BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

ADJUDICATION ORDER NO. Order/VV/PSS/AK/2022-23/17429-17446

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

In respect of:

Noticee No.	Name of the Noticee	PAN
1.	Prem Lata Nahar	AFAPN8764M
2.	Shyam Kanheyalal Vyas	ACTPV2787Q
3.	Raj Kumar Sharma	BMIPS9482B
4.	Sarita Pradip Bissa	BGLPB8816M
5.	Puspal Chandra	ACRPC1647G
6.	Ravishankar Mishra	BAFPM9504H
7.	Mina Chandra	AEMPC2501C
8.	Sanjoy Kumar Chandra	AHSPC1661N
9.	Pushpa Asoolal Bissa	BGXPB6906Q
10.	Dilip Kumar Mandal	BQCPM7585H
11.	Priti Kothari	AQVPK7342Q
12.	Greencrest Financial Services Ltd	AACCM1906E
13.	Sunil Parakh (Director)	ABWPP8624N
14.	Aditya Parakh (Director)	AKIPP7524Q
15.	Ravindra Kumar Grover (allotee)	ACDPG9740J
16.	Gulistan Vanijya Pvt Ltd	AACCG5385R
17.	PS IT Infrastructure Services Ltd	AAACP6501C
18.	JMD Sounds Ltd	AABCJ1907H

In the matter of Greencrest Financial Services Limited.

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*(Noticees 1 to 18 are individually known by their respective name or Noticee no. and collectively referred to as the "**Noticees**")*

A. BACKGROUND

1. Greencrest Financial Services Ltd. (hereinafter referred to as **'Greencrest /Company'**) was incorporated in the year 1993. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**"), had conducted an investigation in the matter of trading activites of certain entities in the scrip of Greencrest from March 01, 2012 to July 31, 2015 (hereinafter referred to as **'Investigation Period'**), to ascertain any possible violation of the provisions of Securities and Exchange Board of India Act (hereinafter referred to as "**SEBI Act**") and rules and regulations made thereunder.

2. During the course of investigation, it was observed that:

    i. The scrip of the Company is listed on BSE Ltd. (hereinafter referred to as "BSE"). The Company had made two preferential allotments during the investigation period. Under the first preferential allotment made on September 14, 2012, the Company had allotted 1,92,50,000 shares on preferential basis at Rs.12 per share, aggregating to a value of Rs.23.10 Crore to 43 non-promoters. During the second preferential allotment on February 11, 2013, the Company allotted 1,23,00,000 shares on preferential basis again at Rs.12 per share aggregating to a value of Rs.14.76 Crore to 45 non-promoters.

    ii. The last traded price of the scrip of the Company was Rs.6.92 at the time of both the preferential allotments.

    iii. During the entire investigation period there were two sub-periods/patches, i.e. Patch 1- from May 10, 2013 to June 04, 2014 and Patch 2 –from June 05, 2014 to December 04, 2014 in which rapid price rise in the scrip was noticed. Further, during the Patch-1 it was noted that there were only 16 buyers and 15 sellers trading in the scrip of Greencrest.

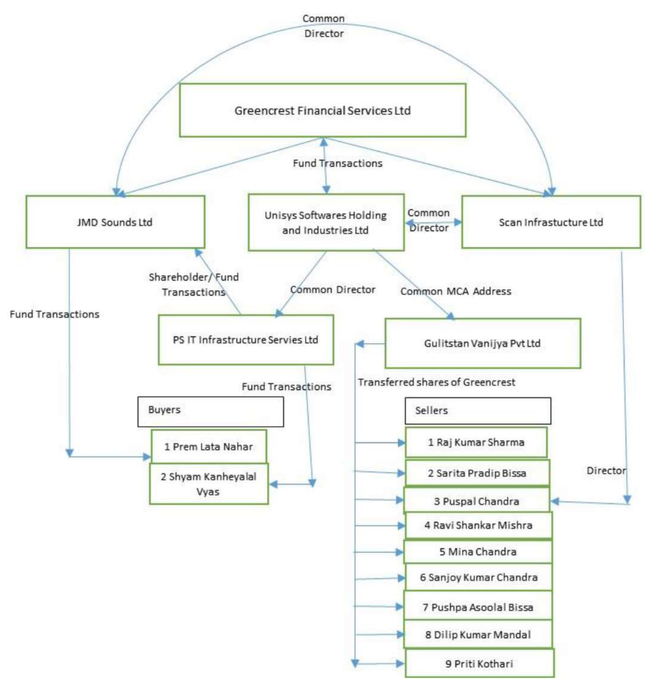
    iv. The scrip opened at Rs.7.26 on May 10, 2013 (Patch – 1) and thereafter only in 132 trades, price of the scrip increased to Rs.264.3 on June 04, 2014. The Company has done stock split in 10:1 ratio on June 05, 2014 (i.e. first day of Patch – 2), which was followed by a huge increase in trading volumes of the scrip of the Company. It was also revealed that before stock split, only 1336 shares were traded in 133 trades, between May 10, 2013 and June 04, 2014, whereas after the stock split on June 05, 2014 between June 6, 2014 and July 31, 2015, shares to the volume of 5,41,48,981 were traded in 53,590 trades. Price of the scrip also increased from Rs. 26.90 (post-split) on June 06, 2014 to a high of Rs. 69.85 (unadjusted split price was Rs. 698.50/- per share) on December 04, 2014. After December 04, 2014 the price of the scrip remained stable.

v. As stated above, during the Patch -1 and Patch – 2, the price of the scrip went upto Rs. 69.85 (unadjusted split price was Rs. 698.50/- per share) on December 04, 2014 and closed at that price. It was discovered in the course of investigation that the Company had disclosed its annual revenue of only Rs.08.38 Crore and Rs.10.30 Crore in FY 2013-14 and 2014-15, respectively. Accordingly, the net Profits were Rs.0.7 Crore and Rs.1.16 Crore only in FY 2013-14 and 2014-15, respectively. Nevertheless, the scrip traded at the highest price of Rs. 69.85 (unadjusted split price of Rs. 698.50) and at that price its market capitalization value stood at Rs. 2553.07 Crore. The steep rise in the price of the scrip, the sudden increase in its trading volume and in the market capitalized value of the Company was found to be not supported by the financials of the Company and therefore was not backed by any market fundamentals.

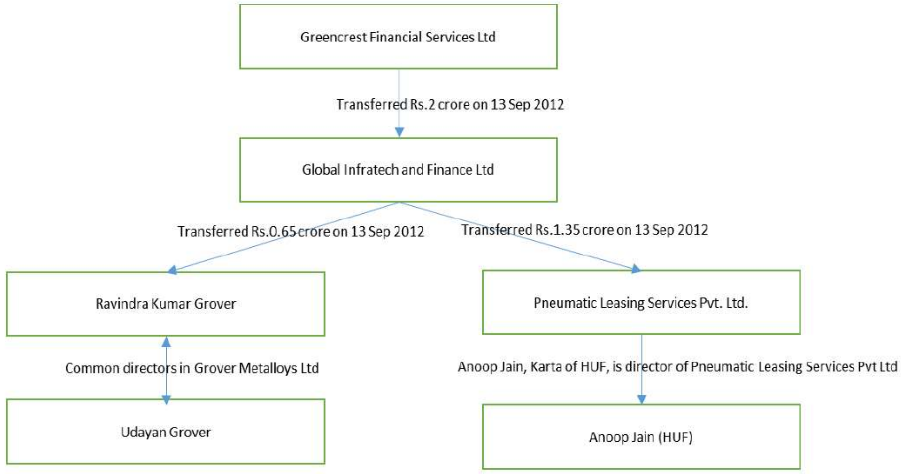
vi. The Company had not made any major corporate announcements during the investigation period, except for the declaration of financial results, split announcement etc.

vii. During the course of investigation, it was revealed that Noticee nos. 1 and 2 had traded repeatedly as buyers during Patch 1 and contributed 35.45% to market positive Last Traded Price Variation (hereinafter referred to as "**LTP**") and Noticee nos. 3 to 11 were major selling counterparties to the trades executed by the aforesaid two entities. The trading amongst the aforesaid entities i.e. Noticee nos. 1 to 11 (hereinafter refer as "**group entities**"), with Noticee no. 1 & 2 on buying side and Noticee nos. 3 to 11 on the other side, effectively contributed 29.98% to the market positive LTP by placing repeatedly their buy and sell orders above the last traded price (LTP) in the scrip amongst themselves.

