observed that the said transfer of shares were made in lieu of Rs.14.40 lacs and Rs.9.35 lacs respectively. To verify the actual transfer of funds, reflecting the transaction of corresponding amount was sought from Noticee 8. Noticee 8 submitted that the amount was taken as advance from the transferee for business purpose and then transferred the shares against advance received. In this regard, supporting documents/bank statements reflecting the amount received towards advance for business purpose for the said transactions were sought from the Noticee 8. However, Noticee 8 has not responded on the same. Thus, bank statement linked to his trading account (available in UCC database with BSE) was sought from Karnataka Bank and SBI. It was observed that there is no corresponding amount as indicated in DIS to any of his bank accounts during the period November 01, 2016 to December 31, 2016.

x) As per the Spot Delivery Contract provisions mentioned at Section 2(i) of the SCRA, the transferee was required to make actual payment for the shares on the same day as the date of the receipt of shares or on the next day. It was observed from the bank account of Noticee 8, that he did not receive the consideration amount from Noticee 3 after the shares were actually transferred to him in his demat account. Thus, the dealings of the transferor and transferee were not as per the provisions of Spot Delivery Contract as mentioned at Section 2(i) of the SCRA.

y) In view of the above, it was alleged that Noticee 8 has violated Section 16 of SCRA read with SEBI Notification dated October 3, 2013, Section 13 and Section 18 of SCRA read with Section 2(i) of the SCRA.

Shreeji Investment (Ritesh Vyas) / Noticee 4:

z) It was observed from the DIS that Noticee 4 transferred 80000 shares to Noticee 3 on November 24, 2016 and transferred 22,000 shares to Noticee 1 on December 09, 2016. It was further noted that the said transfer of shares were made in lieu of Rs.13.12 lacs and Rs.3.96 lacs respectively. To verify the actual transfer of funds, bank statements reflecting the transaction of corresponding amount was sought from Noticee 4. However, Noticee 4 has not responded on the same. Thus, the bank statement linked to its trading account (available in UCC database with BSE) was sought from Karnataka Bank, ICICI Bank, Axis Bank, SBI and HDFC Bank. It was observed from the bank statements that there is no corresponding amount as indicated in DIS to any of its bank accounts during the period November 01, 2016 to December 31, 2016.

aa) As per the Spot Delivery Contract provisions mentioned at Section 2(i) of the SCRA, the transferee was required to make actual payment for the shares on the same day as the date of the receipt of shares or on the next day. It was observed from the bank account of Noticee 4, that it did not receive the consideration amount from Noticee 3 and Noticee 1 after the shares were actually transferred to them in their respective demat accounts. Thus, the dealings of the transferor and transferee were not as per the provisions of Spot Delivery Contract as mentioned at Section 2(i) of the SCRA.

bb) In view of the above, it was alleged that Noticee 4 has violated Section 16 of SCRA read with SEBI Notification dated October 3, 2013, Section 13 and Section 18 of SCRA read with Section 2(i) of the SCRA.

13. The aforesaid alleged violations, if established, make the Noticees liable for monetary penalty under Section 15HA of the SEBI Act and Section 23H of SCRA.

14. SCN was duly served to the Noticees on their postal addresses through Speed Post Acknowledgement (SPAD). Further, SCN was duly served to all the Noticees through the email addresses obtained from the depositories where the Noticees have their demat accounts. Considering the requests received from the Noticees 1 to 6 and 8 through emails/letter on November 24, 2020, November 28, 2020, December 01, 2020 and December 05, 2020, sufficient time was provided to the Noticees to reply to the SCN. Accordingly, vide email dated March 31, 2021, an opportunity of personal hearing through video conferencing was

provided to the Noticees on April 05, 2021 to April 07, 2021 and also informed them to submit their reply to the SCN till April 05, 2021. However, Noticees neither appeared on the scheduled date of personal hearing nor any reply to the SCN was received from the Noticees.

15. I note that, through the SCN and the hearing notices, the Noticees were advised to furnish their reply, if any, within stipulated time, failing which, it shall be presumed that the Noticees have no reply to submit and the matter will be proceeded on the basis of the material available on record. Further, vide email dated April 08, 2021 Noticees were again informed that, since they have not availed the opportunity of hearing provided to them and they also have not filed the reply to the SCN, the matter would be proceeded further on the basis of evidence available on record in terms of sub-rule (7) of rule (4) of the Adjudication Rules.

16. As sufficient opportunity was given to the Noticees to submit reply and appear for hearing and no response was received from them, the adjudication proceedings against the Noticees are undertaken *ex-parte* on the basis of material available on record.