viii. Facts collected in the course of investigation further showed that Noticee nos. 1 & 2, received funds from JMD Sounds Ltd. (Noticee no. 18) and PS IT Infrastructure Services Ltd (Noticee no. 17) respectively, whereas Noticee nos. 3 to 11, who were major selling counterparties to the trades executed by Noticee nos. 1 & 2, received their shares from Gulistan Vanijya Pvt. Ltd. (Noticee no. 16) through off-market transfers. It was found that the Noticee nos. 1 to 11, who were responsible in increasing the price of the scrip by repeatedly trading amongst themselves and Noticee nos. 16 to 18 who practically sponsored these trades by providing shares, through off-market deals or by providing funds, were all connected directly or indirectly to the Company (Noticee no. 12). The inter-se connections amongst the above noted Noticees is reflected in the form of the following chart :-



ix. The investigation further revealed transfer of funds from the Company to certain entities. It was observed that the Company, after having received the allotment proceeds against the preferential allotments, had transferred some funds to certain entities including Noticee nos. 15 and two other Allottes namely Anoop Jain HUF and Udayan Grover (Noticee no.15 and 17 in the SCN) either directly or indirectly through layering of transactions and some of such entities which received funds from the Company out of the proceeds of preferential allotment, were connected directly or indirectly with the group entities. In this connection it was found in the investigation that the Company had transferred Rs. 2.00 Crore to Global Infratech and Finance Ltd. (hereinafter referred to as "**Global**") (HDFC A/C no.- 12842000000973) on September 13, 2012 out of the proceeds received from the first preferential allotment. It was noticed that Global had a bank balance of only Rs.216,624 before receiving the funds from the Company and after receiving the above noted amount from the Company, Global made onward transfer of Rs. 65.00 Lakh to Noticee no. 15 and Rs.1.35 Crore to Pneumatic Leasing Services Pvt. Ltd. (hereinafter referred to as "**Pneumatic**") out of the said funds, on the same day it received it from the Company. Noticee nos. 15 and Udayan Grover were connected to each other being common Directors of the M/s Grover Metalloys Ltd. Shri Anoop Jain, Karta of Anoop Jain HUF was the Director of Pneumatic Leasing Services Pvt. Ltd, which received funds of Rs. 1.35 Crore allegedly from Greencrest through Global Infratech and Finance Ltd. Noticee no. 15, Udayan Grover and Anoop Jain HUF being preferential allottees of Greencrest, are alleged to be connected to the Company because of the aforesaid transfer of funds to them allegedly made by Greencrest through Global Infratech and it is alleged that Greencrest has in effect, returned the preferential allotment application money to these three allottees, indirectly via Global Infratech. The aforesaid funds transfer on the basis of which *prima facie* connection between the Company and three preferential allottees are observed, are depicted as below :-



3. Based on the outcome of the aforesaid facts in the investigation, allegations have been made against the Company that it had allotted shares to certain preferential allottees and that the Company related entities have provided funds and shares to the group entities who manipulated the price of the scrip so as to facilitate the said three preferential allottees to sell their shares at a highly inflated and manipulated price. Mr. Sunil Parakh and Aditya Parakh (Noticee no. 13 & 14), who were Executive Directors of the Company (Noticee no. 12) and were managing the affairs of the Company at the time of preferential allotment, have also been alleged to be part of this manipulative scheme of issuing shares under preferential allotments and in manipulating the price of scrip so as to enable *inter alia*, the aforesaid three connected preferential allottees to sell their shares at a manipulated higher price.

4. Taking cognizance of the above discussed manipulative and fraudulent trade practices allegedly adopted by the Noticees, SEBI initiated adjudication proceedings against Noticees No. 1 to 11 for the alleged violations of regulation 3 (a), (b), (c) (d), 4(1), 4(2)(a) and 4(2)(e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 (hereinafter referred to as '**PFUTP Regulations'**), against Noticees No. 12 to 15 for the alleged violations of regulation 3 (a), (b), (c) (d), and 4(1) of PFUTP Regulations and against Noticees 16 to 18 for the alleged violations of regulation 3 (a), (b), (c) (d), and 4(1) and 4(2)(d) of PFUTP Regulations.

B. APPOINTMENT OF ADJUDICATING OFFICER

5. Ms. Rachna Anand was appointed as the Adjudicating Officer under section 15I of the Securities and Exchange Board of India Act, 1992 read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as the 'Adjudication Rules') to inquire into and adjudge under section 15HA of the Securities And Exchange Board of India Act, 1992 for the alleged violation of the provisions SEBI (PFUTP) Regulations, 2003 by the Noticee. Thereafter, upon transfer of Ms. Rachna Anand, Mr. Jeevan Sonparote was appointed as the AO. Thereafter, upon transfer of Mr. Jeevan Sonparote, Mr. Sahil Malik was appointed as the Adjudicating Officer. Subsequent to the transfer of Mr. Sahil Malik, the Undersigned has been appointed as the Adjudicating Officer in the present matter vide order dated August 09, 2019

C. SHOW CAUSE NOTICE, REPLY AND HEARING

6. Show Cause Notice No. SEBI/HO/EAD/EAO/OW/P/2017/32312/1 dated December 20, 2017 (hereinafter be referred to as the "SCN") was duly 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 be not imposed against them under the provisions under sections 15HA of SEBI Act for the aforesaid violations.

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

    i. It is alleged that Noticee No. 1 to 11 have manipulated the price of the scrip by repeatedly trading among them at prices higher than last traded price, and violated Regulation 3(a),(b),(c),(d) and Regulation 4(1),4(2) (a) and (e) of PFUTP Regulations.

    ii. It is alleged that Noticee No. 12 (Company) and its directors i.e. Noticee No. 13 to 14, were part of the manipulative scheme to benefit the connected preferential allottees, i.e. Noticee No. 15 to 17 (*as per SCN*) and violated Regulation 3 (a),(b),(c) and (d) and regulation 4(1) of PFUTP Regulations.

iii. Noticee No. 16 transferred the shares to LTP contributors which they used to manipulate the price in patch-1. Hence Noticee No. 16 violated Regulation 3 (a), (b), (c) and (d) and Regulation 4(1) and 4(2) (d) of PFUTP Regulations.

iv. It is alleged that Noticee No. 17 and 18, funded the LTP contributors who manipulated the price in patch-1 and violated Regulation 3 (a), (b), (c) and (d) and Regulation 4(1) and 4(2) (d) of PFUTP Regulations.

8. I note, from available records, that the SCN was duly delivered to the all Noticees except Noticee no.2. SCN sent to Noticee no.2 returned undelivered, pursuant to which delivery of SCN was successfully conducted on the Noticee no.2 by Affixture. I further note from available records that all the notices have submitted their reply to the SCN except Noticee no.2. Sufficient opportunity of hearing was provided to all the noticees. Notices for hearing were duly served on all noticees. Opportunity of hearing was given to Noticee nos.1, 2, 4, 6, 9, 15 and 17 on February 04, 2019. Opportunity of hearing was given to rest of the Noticee nos.3, 5, 7, 8, 10, 11, 12, 13, 14, 16 and 18 and on February 05, 2019. I note that none of the Noticees appeared for hearing on the aforesaid dates except 12, 13 and 14 who availed hearing on February 05, 2019. Further, another opportunity of hearing was provided to all the noticees from August 10-12, 2021. None of the Noticees appeared for hearing on these dates. Another hearing of opportunity was provided to all the Noticees on November 25-26, 2021. Noticee no.1 availed hearing on November, 25 2021. Noticee no.15 availed hearing on November, 26 2021. Other Noticees did not appear for hearing on the aforesaid dates. Further, one last opportunity of hearing was provided to the Noticee nos. 2, 6 and 10 on May 10, 2022. Hearing was scheduled for Noticee nos.3, 4, 5, 7, 8, 9, 11, 12, 13, 14, 16, 17 and 18 on May 12, 2022. I note that Noticee no.12, 13 and 14 availed the opportunity of hearing scheduled on February 5, 2019 and May 12, 2022. Noticees nos. 2, 3, 5, 6, 7, 8, 9, 10, 11, 14, 16, 17 and 18 have not appeared for hearing on any of the occasions.

9. The key submissions made by Noticees are summarized below :-

Noticee no.1 vide letters dated January 10, 2018, and January 19, 2018 and July 23, 2021 has filed her written replies to the SCN. The key submissions made by the Noticee no.1 are summarized as under :

i) "I would like to submit that I am more than 70 years old with almost no educational background and have been suffering from various ailments. I did not possess the requisite skills to understand the nitty-gritty of complex capital markets and thus my investments were managed by my husband late Mr. Naxtramal Nahar. My husband dealt in some small-cap/ low fundamental stocks on the basis of price movement, volume, news, rumor and other similar factors.

ii) That initiation subject matter when a separate proceedings initiated vide SCN dated December 26, 2017 is under progress amounts to "double jeopardy" and same is in violation of fundamental principle enshrined in Constitution of India.

iii) Further, I would like to submit that all my transactions were executed through normal screen based trading system of Stock Exchange and the matching of trades in stock market is extremely advanced computer software driven algorithm process and buy/sell orders in the script is done by on-line trading module under the robust online surveillance module. Thus, it was impossible for me to know the counterparty with whom my trades matched.

iv) The SCN alleges that I was responsible for price rise on 23 occasions [while purchasing quantity of 161 shares (during patch – I i.e. from 10.05.2013 to 04.06.2014)]. However, I submit with humility that if we peruse the Trade/Order Log in its true perspective then it can be clearly seen that transaction in scrip of GFSL were with proper rationale and were bonafide.

v) On plain reading of the SCN, I understand that I have been roped into present penal proceedings plainly because I had dealt in scrip of GFSL. Additionally, in various paragraphs of the SCN, SEBI has erroneously linked me with certain entities such as Raj Kumar Sharma, Sarita Pradip Bissa, Puspai Chandra, Ravishankar Mishra, Mina Chandra, Sanjoy Kumar Chandra, Pushpa Asoolal Bissa, Dilip Kumar Mandal and Priti Kothari with whom I have no connection of whatsoever nature. Such an allegation is completely based on surmises, hypothesis and conjectures which is illegal, arbitrary and bad in law.

vi) Further, in reference to the allegation that I received Rs. 17.05 lakhs from JMD Sounds Limited who in turn are connected to GFSL based on some fund transfer. In this regard, as stated aforesaid, I reiterate that all my financial transactions was looked after by my husband late Mr. Naxtramal Nahar. Hence, I do not have any idea of receipt of funds from JMD Sounds Limited. Further, I state that I do not have any connection with either JMD Sounds Limited or do not have any idea of their connection with GFSL."

vii) The Noticee no.1 has also referred to previous orders passed in respect of her viz order dated 20-08-2017 in the matter of *Radford Global Ltd* and order dated 22-09-2017 in the matter of *Kamalakshi Finance Corporation Ltd*. Further, the Noticee no.1 has also referred to other order passed by SEBI in similar matter viz order dated 06-09-2017 in the matter of *First Financial Services Ltd* , order dated 19-09-2017 in the matter of *Pine Animation Ltd*, order dated 21-09-2017 in the matter of *Kailash Auto Finance Ltd* and order dated 05-10-2017 in the matter of *Mishka Finance and Trading Ltd*.

viii) The Noticee has denied alleged violations mentioned in the SCN.

ix) The Noticee has also drawn attention to the orders passed by Hon'ble Securitites Appellate Tribunal ("**SAT**") namely order dated 16-09-2010 in the matter of *R.K.Global v/s SEBI* , order dated 29-07-2011 in the matter of *Narendra Ganatra v/s SEBI* and order dated 12-08-2011 in the matter of *Parsoli Corporation v/s SEBI*. The Noticee also drawn attention to the judgment passed by the Hon'ble Supreme Court in the case of Ram *Sharan Yadav v/s Thakur Muneshwar Nath Singh*.

x) The Noticee has also submitted that order dated 05-06-2020 has also been passed by WTM, SEBI whereby she has been debarred from Securities Market for a period of 3 years. The Noticee has decided to file appeal against the aforesaid order.