CONSIDERATION OF ISSUES AND FINDINGS

17. The issues that arise for consideration in the instant matter are:

Issue No. I Whether Noticees are in violation of Regulation 3(a),(b),(c),(d) and Regulation 4(1) and 4(2)(a) of PFUTP Regulations and Section 16 of SCRA read with SEBI Notification dated October 3, 2013, Section 13 and Section 18 of SCRA read with Section 2(i) of the SCRA?

Issue No. II If yes, whether the failure, on the part of the Noticees would attract monetary penalty under Section 15HA of the SEBI Act and Section 23H of SCRA?

Issue No. III If yes, what would be the monetary penalty that can be imposed upon the Noticees taking into consideration the factors stipulated in Section 15J of the SEBI Act and Section 23J of SCRA read with Rule 5(2) of the Adjudication Rules?

Issue No. I **Whether Noticees are in violation of Regulation 3(a),(b),(c),(d) and Regulation 4(1) and 4(2)(a) of PFUTP Regulations and Section 16 of SCRA read with SEBI Notification dated October 3, 2013, Section 13 and Section 18 of SCRA read with Section 2(i) of the SCRA?**

18. It was alleged in the SCN that during the investigation period, the Noticees collectively entered into synchronized trades on BSE and NSE, and thereby created artificial/fictitious volume in the market and gave a false and misleading appearance of trading in the scrip. I note that the Noticees have purchased 4,66,505 shares (59.31% of the total market volume) and sold 4,09,216 shares (52.02% of the total market volume) of SGL during the investigation period on BSE. Out of these trades the Noticees have executed synchronized trades for 3,96,036 shares which is 50.34% of the total market volume and 98.86% of the total traded quantity among them. I further note that the Noticees have purchased 1,06,450 shares (11.71% of the total market volume) and sold 75,450 shares (8.29% of the total market volume) of SGL during the investigation period on NSE. Out of these trades the Noticees have executed synchronized trades for 69,579 shares which is 7.65% of the total market volume and 92.73% of the total traded quantity among them.

19. It was also alleged in the SCN that Noticee 3 bought the shares through off-market transfer from Noticee 4, 5, 7 and 8 and sold the shares back to these

Noticees through on-market and thereby contributed in generating artificial volume in the scrip. Similarly, Noticee 2 bought the shares through off-market transfer from Noticee 6 and 7 and sold the shares back to Noticee 5, 7 and 8 through on-market and Noticee 1 bought the shares through off-market transfer from Noticee 4, 5 and 6 and sold the shares back to Noticee 5 and 8 through on-market and thereby contributed in generating artificial volume in the scrip.

20. I note that during November 24, 2016 to December 16, 2016, Noticee 3 bought 3,90,000 shares through Off-Market from Noticee 4, 5, 7 and 8 and sold 3,20,000 shares on-market on BSE during November 28, 2016 to December 20, 2016. Out of 3,20,000 shares of SGL sold by Noticee 3 on BSE during the aforesaid 4 trading days, Noticee 4 to 8 bought 3,17,613 shares, which constituted 99.25% of the total shares sold by Noticee 3. I further note that on December 09, 2016, Noticee 1 bought 70,000 shares through Off-Market from Noticee 4, 5 and 6 and sold all the 70,000 shares on-market on NSE on December 12 and December 13, 2016. Out of 70,000 shares of SGL sold by Noticee 1 on NSE during the aforesaid 2 trading days, Noticee 5 and 8 bought 69,579 shares, which constituted 99.40% of the total shares sold by Noticee 1. Further, Noticee 2 bought 70,000 shares through Off-Market from Noticee 6 and 7 and sold all the 70,000 shares on-market on BSE on December 12 and December 13, 2016. Out of 70,000 shares of SGL sold by Noticee 2 on BSE during the aforesaid 2 trading days, Noticee 5, 7 and 8 bought 70,000 shares, which constituted 100% of the total shares sold by Noticee 2.

21. From the above, I note that the Noticees 1 to 8 traded amongst themselves through off market and on-market transactions in a way that the ownership of the shares circulated between them, while at the same time giving the appearance of high trading volumes in the scrip. I also find that 98.86% of the trades of the Noticees 1 to 8 on BSE and 92.73% of their trades on NSE were synchronized which shows that they made concerted effort to ensure that the trades take place amongst these connected entities and do not match with anyone else in the

market. The series of off-market and banking transactions amongst these Noticees, the fact that most of the off-market transactions were not settled through payment, as brought in succeeding paras coupled with synchronized trades amongst the Noticees establishes that an impression was made by these entities of high trading volumes without beneficial ownership of shares changing outside of the connected entities.