Noticee no.2 has neither filed reply to the SCN nor has appeared for hearing till the date of this order despite being granted several opportunities.

Noticee no.3, 4, 5, 6, 7, 8, 9, 10, 11, 16, 17 and 18 vide their separate but identical letters dated July 25, 2018 have filed written reply to the SCN. Noticee no.5, 7 and 8 have also sent separate but identical letters dated January 28, 2019 in reply to the SCN. The key submissions made by the aforesaid Noticees being identical, are collectively summarized as under:

i) The Noticees have denied all the allegations levelled against them in the SCN.

ii) The Noticee have independently invested and traded in various scripts including the alleged scrip, in the ordinary course of their business without any manipulative intent. Therefore, based on the trading done by the Noticees in the scrip of Greencrest it cannot be alleged that Noticees are connected to Greencrest.

iii) The Noticees have always maintained transparency in their conduct and affairs and have confirmed to the standards of transparency and ethical behaviour prescribed in the various regulations and statutes.

iv) The Noticees have never indulged in any fraudulent practices relating to the securities.

v) The **Noticee no.5, 7 and 8** in their additional separate but identical replies dated January 28, 2019 have further submitted that they have dealt in only small quantity of shares in the scrip of Greencrest and gained only Rs.6112.30, Rs.3446.40 and Rs.2666.05 respectively. Noticees have no role in increasing the price in the stock market. Noticees sold the shares in the market in small quantity on different dates to book some profit and nothing prohibits towards selling the shares in limited quantity. Noticees sold the shares at prevalent market price and the owner would never sell all of his holdings in one shot, especially if the price of the scrip is on a bullish trend.

vi) **The Noticee no.18** has additionally submitted that it has paid Rs.2.30 Crore to Marigold Glass Industries Limited (now known as Greencrest Financial Services Limited) for purchase of shares of Sargam Vintrade Private Limited for which bill is enclosed with the letter.

Noticee no.12 vide letters dated July 10, 2018, February 15, 2019 and May 12, 2022 has filed written replies. The key submissions made by the Noticee no.12 are summarized as under :-

i. The Company is registered as a NBFC with Reserve Bank of India. The Company has specifically denied that they are a securities broking company offering stock broking and equity advisory services to institutional investors or a depository participant with NSDL as alleged at para 4 of the Notice.

ii. There has been inordinate delay in initiating adjudication proceedings.

iii. The preferential allotments were done by the Company as it proposed to expand its operations. The said allotments and stock split were done in compliance with applicable laws and disclosures were also made thereon.

iv. They have no role to play either in the trading done by other entities in the scrip of the Company or in the impact on price/volume of the scrip.

v. The Company was making higher profits from year ending 2012-13 to year ending March 2014-15 and other corporate announcement of preferential allotment, stock split etc., were also made, which may have impacted the price/volume of the scrip of the Company.

vi. Based on off-market transfers, fund transfers, common directors etc., adverse inference cannot be drawn against them. The Noticees have referred to two order passed by SAT namely, order dated 30.07.2010 in *Smitaben N. Shah vs SEBI* and order dated 15-02-2016 in *Babubhai Desai vs SEBI*.

vii. They have no connection with any of the entities except for the Noticee no. 17 viz., Unisys Softwares Holdings and Industries Ltd. (hereinafter referred to as "**Unisys**") and Scan Infrastructure Pvt. Ltd. (hereinafter referred to as "**Scan**"). All the transactions entered by them are genuine commercial transactions.

viii. Transfer of Rs.9.35 crores to Unisys was towards purchase of shares in various companies. In September 14, 2012, Company had remitted an amount of Rs.2,75,00,000/- for purchase of 2,75,000 shares of Lakshya Energy Pvt Ltd @ Rs.100 per share , Rs.2,50,00,000/- for purchase of 1,25,000 shares of Brijwashi Distributors Pvt Ltd @ Rs.200 per share, Rs.2,30,00,000/- for purchase of 1,15,000 shares of Sargam Vintrade Pvt Ltd @ Rs.200 per share Rs.1,80,00,000/- for purchase of 1,80,000 shares of Concord Vincom Pvt Ltd @ Rs.100 per shares.

ix. With regard to fund transfer to Global Infratech and Finance Ltd, Company had given an amount of Rs.7.5 crores on various days viz 12-09-2012 , 13-09-2012 and 14-09-2012 to Global Infra as Loan. Global Infra has already repaid the said amount of Rs.7.5 crores along with interest. With regard to fund transfer to Global Infra, Company had given an amount of Rs.1.3 crores on 08-02-2013 to Global Infra as loan. Global Infra has already repaid the said loan amount of Rs.1.3 crores along with interest. Company is not aware of the subsequent usage of funds by them or the subsequent fund transfers by them and same is of no concern to the Company. Further, strangely no show cause notice appears to have been issued to Global, who is alleged to have indirectly transferred the funds.

x. Amount of Rs.2 Crores lent by Company to Global on 13.02.2012 is alleged to be indirect transfer of funds by the Company to the said three allottees. It is not clear as to how this amount lent on 13.02.2012 has been cherry picked out of various amounts of funds lent by us to Global, immediately prior to and post the said date of 13.02.2013.

xi. There is a total mismatch in the amounts purportedly returned by the Company indirectly through Global Infratech. Amount alleged to be returned to the said allottees is Rs.2 crores, against the amount of Rs.78 lacs given by them as application money , since total money collected from the said 3 allotteess amounted to Rs.78 lacs only.

xii. Transfer of Rs.2.43 crores to Scan Infrastructure Pvt Ltd ("Scan") , Company was towards purchase of shares of Megacity Enclave Pvt Ltd. In March 22, 2013, Company had remitted an amount of Rs.2,42,50,000 for purchase of 2,42,500 shares of Megacity @ Rs.100 per share.

xiii. Company is not aware of 9 connected entities of group-1 were counter parties to Noticee no.1 and 2 and contributed to the market positive LTD through trades.

xiv. Transfer of Rs.2.30 crores from JMD to Company was towards sale of 115000 shares of Sargam Vintrade Pvt Ltd @ Rs.200 per shares. Further, Company is not aware that directors of various entities as set out in figure 1 of SCN are common.

xv. Company is unaware of the trades done by Noticee no.18 during the relevant time. There is nothing in SCN to demonstrate that their trades were on behalf or at behest of the company. Based on the trading done by them, no adverse inference can be drawn against. Company is not aware about the mode and manner of trading of the "Major Net Sellers".

xvi. Alleged connections amongst group 1 entities, wherein Company has also been roped in qua some entities, no adverse inference of being part of group 1 entities or being involved in alleged manipulation of price can be drawn. Further, Company has specifically denied connection with other entities of group 1.

xvii. There is no allegation of profit making by the Company by way of sale of its shares.

xviii. Company or its directors were not part of the scheme to manipulate the price of the scrip which ultimately benefitted few allottees as alleged. None of the directors have dealt in the shares of the Company during the investigation period.

xix. It has also been contended that to prove the serious charges of violation of PFUTP Regulations, strong evidence is required as held by Hon'ble SAT in the matter of *ESS ESS Intermediaries Vs. SEBI (Date of decision : June 19, 2013)*. Further, judgment of Hon'ble Supreme Court in the matter of *Gulab D Chand Vs. Kudilal (AIR 1966 SC 1734) has also been relied upon.*

xx. With regard to off-market transfer of shares by erstwhile promoters, it is submitted that the said erstwhile promoters had sold the shares in the off market, since they wanted to exit from the company and requisite disclosure under the applicable regulations had also been made by them.

xxi. There has been inordinate delay in issuance of SCN which has not been explained by SEBI. The proceedings have been going on interminably. On this ground alone SCN proceedings need to be and ought to be discontinued and SCN needs to be dropped qua them.

xxii. On the ground of delay, the Noticee has relied on two orders passed by Hon'ble SAT namely order dated 31-01-2020 in the matter of *Ashlesh Gunvantbhai Shah v/s SEBI* and Order dated 21-11-2020 in the matter of *Parag Sarda v/s SEBI*.

xxiii. WTM order dated 05-06-2020 under section 11B of SEBI Act was also passed inter-alia against the Company and its directors which was challenged by the Company before the Hon'ble SAT. In the SAT appeal, the Hon'ble SAT vide its order dated 08-02-2022 =, inter-alia- set aside the allegations/findings against the Company.

The **Noticee no. 13 and 14** have vide their separate yet identical letters dated July 10, 2018 have adopted the submissions made on behalf of the Noticee no. 12 (Greencrest). They have also denied the allegation of violations as have been levelled against them in the SCN and have submitted that the Board of Directors of Greencrest have acted in a *boanfide* manner in the best interests of the Company and its shareholders.

Noticee no.15 vide letter dated January 09, 2018 July 22, 2021 and February 10, 2022 has filed his written reply to the SCN. The key submissions made by the Noticee no.15 are summarized as under :

i. Drawing attention to the case of *Green v/s United States (355 US 184 1957)* , The Noticee no.15 has submitted that initiation/continuation of present adjudication proceedings on same subject matter when a separate proceedings initiated vide SCN dated 26-12-2017 is already under progress amounts to “double jeopardy”.

ii. There has been inordinate delay in initiating adjudication proceedings.

iii. Impugned fund transaction between Noticee and Global Infratech and Finance Ltd mentioned in SCN does not pertain to allotment of shares of Greencrest to the Noticee and the same has nothing to do with Noticee’s subscription in preferential allotment of Greencrest.

iv. Noticee has purchased shares of Greencrest from his own funds and has not received back any amount from Greencrest in this regard. Noticee is a bonafide investor and has invested money in normal course of his investment activity and said investment was very much within his financial and risk bearing capacity. Noticee has been roped into present matter based on presumptions, surmises and conjectures.

v. Noticee has sold his shares of GFSL at the best available price on the floor of stock exchange. Noticee had no idea of any alleged ‘manipulative modus operandi’ by any entity Noticee was not part of any game plan, ‘fraudulent scheme’, ‘devise’ or ‘artifice’ as alleged or otherwise.

vi. Large number of other preferential allottes had sold their shares during relevant time, however, except 3 allottees, no action has been recommended/taken qua all other preferential allottees. Using different yardstick towards similarly placed entities is unfair and bad in law.

vii. Noticee has stated that that great prejudice is caused in preparing his defence due to inordinate delay in initiating captioned proceedings by SEBI. In this regard, Noticee has referred to several order passed by the Hon'ble SAT namely order dated 22-08-2018 in *Ashok Shivlal Rupant & Anr v/s SEBI* , order dated 27-05-2019 in *Rakesh Kathotia v/s SEBI* , case of *Aditi Dalal , H B Stockholdings and Khandwala Securities Ltd.* Noticee also referred to the order passed by the Apex Court in the case of *State of Gujarat v/s Patel Raghav Natha*.

viii. Noticee has carried out both purchase and sale transaction in total compliance of all securities market laws applicable to him as an investor.

ix. The SCN alleges receipt of Rs. 65.00 Lakh from Global Infra by Noticee no. 15. The said loan was taken to infuse funds into Grover Metalloys Ltd, wherein Noticee no.15 is a founder/Director. The alleged transaction was purely a business transaction wherein a loan was received and thereafter the loan was repaid along with interest. The said transaction was not an isolated one and Noticee had also other transactions with Global Infra whereby he had borrowed Rs. 4.15 Crore from Global over a period of time. The above said loan amount has been repaid to Global in 19 instalments and an interest amounting to Rs. 1,14,62,37 has also been paid to Global against the said loan. A copy of confirmation of accounts for F.Y. 2012-13 and 2015-16 has been filed in support of his submissions. In View thereof, no linakge ought to be established between Noticee and Global Infra on the basis of inter se fund transfer.

x. The loan of Rs.65 lacs granted by Global Infra was given by Noticee as loan to Grover Mettaloys Ltd for its business purposes. In this regard, certificate dated 13-07-2009 issued by Chartered Account is submitted along with reply.

xi. The Noticee is acting as Promoter-Director in a group of MSME companies in which, funds have been required for working capital on regular basis. For such requirements, loans are taken by him in personal capacity after coordinating with financers. The pooling of funds in individual names helps in proper utilization of funds by the companies and also reduces number of transactions with outsiders. As Noticee is a large borrower, he can negotiate with financers. Such financers consider lending of funds to him as more secured due to net worth and credentials of Noticee.

xii. The investment in the preferential allotment by Greencrest was made by the Noticee based on the presentation given by Greencrest and on recommendation of one Mr. Rajendra Singh Bhatia, friend of the Noticee. The investment was made out of his own funds and investment was within their risk bearing capacity.

xiii. A total of 2,00,000 shares were allotted under the preferential allotment to Noticee during September, 2012, which by virtue of split of shares became 20, 00,000 shares.

xiv. After allotment, the share price and other details were monitored by the Noticee. As the price of the scrip rose to a reasonable level, a total of 18,56,000 shares were sold by Noticee on the market platform through a registered broker. The shares were sold over a period of 51 days by Noticee out of 406 trading days covered in the investigation period. During the investigation period, volume in the scrip of Greencrest was to the tune of 5,41,51,017 shares. Noticee is still holding 1,44,000 shares of Greencrest. Percentage of sale trades of Noticee and number of days when the Noticee netered in to sale transaction in the scrip of Greencrest was negligible so as to have any impact on the market equilibrium.

xi) The Noticee has referred to para 91 of order dated 02-04-2018 passed by Ld. WTM, SEBI in the matter of *First Financial Services Ltd*.

Further, The Noticee has also drawn attention to the orders passed by Hon'ble SAT namely order dated 16-09-2010 in the matter of *R.K.Global v/s SEBI* , order dated 29-07-2011 in the matter of *Narendra Ganatra v/s SEBI* , order in the matter of *Sterlite Industris (India) Ltd vs SEBI* and order dated 12-08-2011 in the matter of *Parsoli Corporation v/s SEBI*. The Noticee also drawn attention to the judgment passed by the Hon'ble Supreme Court in the case of Ram *Sharan Yadav v/s Thakur Muneshwar Nath Singh*.

xii) The Noticee has also informed that order dated 05-06-2020 has also been passed by WTM, SEBI whereby he was debarred from Securities Market for a period of 3 years. The Noticee has filed appeal against the aforesaid order. Vide order dated 08-02-2022, the Hon'ble SAT has quashed and set aside the WTM order dated 05-06-2020. Noticee has also submitted a copy of the aforesaid SAT order.

D. CONSIDERATION AND FINDINGS

10. I have carefully perused the allegations levelled against the Noticees in the SCN, the replies of the Noticees and also the documents/evidence available on record. Before I proceed to deal with the charges as alleged in the SCN and replies filed by the Noticees it is relevant to reproduce the provisions of laws which have been attracted and invoked in the SCN and the same are quoted here under:

> ***"3. Prohibition of certain dealings in securities***
> *No person shall directly or indirectly—*
> *(a) buy, sell or otherwise deal in securities in a fraudulent manner;*
>
> *(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;*
>
> *(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;*
>
> *(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.*

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

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

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

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

....

(d) paying, offering or agreeing to pay or offer, directly or indirectly, to any person any money or money's worth for inducing such person for dealing in security with the object of inflating, depressing, maintaining or causing fluctuation in the price of such security;

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

11. I note that Noticees no.12 to 15 have raised the preliminary issue with regard to inordinate delay in initiation of adjudication proceedings. I note that the investigation generally is a detailed process involving analysis of various data, gathering of evidences, etc. that shall stand the test of legal scrutiny at various judicial fora. This, generally, consumes considerable time and efforts depending on the number of entities involved, the complexity of the transactions, correspondences with the entities involved etc. In the instant case, investigation has been completed and accordingly, the investigation report was approved by the competent authority on September 29, 2017 wherein proceedings under sections 11(1), 11(4) and 11(B) of the SEBI Act were approved along with adjudication proceedings under sections 15HA of the SEBI Act. Vide order dated November 21, 2017, Ms. Rachna Anand was appointed as Adjudicating Officer. Common SCN dated December 20, 2017 was issued by Ms.Rachna Anand. Upon transfer of Ms.Rachna Anand, Mr.Jeevan Sonparote was appointed as Adjudicating Officer upon whose transfer Mr.Sahil Malik was appointed as Adjudicating Officer. I have been

appointed as Adjudicating Officer vide order dated August 09, 2019 pursuant to transfer of erstwhile Adjudicating Officer Mr.Sahil Malik.

12. In the view of the above, facts and circumstances, I am of the view that that investigation is an exhaustive and time consuming process, which requires detailed analysis of facts and law especially considering that there are multiple stakeholders involved in the present matter apart from the Noticees. I also note that, initiating a proceeding under the appropriate provisions of SEBI Act is a regulatory prerogative of SEBI depending upon the outcome of the fact finding exercise, which is the investigation done in this case, and just because the alleged violation was committed in a distant past cannot be a ground to vitiate initiation of these proceedings. Moreover, in this case the SCN makes a serious allegation under the PFUTP Regulations. I am also of a view that, Hon'ble SAT in past has held that the reasonable period would depend on the facts and circumstances of each case and that no hard and fast rule can be laid down in this regard. I am of the view that present proceedings do not suffer from any infirmity on the ground of delay. I, therefore, hold that there is no inordinate delay as contended and, hence, the contention of the Noticees no.12 to 15 in this regard is rejected.

13. In this regard, I also find it relevant to rely on certain orders passed by the Hon'ble SAT as under:-

    (i) In ***Hemant Sheth and Ors. vs. SEBI***, Appeal No. 521 of 2021, decided on January 07, 2022, it was argued by the appellants that the adjudicating officer was appointed on July 04, 2013 but the show cause notice was issued in 2016 and therefore there was an inordinate delay of 30 months for which no plausible explanation was given. The Hon'ble SAT while dismissing the aforesaid contention of the appellants held that:

    "9. Insofar as the delay is concerned we find that after the observation made by the WTM in its order of May 10, 2013 SEBI took action and appointed the AO dated July 4, 2013. No doubt the show cause notice was issued in January 2016 but the delay in the issuance of the show cause notice in the instant case will not vitiate the proceedings initiated against the appellants

in the peculiar facts and circumstances of the case. Consequently, we are not inclined to quash the proceedings only on the ground of inordinate delay as asserted by the learned counsel for the appellant."