22. I note that in absence of reply from the Noticees, material available on record shows that the Noticees were closely connected with each other, and aforesaid trading behavior of the Noticees indicate that they executed trades in the scrip which were non-genuine in nature and carried out merely to generate artificial volume in the scrip which created a misleading impression of liquidity in the scrip and may have induced investors to buy or sell in the scrip. Synchronized trades of 50.34% (on BSE) and 7.65% (on NSE) by the Noticees indicate that they had no intention to trade except to create artificial volume in the scrip to mislead the investors.

23. Therefore, I find that the Noticees 1 to 8 through their trading in the scrip as brought out above created false and misleading appearance of trading in violation of Regulations 3(a),(b),(c),(d) and 4(1) and 4(2)(a) of PFUTP Regulations.

Spot transactions:

24. It was alleged in the SCN that Noticees either did not receive or did not pay the consideration amount on transfer or receipt of the shares from other Noticees, and therefore the dealings of the Noticees as transferor and transferee were not as per the provisions of Spot Delivery Contract as prescribed under Section 2(i) of SCRA.

25. The details of off market transactions by the Noticees are as under:

Noticee	**Buy/Sell quantity**	**Counterparty Noticee/s**	**Date of Transfer**	**Consideration amount paid/received**
Noticee 1	10000 (buy)	Noticee 6	09.12.2016	Not paid by Noticee 1 as per its bank statement
Noticee 2	20000 (buy)	Noticee 6	09.12.2016	Not paid by Noticee 2 as per his bank statement
Noticee 3	390000 (buy)	Noticee 4, 5, 7 and 8	24.11.2016 to 16.12.2016	Not paid by Noticee 3 as per its bank statement
Noticee 4	102000 (sell)	Noticee 1 and 3	24.11.2016 and 09.12.2016	Not received by Noticee 4 as per its bank statement
Noticee 5	178000 (sell)	Noticee 1 and 3	30.11.2016 to 16.12.2016	Not received by Noticee 5 as per his bank statement
Noticee 6	30000 (sell)	Noticee 1 and 2	09.12.2016	The actual amount indicated in DIS was not received by Noticee 6 and amounts received were delayed by 10 days and 53 days from date of transfer of shares
Noticee 7	85000 (sell)	Noticee 2 and 3	03.12.2016	Not received by Noticee 7 as per her bank statement

Noticee 8	135000 (sell)	Noticee 3	06.12.2016 to 12.12.2016	Not received by Noticee 8 as per his bank statement

26. I note that in absence of reply from the Noticees, material available on record shows that the buyer Noticees 1, 2 and 3 did not pay the consideration amount for purchase of shares and seller Noticees 4, 5, 7 and 8 did not receive the consideration amount for sale of shares. Seller Noticee 6 received payment after a gap of 10 days and 53 days respectively for 2 sell trades carried out on Dec 09, 2016. Even though the bank statement of the Noticee 6 indicates the amount received from the other Noticees, the amounts do not exactly match with the amount of consideration mentioned in the DIS for the shares transferred. I note that as per the Spot Delivery Contract provisions prescribed under Section 2(i) of the SCRA, the buyer was required to make actual payment for the shares on the same day as the date of the receipt of shares or on the next day.

27. I note that Section 16 of the SCRA as well as the SEBI Notification S.O. 184(E) dated March 01, 2000 issued in terms of Section 16, emphasize legislative intent to prevent undesirable speculation in securities, by ensuring that parties to off-market dealings in shares comply with Section 2 (i) of the SCRA which in turn requires a spot delivery contract to provide for "*actual delivery of securities and the payment of a price therefore either on the same day as the date of the contract or on the next day".* By failing to make payment for the transfer of shares, when seen with the nature of transactions by the Noticees as brought out in preceding paras, I find that the transactions were non-genuine in nature without intent to transfer beneficial ownership outside of connected entities and thus contrary to the intent of Section 2 (i) of the SCRA.

28. Thus, I find that Noticees 1, 2 and 3 have violated Section 16 of SCRA read with SEBI Notification dated October 3, 2013, Section 13 and Section 18 of SCRA read with Section 2(i) of the SCRA.