(ii) In ***M/s. Adamina Traders Private Limited vs. SEBI*** (Appeal No. 331 and 366 of 2020) dated December 15, 2021, the trades concerned in the appeal took place in 2013, and the show cause notice was issued by the adjudicating officer in 2018. The appellants raised an argument of inordinate delay in issuance of the show cause notice. Dismissing the aforesaid contention, the Hon'ble SAT held the following:

'We do not find any evidence to hold that there was an inordinate delay in the issuance of the show cause notice. This contention is accordingly rejected. <u>Further, nothing has been shown as to how this delay has prejudiced the appellant. In the absence of any prejudice the delay, if any, cannot be set aside</u>." (emphasis supplied)

Noticee No.12, 13 and 14

14. It has been alleged in the SCN that after the Noticee no.12/Company made preferential allotments, certain entities related to the Company provided funds and shares to another set of entities who manipulated the price of the scrip of the Company. Further it is alleged that The Noticee no.12 transferred Rs.Two Crore to Global Infratech and Finance Ltd. on September 13, 2012 out of money received towards first preferential allotment. Global Infratech transferred on the same day Rs.65 lakhs to Noticee No. 15 and Rs.1.35 crore to Pneumatic Leasing Services Pvt. Ltd. SCN also observes that Noticee No. 15 and its connected entity Udayan Grover(Noticee no.17 in the SCN) were preferential allottees of the company. Director of Pneumatic Leasing Services Pvt. Ltd. was Anoop Jain. He was preferential allottee of the company and also was karta of Anoop Jain HUF (Noticee no.15 in the SCN), who was also a preferential allottee of the company. It is further alleged in the SCN that the company returned preferential allotment application money indirectly through Global Infratech and Finance Ltd to preferential allottees. It has also been alleged

in the SCN that Noticee no.1 and 2 (buyers) were funded by Noticee no. 18 and 17 respectively who are alleged to be connected to the Company and that, company related entities manipulated the price and the aforesaid three allottees sold shares at manipulated price, thereby, the company was part of scheme to manipulate the price of the scrip to benefit the said three preferential allottees.

15. I note from the SCN that the allegations against the Company are two fold i.e. firstly, Company has returned the preferential allotment money indirectly to the allottees through Global Infratech, and secondly, Company has indirectly funded the buyers through Noticee no.17 and 18.

16. With regard to allegations of returning the preferential allotment money, Company has submitted that it had given loan to Global Infratech on various dates and the said loan has also been repaid back to it by Global Infratech. Company has submitted that the alleged transactions are genuine commercial transactions. In this regard, Company has submitted ledger statements, a perusal of which would go to show that there have been regular commercial transactions between the Company and Global Infratech. With regard to allegation of return of application money, the Company has demonstrated that there is mismatch in the amount collected from the said 3 allottees and the amount alleged to be returned, which is Rs.2 crores, however, the amount alleged to be collected through preferential allotment from the 3 said allottees is only Rs.78 lacs. Further, the SCN alleges receipt of Rs. 65.00 Lakh from Global Infra by Noticee no. 15 (allottee). Noticee no.15 in his reply has averred that the said amount was received as loan to infuse funds into Grover Metalloys Ltd, wherein Noticee no.15 is a founder/Director and that the alleged transaction was purely a business transaction wherein a loan was received and thereafter the loan was repaid along with interest. Copy of confirmation of accounts for F.Y. 2012-13 and 2015-16 have also been filed in support of submissions by Noticee no.15. I further note adjudication orders in respect of two other preferential allottees namely Udayan Grover and Anoop Jain HUF have already been passed wherein SCN issued in respect of them has been disposed of without imposing penalty. Previously, SCN issued in 11B

proceedings against the aforesaid two allottees has also been disposed of by WTM without any directions.

17. From the available record, I conclude that transactions between the Company and Global Infratech are genuine commercial transactions in the ordinary course of business. It is also observed that amount transferred by Global Infratech to noticee no. 15 and two other allottees had no connection with the transactions between Company and Global Infratech. Further, I note that the amount alleged to be returned is significantly more than the amount collected by the Company from the said 3 preferential allottees for which no reason has been provided in the SCN. It appears that connections of the Company drawn with preferential allottees in the SCN on the basis of fund transfers is too farfetched.

18. With regard to allegations of indirectly funding the buyers through Noticee no.17 and 18 , Noticee no.12/Company has submitted that fund transfer of Rs.50 lacs with JMD Sounds Limited(Noticee no.18, "***JMD***"), was in the context of sale/purchase of shares and repayment of loan and transfer of Rs.2.30 crores from JMD to Company was towards sale of 115000 shares of Sargam Vintrade Pvt Ltd @ Rs.200 per shares. The copy of the ledger evidencing the transaction has also been submitted by the Company. I note that the transactions between the Company and JMD cannot form the basis for allegation that the Company has indirectly funded the buyers. Further, the Company cannot be held responsible for transactions between JMD and Noticee no.1. With regard to funding of Noticee no.2 by Noticee no.17, it is pertinent to note that there are no direct fund transactions between Noticee no.17 and the Company. Thus, even if noticee no. 17 has funded noticee no. 2, no adverse inference can be drawn against the company merely because of some indirect and farfetched connection of noticee no. 17 with the company.

19. I note that the connection between the Company and the entities involved in price manipulation has not been sufficiently established so as to hold the Company/Noticee no.12 liable for violations of alleged PFUTP regulations.

In light of the aforesaid, I conclude that Notice no.12 and 13 (Directors of Noticee no.12) also cannot be held liable for violations of PFUTP regulations as alleged in the SCN.

20. It is also pertinent to note here that WTM order dated 05-06-2020 was passed in the same case inter-alia against the Company and its two directors (Noticee no.13 and 14), wherein, the Learned WTM found the said 3 entities guilty of violation of provisions of PFUTP regulations and debarred them from securities market for 3 years. The said noticees filed appeal before the Hon'ble Securities Appellate Tribunal ("***SAT***") and vide order dated 08-02-2022 , the Hon'ble SAT inter-alia set aside the allegations/findings against the Company and its two directors (i.e. Noticees no.12, 13 and 14 in the instant proceedings) vide para 16 as under:-

> *"16. In the light of the aforesaid, the impugned order in so far as it relates to the appeal no. 361 of 2020 of Greencrest Financial Services Ltd. and Ors. and appeal no. 360 of 2020 of Ravindra Kumar Grover cannot be sustained and are quashed and the appeals are allowed…………"*

Noticee No.15

21. With regard to Noticee no.15 , the SCN alleges that he was allotted the preferential shares of the Company at low prices and then sold them at higher manipulated price. In this regard, it has been alleged in the SCN that the said Noticee received the allotment money back from the Company indirectly through Global Infratech. In this manner Noticee no.15 is alleged to be part of the scheme to manipulate the price of the scrip.

22. Noticee no.15 has not challenged the receipt of Rs.65 lacs from Global Infratech but has submitted that the amount Rs.65 lacs was taken as loan to infuse funds into Grover Metalloys Ltd, wherein Noticee no.15 is a founder/Director and that the alleged transaction was purely a business transaction wherein a loan was received and thereafter the loan was repaid along with interest. It is further submitted that the said transaction was not an isolated one and Noticee also had other transactions with Global

Infratech whereby he had borrowed Rs.4.15 Crore from Global Infratech over a period of time and that the above said loan amount has been repaid to Global Infratech in 19 instalments and an interest amounting to Rs.1,14,62,37 has also been paid to Global Infratech against the said loan. Copy of confirmation of accounts and a certificate from Chartered Accountant have been submitted along with reply.

23. I note from the perusal of documents submitted that the transactions between the Noticee no.15 and Global Infratech appear to be commercial loan transactions. Further, I note the transaction between Global Infratech and the Company have already been established to be commercial loan transactions. I also note that if Global Infratech has funded Noticees no. 15, no connection of funding can be seen from the company through this fund transaction and a trail of money as alleged in the SCN appear to be missing. I find that there is no link established to hold that the preferential allotment application money was indirectly returned to the Noticee no.15. In such circumstances Noticee no.15 cannot be held to be part of the scheme to manipulate the price of the scrip of the Company. In light of the above, I conclude that Noticee no.15 has not violated the provisions of PFUTP regulations as alleged in the SCN.

24. I also note that order dated 05-06-2020 has also been passed by WTM, SEBI in the same case whereby the Noticee no.5 was debarred from Securities Market for a period of 3 years. The Noticee has filed appeal against the aforesaid order. Vide order dated 08-02-2022, the Hon'ble SAT has quashed and set aside the WTM order dated 05-06-2020 inter-alia in respect of Noticee no.15 , para 13 of the said order in this regard may be noted :

> *"13…………….Thus, it cannot be said that the funds given to Global on loan was given for the purpose of funding noticees no. 18, 19 and 20. We further of the opinion that if Global has funded noticees no. 18, 19 and 20, no connection of funding can be seen from the company through this fund transaction. Further, we find that the WTM has exonerated noticees no. 19 to 20 even though they were funded by Global. Thus, we are satisfied that that funding made by Global to*

noticee no. 18 had no connection with the fund given by the company to the Global. The finding that noticee no. 18 was part of the scheme with the company and its directors to manipulate the price is patently erroneous………...”

Noticee no.1

25. Noticee no. 1 has submitted that she is a house-wife with almost no educational background and that her husband used to manage all her financial dealing and used to trade in her account who is now deceased. The Noticee no.1 has prayed to discharge her from present proceedings on the aforesaid ground. A perusal of the reply filed on behalf of the Noticee no.1 however explains the detailed technical intricacies not only with respect to the fundamentals of the Company Greencrest, but also with respect to the portfolio of shares that was built by her husband in her name. There are inconsistencies in the submissions of the of the Noticee no.1. who, on the one hand has pleaded to be not educated enough and all trades in her demat account were executed by her late husband and that she does not possess any knowledge pertaining to securities market, whereas on the other hand the reply filed by her contains details of her share trading activities with all technical finesse, which are normally not known to a person who claims to be ignorant about the securities market. Submission of Noticee to attribute the acts of trading/financial dealing to her late husband appears to be an afterthought and I see no reason to discharge her on this ground alone.

26. The Noticee no.1 has submitted that separate adjudication proceedings initiated when WTM proceedings are in progress, amounts to ‘double jeopardy’. I note that the Noticee is incorrect in applying the principle of double jeopardy to the present proceedings. Present adjudication proceedings u/s 15-I of SEBI Act, 1992 are different from WTM proceedings initiated u/s 11B of SEBI Act, 1992. Both are separate proceedings as per the statute where penalty is imposed in adjudication proceedings and directions are issued under 11B proceedings.

27. It has been alleged in the SCN that Noticee no.1 received Rs.17.5 lakhs from Noticee no.18. Noticee no.1 has neither denied the fact of receipt of the said amount nor has assigned any purpose to the aforesaid fund transaction. Rather, she has submitted that all her financial transactions were looked after by her husband and that she has no idea of receipt of funds from Notice no.18. I have already established that Noticee no.1 cannot take benefit of the argument that all her transactions were looked after by her husband. The SCN further alleges that Noticee no.1 transferred the said amount to her broker on the same day to clear her debit balance. Under such circumstances, based on the materials available on record, I am convinced to conclude that the above noted fund of Rs. 17.50 Lakh, received by Noticee no. 1 was used by Noticee no. 1 for purposes *inter-alia,* trading in the scrip of the Company.

28. It has further been alleged in the SCN that Noticee No. 1 and 2 were placing their buy orders at prices higher than last traded price and nine entities namely Noticees no.3 to 11 were placing sell orders to match that order and executed trade at higher price even when there were no corporate announcements made by the company and fundamentals of the company did not support price rise. In this manner, Noticee no.1 is alleged to have contributed to positive LTP in the price of the scrip of the Company.

29. It has been mentioned in the SCN that there were no major corporate announcements made by the Company during the investigation period. Another interesting and relevant fact to note is that there were only few entities trading in the scrip of Greencrest during Patch 1. The trade analysis in the scrip of Greencrest reflects that the Noticee nos. 1 and 2 were trading as buyer in the scrip of Greencrest and have together contributed to 35.45% of the market positive Last Traded Price Variation (LTP) in the scrip while Noticee nos. 3 to 11 were allegedly the major selling counter parties to the buy trades of the Noticee nos. 1 and 2. The trading that took place between Noticee nos. 1 and 2 as buyers and Noticee nos. 3 to 11 as sellers have resulted in contribution of 29.98% of the market positive LTP. The details of contribution to positive LTP of the scrip caused by the trades executed by the Noticee nos. 1 and 2 and further details with respect to such trades

between Noticee nos. 1 and 2 on one side and Noticee nos. 3 to 11 on the other are reflected in the tables below:

Table A

LTP contribution as a buyer

		All trades			LTP Diff. >0			LTP Diff. < 0			LTP Diff. =0		% of + LTP to Total Market + LTP
S. No	Entity Name	Net LTP	Sum of Qty	No of trade	LTP	QTY traded	No of trade	LTP	QTY	No of trade	QTY	No of trades	
1	PremLata Nahar (Noticee no.1)	50.93	161	26	50.93	145	23	0	0	0	16	3	19.79%
2	Shyam Ka nheyaLal Vyas (Noticee no. 2)	40.30	91	19	40.30	91	19	0	0	0	0	0	15.66%
	Among Group	**77.15**	**170**	**36**	**77.15**	**170**	**36**	**0.00**	**0**	**0**	**0**	**0**	**29.98%**
	Group	**91.23**	**252**	**45**	**91.23**	**236**	**42**	**0**	**0**	**0**	**16**	**3**	**35.45%**
	Total Market Total	**257.38**	**1,336**	**133**	**257.38**	**932**	**126**	**0**	**0**	**0**	**404**	**7**	**100%**

Table B

LTP Contribution among group

Seller Name → / Buyer Name ↓	Raj Kumar Shar ma	Sarita PradipB issa	Puspal Chandra	Ravishankar Mishra	Mina Chandra	Sanjo y Kumar Chandra	Pushpa Asoolal B issa	Dilip Kumar Mandal	Priti Kothari	**Total LTP as Buyer (Number of Trades)**
PremLataNahar	6.75 (3)	2.75 (1)	14.3 (5)	7.25 (3)	4.6 (2)	4 (2)	0 (0)	2.23 (4)	0(0)	**41.88 (20)**
ShyamKanheyalal Vyas	3.55 (1)	3.9 (2)	3.4 (1)	7.25 (2)	8.2 (2)	0 (0)	5.6 (4)	0.82 (2)	2.55(2)	**35.27* (16)**
Total LTP as seller (Number of Trades)	**10.3 (4)**	**6.65 (3)**	**17.7 (6)**	**14.5 (5)**	**12.8 (4)**	**4 (2)**	**5.6 (4)**	**3.05 (6)**	**2.55(2)**	**77.15 (36)**

30. Further, from the Trade and Order Log (Annexure 11 and 12 to the SCN), an analysis of the trades executed by Noticee no.1 which contributed to LTP in the scrip and which also matched with Noticee nos. 3 to 10 during Patch-1, is presented as below:-

Table C

Noticee no. 1 as buyer:

TRADE_DATE	CP_CLIENTNAME	ORDER_TIME	CP_ORDER_TIME	CP_ORDER_QTY	ORDER_QTY	LTP_RATE (in Rs.)
10/05/2013	DILIP KUMAR MANDAL	14:30:00	14:54:24	2	10000	0.34
03/07/2013	DILIP KUMAR MANDAL	13:30:00	13:52:33	2	10000	0.56
09/07/2013	DILIP KUMAR MANDAL	13:30:00	13:53:00	2	10000	0.65
11/07/2013	DILIP KUMAR MANDAL	14:30:00	15:05:26	4	10000	0.68
19/02/2014	SANJOY KUMAR CHANDRA	09:00:00	15:18:23	5	1000	1.7
21/02/2014	PUSPAL CHANDRA	09:00:00	15:23:51	5	1000	1.75
24/02/2014	RAJ KUMAR SHARMA	09:00:00	15:07:56	6	1000	1.8
06/03/2014	MINA CHANDRA	09:00:00	15:15:07	6	1000	2.05
10/03/2014	RAVISHANKAR MISHRA	09:00:00	15:07:31	6	1000	2.15
12/03/2014	PUSPAL CHANDRA	09:00:00	15:21:46	6	1000	2.25
13/03/2014	SANJOY KUMAR CHANDRA	09:00:00	15:13:21	5	1000	2.3
18/03/2014	RAJ KUMAR SHARMA	09:00:00	15:22:38	5	1000	2.35
19/03/2014	RAVISHANKAR MISHRA	09:00:00	15:06:36	5	1000	2.4
21/03/2014	PUSPAL CHANDRA	09:00:00	15:15:47	5	1000	2.5
22/03/2014	MINA CHANDRA	11:00:00	12:41:45	6	1000	2.55
24/03/2014	RAJ KUMAR SHARMA	09:00:00	15:11:33	4	1000	2.6
25/03/2014	PUSPAL CHANDRA	09:00:00	15:20:33	5	1000	2.65
26/03/2014	RAVISHANKAR MISHRA	09:00:00	15:20:05	5	1000	2.7
27/03/2014	SARITA PRADIP BISSA	09:00:02	15:13:00	4	500	2.75
04/06/2014	PUSPAL CHANDRA	09:00:00	15:14:29	5	1000	5.15
Total				93	55500	41.88

31. From the details of trades executed by Noticee no. 1 as summarised in the Table A, it is noted that, through 26 trades, she had dealt in 161 shares in the scrip of Greencrest. Out of the 26 trades, 23 trades were alleged to be executed contributing to positive LTP of Rs. 50.93, which is 19.79 % of the total market positive LTP in the scrip during the Patch -1. Thus, Table -A reveals that around 90% of trades of Noticee no. 1 have resulted in contributing to market positive LTP. Similarly, from the trades details as enumerated under the Table B, it is observed that out of 26 trades (as mentioned in Table A), 20 trades of Noticee no. 1 got matched with Noticee nos. 3 to 10. Thus, almost 75% of trades of Noticee no.1 were alleged to be non-genuine trades wherein the counter parties were always from the group of Noticee nos. 3 to 10 and through these non-genuine trades, the contribution to the positive LTP by Noticee no. 1 was to the tune of Rs 41.88. From the above, it is evident that a substantial portion of trades of Noticee no. 1 have resulted in contribution to the market positive LTP and majority of such trades were executed wherein Noticee nos. 3 to 10 traded as the counter parties. With regard to Table C above, as can be noted that 20 trades of Noticee no.1 got matched with the trades of Noticee no. 3 to 10 as counter party. It is also observed from the trade details that Noticee no.1 had on most of the occasions (15 out of 20 trades) placed buy orders for relatively larger quantities exactly at the opening of the market i.e., at 09:00 am and the buy orders so placed by her remained pending for execution till one of the counter parties placed sell order around the closing of the market hours only to ensure that the order placed by the Noticee no.1 gets executed so that the said trade contributes to the LTP of the price in the scrip.