Issue No. II **If yes, whether the failure, on the part of the Noticees would attract monetary penalty under Section 15HA of the SEBI Act and Section 23H of SCRA.**

And

Issue No. III **If yes, what would be the monetary penalty that can be imposed upon the Noticees taking into consideration the factors stipulated in Section 15J of the SEBI Act and Section 23J of SCRA read with Rule 5(2) of the Adjudication Rules?**

29. Since the violations of Regulation 3 (a), (b), (c), (d) and 4 (1) and 4(2)(a) of PFUTP Regulations a have been established against the Noticees 1 to 8, as brought out in the foregoing paragraphs, the Noticees are liable for monetary penalty under Section 15HA of SEBI Act. As violation of Section 16 of SCRA read with SEBI Notification dated October 3, 2013, Section 13 and Section 18 of SCRA read with Section 2(i) of the SCRA has been established against Noticees 1, 2 and 3, the Noticees are liable for monetary penalty under Section 23H of SCRA,

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<u>SEBI Act:</u>

Penalty for fraudulent and unfair trade practices.

15HA. *If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.*

SCRA:

Penalty for contravention where no separate penalty has been provided

23H. *Whoever fails to comply with any provision of this Act, the rules or articles or bye-laws or the regulations of the recognised stock exchange or directions issued by the Securities and Exchange Board of India for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.*

30. While determining the quantum of penalty under Section 15HA of SEBI Act and Section 23H of SCRA, the following factors stipulated in Section 15J of the SEBI Act and Section 23J of SCRA have to be given due regard:

Factors to be taken into account by the adjudicating officer

15J.*While adjudging quantum of penalty under Section 15-I, the adjudicating officer shall have due regard to the following factors, namely: -*

a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.

Factors to be taken into account by adjudicating officer

23J.*While adjudging the quantum of penalty under Section 23-I, the adjudicating officer shall have due regard to the following factors, namely:—*

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.

31. I note that the material on record has not brought out any disproportionate gain made by the Noticees or loss caused to investors by the Noticees. However, the

Noticees carried out a deliberate act of creating fictitious volumes in the scrip by synchronized trading which may have induced several innocent investors to buy the stock at the time. In view of the above, taking into account the facts and circumstances of this matter, I find that a penalty of Rs.30,00,000/- (Rupees Thirty Lakh only) on Noticees 1 to 8 payable jointly and severally under Section 15HA of the SEBI Act and Rs.1,00,000/- (Rupees One Lakh only) each on Noticees 1, 2 and 3 under Section 23H of SCRA will be commensurate with the violations committed by them.

ORDER

32. After taking into consideration all the facts and circumstances of the case, in exercise of powers conferred upon me under Section 15-I of SEBI Act and 23-I of SCRA read with Rule 5 of the Adjudication Rules, I hereby impose a penalty of Rs. 30,00,000/- (Rupees Thirty Lakh only) on Noticees 1 to 8 i.e. Manoj Jain HUF (Noticee 1), Manoj Kantilal Jain (Noticee 2), Sanjay Kalwadia HUF (Noticee 3), Shreeji Investment (Ritesh Vyas) (Noticee 4), Vijay Kumar Tayde (Noticee 5), Abhishek Upadhyay (Noticee 6), Sandhya Dharkar (Noticee 7) and Nitin Sen (Noticee 8) payable jointly and severally under Section 15HA of the SEBI Act for violation of Regulation 3(a),(b),(c),(d) and 4(1) and 4(2)(a) of PFUTP Regulations and Rs. 1,00,000/- (Rupees One Lakh only) each on Noticees 1 to 3 i.e. Manoj Jain HUF (Noticee 1), Manoj Kantilal Jain (Noticee 2) and Sanjay Kalwadia HUF (Noticee 3) under Section 23H of SCRA for violation of Section 16 of SCRA read with SEBI Notification dated October 3, 2013, Section 13 and Section 18 of SCRA read with Section 2(i) of the SCRA.

33. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of “SEBI - Penalties Remittable to Government of India”, payable at Mumbai, OR through online payment facility available on the SEBI website www.sebi.gov.in on the following path, by clicking on the payment link

ENFORCEMENT → Orders → Orders of AO → PAY NOW

34. The Noticees shall forward said Demand Draft or the details / confirmation of penalty so paid to the Enforcement Department – Division of Regulatory Action – V of SEBI. The Noticees shall provide the following details while forwarding DD/ payment information:

    a) Name and PAN of the entity (Noticee)
    b) Name of the case / matter
    c) Purpose of Payment – Payment of penalty under AO proceedings
    d) Bank Name and Account Number
    e) Transaction Number

35. Copy of this Adjudication Order is being sent to the Noticees and also to SEBI in terms of Rule 6 of the Adjudication Rules.

DATE: October 22, 2021
PLACE: MUMBAI

MANINDER CHEEMA
ADJUDICATING OFFICER