32. It is also noted that the buy quantities in the orders placed by the Noticee no.1 ranged from 500 to 10,000 shares with most of the orders being for 1000 shares. As observed above, the Company had no fundamentals to support the abnormal spurt in the price of the scrip and in such circumstances, placing orders for quantities as high as 500 to 10000 would not be viewed as normal dealing. It has been observed that Noticee no.1 in majority of her trades, first placed buy orders in the opening time of the

market. I note that in majority of the occasions, Noticee no.1 had not even waited to observe the market reaction before placing buy orders and rather, as noted above, she placed orders in the opening time of the market and each of her buy orders was placed above the LTP. Considering the fact that the selling counter parties to her trades were also having connection with the Company and had got their shares in off market transfers from a common entity, i.e., Noticee no. 16, the trades executed by Noticee no. 1 are clearly suggestive of collusion with the counter parties who, as the sellers to Noticee no. 1, have exactly matched the buy price put by the Noticee no.1 in her orders and have sold limited number of shares in the range of 2 to 6 shares per trade in response to those buy orders of more than 500 shares placed by Noticee no. 1, apparently for the sole motive of contributing to the LTP in the scrip and not for executing any genuine trades.

33. As noted above in Table – A, during Patch-1 (May 10, 2013 to June 04, 2014), Noticee no.1 had purchased a total of 161 shares of Greencrest in 26 trades. It is noted from the trade log details that the number of shares purchased by Noticee no.1 in each of her trades largely remained in the range of 1 to 50. Infact most of her trades constituted of single digit number of shares and only in 2 such trades, Noticee no.1 had purchased 11 and 50 shares, respectively.

34. There is nothing on record to explain the motive shown by Noticee no. 1 in dealing with the scrip whereby she was so induced to buy the scrip at a higher price that she placed her buy orders above LTP. As noted above, out of the 26 trades executed by Noticee no. 1 during Patch-1 (including those 20 trades where Noticee no. 3 to 10 acted as sellers), on majority of the days, she used to place only one order for a large quantity of shares and after the said order got executed for a small number of shares (in the range of 2 to 6), no further order was placed by her on the same day. Furthermore, even after her failed attempt to buy large quantity of shares of Greencrest on a particular day, Noticee no.1 turned up again for buying the same scrip in large quantity after a gap of several days. For example, after executing a trade on May 10, 2013, next trade executed by Noticee

no.1 was only executed on July 03, 2013 and then, Noticee no. 1 executed her next trade on July 09, 2013 and July 11, 2013. After placing such orders for large quantities of Greencrest shares on the aforesaid days, Noticee no. 1 is again seen entering the market as buyer of the scrip only on February 19, 2014. Similar such gaps are seen in the other trades executed by the Noticee no. 1 when, after March 27, 2014 she placed order only on May 27, 2014. The aforesaid trading pattern as adopted by the Noticee appears quite strange and unusual and it does not explain as to why the Noticee who wanted to buy large quantities of shares in each of her buy orders but was getting only 2-3 shares from the sellers, was disappearing from the market taking long gaps, and was returning to market every time with another LTP contributing buy order.

35. Further, based on the analysis of the trade log for the 20 different trading days on which Noticee no. 1 had executed her buy trades , I observe that on the said 20 days, only 22 trades were executed in the scrip of the Company and in all such trades Noticee no. 1 was the only buyer. Thus, no other person was interested to buy the shares of the Company and the buy orders for large quantities were placed only by Noticee no.1 on a recurrent basis and with each of her buy orders, Noticee no.1 was willing to buy the scrip above LTP. The eagerness to buy large quantities of shares of the Company expressed by Noticee no.1 (when there was no demand from any other buyer) , was seemingly limited to placing of orders only and is not at all corroborated/supported by the actual trading behaviour exhibited by her. It is observed that out of the 20 trades executed by the Noticee no.1, as mentioned in the table above, only 93 shares were purchased by her out of a cumulative buy orders for 55500 shares placed by her. Its shows that Noticee No.1 had no genuine interest in buying the shares of the company as a normal investor, and instead, her interest was confined to only placing buy orders in large quantities so as to create an artificial demand for the scrip in the market and to execute trades at higher LTPs to manipulate upwards the market price of the shares of the company.

36. In view of the above, I find that trades executed by Noticee no. 1 in the scrip of Greencrest can, by no standard be termed as trades placed and

executed in the ordinary course of dealing in securities. Thus, based on the evidence available on record, I find that Noticee no.1 has not been able to make out a case in her favour for dropping of charges against her. It is noted that the Noticee no.1 has placed reliance on a few judgments to contend that to bring a charge of fraud against her, stricter proof is required. I have perused the said judgments and observe that none of the said judgments is factually aligned to the facts & circumstances of the present case hence, will not be of any help to the Noticee no.1.

37. It is pertinent to note here that order dated 05-06-2020 has also been passed by WTM, SEBI whereby Noticee no.1 has been debarred from Securities Market for a period of 3 years. The Noticee had challenged the said order before the Hon'ble Securities Appellate Tribunal and vide order dated 08-02-2022, the Hon'ble SAT has dismissed the appeal filed by Noticee no.1 vide para 16 as follows :-

> *"15. In so far as the noticee no. 1 is concerned, we find that there is sufficient evidence which has come on record to show that there was a meeting of mind between notices no. 1 and 2 with noticees no. 3 to 11 with the intention not only to manipulate the price but to increase volume and thereby create a misleading appearance in the trading of the scrip. Detailed findings have been given by the WTM that no two sellers traded on one particular date and all the trades made by noticees no. 3 to 11 were executed by noticees no. 1 and 2. Thus, on account of the trading pattern and the volume generated thereby misleading the investors, we are satisfied that noticee no. 1 had violated the provisions of Regulations 3 and 4 of the PFUTP Regulations."*

Noticee no.2

38. It has been alleged in the SCN that Noticee no.2 received Rs.25 lakhs from Noticee no.17. The SCN further alleges that Noticee no.2 transferred the said amount to his broker on the same day to clear his debit balance. It has further been alleged in the SCN that Noticee No. 1 and 2 were placing their buy orders at prices higher than last traded price and nine entities namely Noticees no.3 to 11 were placing sell orders to match that order and

executed trade at higher price even when there were no corporate announcements made by the company and fundamentals of the company did not support price rise. In this manner, Noticee no.2 is alleged to have contributed to positive LTP in the price of the scrip of the Company.

39. I note that the Noticee no.2 has not submitted any reply to the SCN nor has he availed the opportunity of hearing given to him. In such circumstance, I am constrained to decide upon the culpability of Noticee no.2 based on available record. I proceed now to examine the allegations made against Noticee no. 2 with respect to the manipulative trades executed by him. The relevant details of the orders placed during Patch-1 by Noticee no. 2 which matched with the orders placed by the Noticee nos. 3 to 7 and Noticee nos. 9 to 11, as culled out from the Trade and Order Log are as under:

Table D

Noticee no. 2 as buyer:

TRADE_DATE	CP_CLIENTNAME	ORDER_TIME	CP_ORDER_TIME	CP_ORDER_QTY	ORDER_QTY	LTP_RATE (in Rs.)
13/05/2013	DILIP KUMAR MANDAL	14:30:00	14:47:15	2	5000	0.36
20/05/2013	DILIP KUMAR MANDAL	14:30:00	14:58:23	2	5000	0.46
10/12/2013	PRITI KOTHARI	14:30:00	15:09:54	5	5000	1.1
12/12/2013	PUSHPA ASOOLAL BISSA	13:30:00	13:59:14	8	5000	1.15
16/12/2013	PUSHPA ASOOLAL BISSA	14:30:00	14:59:26	8	5000	1.25
23/12/2013	PRITI KOTHARI	14:30:00	15:03:22	5	5000	1.45
24/12/2013	PUSHPA ASOOLAL BISSA	14:30:00	15:10:07	8	5000	1.5
27/12/2013	PUSHPA ASOOLAL BISSA	14:30:00	14:58:20	6	5000	1.7
10/01/2014	SARITA PRADIP BISSA	14:30:00	14:49:32	8	5000	1
02/04/2014	SARITA PRADIP BISSA	09:00:01	15:26:54	6	5000	2.9
11/04/2014	RAVISHANKAR MISHRA	09:00:00	14:53:54	5	5000	3.25
16/04/2014	PUSPAL CHANDRA	09:00:00	15:11:16	2	5000	3.4
21/04/2014	RAJ KUMAR SHARMA	09:00:00	15:15:21	6	5000	3.55
08/05/2014	RAVISHANKAR MISHRA	09:00:00	15:11:48	2	5000	4
09/05/2014	MINA CHANDRA	09:00:00	15:23:08	1	5000	4.05
14/05/2014	MINA CHANDRA	09:00:00	15:13:22	3	5000	4.15
Total				**77**	**80000**	**35.27***

40. It is noted from the Table-A that Noticee no. 2 had purchased a total no. of 91 shares in 19 trades. Out of the said 19 trades, Noticee nos. 3 to 7 and Noticee nos. 9 to 11 acted as counter party seller in as many as 16 trades. The quantity of shares purchased by Noticee no. 2 in each of the trades (including the ones executed with the sell orders of the Noticee nos. 3 to 7 and Noticee nos. 9 to 11 as counter parties) remained in the range of 1 to 8 shares only.

41. As can be easily deciphered from the above mentioned table, the buying pattern of Noticee no. 2 is quite similar to the buying pattern of Noticee no.1. Noticee no. 2 had also placed buy orders of large quantity of shares and each of his buy orders was placed for of 5000 shares. Like Noticee no.1, Noticee no. 2 had also placed buy orders at exactly 09:00 am, i.e., at the opening time of the market on 7 different occasions. Further, 8 buy orders (out of 16 trades referred to above) were placed by Noticee no. 2 at exactly 02:30 pm while one buy order was placed at 01:30 pm. Thus, the demand created by every such buy order of Noticee no. 2 was for 5000 shares. I note that Noticee nos. 3 to 7 and Noticee nos. 9 to 11 placed their counter sell orders after the buy order of Noticee no. 2 was found pending in the system of the stock exchange. It is observed that some of the buy orders placed in the beginning of the market remained pending for many hours (approx. 6 hours) and it was only towards the closure of the market that the seller Noticees placed sell orders in the range of 1 to 6 shares only, matching the buy price of Noticee no. 2. As in the case of Noticee no. 1, Noticee no. 2 had also placed his buy orders for larger quantities in the scrip of the Company despite the obvious fact that the Company had no fundamental financial strength to support such excessive interest shown by Noticee no. 2. It is further observed that Noticee no. 2 had been uniformly placing buy orders for 5000 shares in each of his orders despite knowing that there is no volume in the market and sellers are offering shares only in the miniscule range of 1 to 6 shares in response to his buy orders for 5000 shares. Such an abnormal practice of placing large buy orders on a continuous basis lacked any rationale nor has the same been substantiated by any explanation by the Noticee. He has also not furnished any evidence

to prove his bonafide and to convince me that having failed to buy the desired quantities of shares, he had taken any steps to buy the remaining number of shares (as per his desire) as the sellers were offering very small number of shares. It is noted that in 16 trades, the Noticee no.2 could purchase only 77 shares of the Company whereas the cumulative demand for such shares created by him through his orders was for 80000 shares. Further, like Noticee no.1, for no explicable reasons, he had also placed his orders each time above the LTP and in the process, both of them have together contributed significantly to the LTP by Rs. 77.15 in 36 trades.

42. Since, the allegations as well the trading behaviour/pattern/conduct of the Noticee no. 2 is almost identical to Noticee no. 1, I reiterate my findings as recorded while dealing with the submissions of Noticee no. 1 and the same are not repeated herein to avoid repetition.

43. Under the circumstances, I am left with no option but to draw a conclusion with respect to his role on the basis of my aforesaid analysis of his trades in the scrip of the Company and also his apparent nexus with the Company that is clearly discernable from his financial/fund transactions with the connected entities of the Company as discussed in detail by me in the aforesaid paragraphs. While his strong connection with the Company is quite evident from the *inter-se* transactions that have been pointed out in the SCN, even without considering those connections for a moment if one considers only the trading pattern of Noticee no. 2 in the scrip of the Company independent of his connection with the Company, the trading behaviour of the Noticee would still be found to be profoundly malicious with a conclusion that he has traded in the scrip of the Company not as a genuine trader but with some dubious intent only to manipulate the price of the scrip so as to distort the integrity of the trade in the scrip of the Company.

Noticee no.3, 4, 5, 6, 7, 8, 9, 10 and 11

44. With regard to Noticees no.3 to 11, the SCN alleges that they have received shares of the Company in off-market transfer from Noticee no.16 and that

they have acted as counterparty to the buyers namely Noticees no.1 and 2. In this manner, it is alleged that Noticees no.1 to 11 have manipulated the price of the scrip by repeatedly trading among themselves at prices higher than last traded price.

45. I note that none of the aforesaid Noticees have negated or refuted the allegations made in the SCN that the Noticee no. 16 sponsored their trades by providing shares to them. All the Noticees no.3 to 11 have contended that they have independently invested and traded in various scrips including the alleged scrip, in the ordinary course of business without any manipulative intent. To test the strength of the said defence, I refer to the relevant details of trades executed by the Noticee nos. 3 to 11 as counterparty sellers to the buy orders placed by the Noticee nos. 1 and 2, as culled out from the Trade Log:

Table E

Sr. No.	TRADE_DATE	CLIENT NAME	CP_CLIENT NAME	LTP_RATE	TRADED_QTY	ORDER_QTY	CP_ORDER_QTY
1.	10/05/2013	PREM LATA NAHAR	DILIP KUMAR MANDAL	0.34	2	10000	2
2.	13/05/2013	SHYAM KANHEYAL AL VYAS	DILIP KUMAR MANDAL	0.36	2	5000	2
3.	20/05/2013	SHYAM KANHEYAL AL VYAS	DILIP KUMAR MANDAL	0.46	2	5000	2
4.	03/07/2013	PREM LATA NAHAR	DILIP KUMAR MANDAL	0.56	2	10000	2
5.	09/07/2013	PREM LATA NAHAR	DILIP KUMAR MANDAL	0.65	2	10000	2
6.	11/07/2013	PREM LATA NAHAR	DILIP KUMAR MANDAL	0.68	4	10000	4
7.	10/12/2013	SHYAM KANHEYAL AL VYAS	PRITI KOTHARI	1.1	5	5000	5
8.	12/12/2013	SHYAM KANHEYAL AL VYAS	PUSHPA ASOOLAL BISSA	1.15	8	5000	8

9.	16/12/2013	SHYAM KANHEYAL AL VYAS	PUSHPA ASOOLAL BISSA	1.25	8	5000	8
10.	23/12/2013	SHYAM KANHEYAL AL VYAS	PRITI KOTHARI	1.45	5	5000	5
11.	24/12/2013	SHYAM KANHEYAL AL VYAS	PUSHPA ASOOLAL BISSA	1.5	8	5000	8
12.	27/12/2013	SHYAM KANHEYAL AL VYAS	PUSHPA ASOOLAL BISSA	1.7	6	5000	6
13.	10/01/2014	SHYAM KANHEYAL AL VYAS	SARITA PRADIP BISSA	1	8	5000	8
14.	19/02/2014	PREM LATA NAHAR	SANJOY KUMAR CHANDRA	1.7	5	1000	5
15.	21/02/2014	PREM LATA NAHAR	PUSPAL CHANDRA	1.75	5	1000	5
16.	24/02/2014	PREM LATA NAHAR	RAJ KUMAR SHARMA	1.8	6	1000	6
17.	06/03/2014	PREM LATA NAHAR	MINA CHANDRA	2.05	6	1000	6
18.	10/03/2014	PREM LATA NAHAR	RAVISHANK AR MISHRA	2.15	6	1000	6
19.	12/03/2014	PREM LATA NAHAR	PUSPAL CHANDRA	2.25	6	1000	6
20.	13/03/2014	PREM LATA NAHAR	SANJOY KUMAR CHANDRA	2.3	5	1000	5
21.	18/03/2014	PREM LATA NAHAR	RAJ KUMAR SHARMA	2.35	5	1000	5
22.	19/03/2014	PREM LATA NAHAR	RAVISHANK AR MISHRA	2.4	5	1000	5
23.	21/03/2014	PREM LATA NAHAR	PUSPAL CHANDRA	2.5	5	1000	5
24.	22/03/2014	PREM LATA NAHAR	MINA CHANDRA	2.55	6	1000	6
25.	24/03/2014	PREM LATA NAHAR	RAJ KUMAR SHARMA	2.6	4	1000	4
26.	25/03/2014	PREM LATA NAHAR	PUSPAL CHANDRA	2.65	5	1000	5
27.	26/03/2014	PREM LATA NAHAR	RAVISHANK AR MISHRA	2.7	5	1000	5
28.	27/03/2014	PREM LATA NAHAR	SARITA PRADIP BISSA	2.75	4	500	4

29.	02/04/2014	SHYAM KANHEYAL AL VYAS	SARITA PRADIP BISSA	2.9	6	5000	6
30.	11/04/2014	SHYAM KANHEYAL AL VYAS	RAVISHANK AR MISHRA	3.25	5	5000	5
31.	16/04/2014	SHYAM KANHEYAL AL VYAS	PUSPAL CHANDRA	3.4	2	5000	2
32.	21/04/2014	SHYAM KANHEYAL AL VYAS	RAJ KUMAR SHARMA	3.55	6	5000	6
33.	08/05/2014	SHYAM KANHEYAL AL VYAS	RAVISHANK AR MISHRA	4	2	5000	2
34.	09/05/2014	SHYAM KANHEYAL AL VYAS	MINA CHANDRA	4.05	1	5000	1
35.	14/05/2014	SHYAM KANHEYAL AL VYAS	MINA CHANDRA	4.15	3	5000	3
36.	04/06/2014	PREM LATA NAHAR	PUSPAL CHANDRA	5.15	5	1000	5

46. It can be observed from the above table that on 36 different trading days, Noticee nos. 3 to 11 executed a total no. of 36 trades wherein the Noticee nos. 1 and 2 acted as buyers. It is easily discernible from the aforesaid table that on an average one trade per trading day had been executed by at least one of those 9 Noticees (from No. 3 to 11) as sellers. Out of the said 36 trades, the Noticee nos. 3, 7 and 9 have executed 4 trades each; Noticee no. 4 has executed 3 trades; Noticee nos. 5 and 10 have executed 6 trades each; Noticee nos. 8 and 11 have executed 2 trades each; and the Noticee no. 6 has executed 5 trades.

47. From the aforementioned details, it is further noted that there is not a single instance where, on any given trading day, more than one trade has been executed by any of the aforesaid 9 Noticees (nos. 3 to 11). All of them have seemingly taken turns one after another, to sell shares of Greencrest in smaller quantities to either Noticee no. 1 or 2 and thereby have added price to LTP of the scrip.

48. The Noticee nos. 5, 7 and 8 have contended that as the price of the shares of Greencrest was going up, they sold the shares in small quantities on different dates to earn profits. It has also been argued that there is no prohibition to sell shares in smaller quantities and the owner will not sell all the shares at one go if the price of the scrip is increasing. I find such a contention of the Noticees is self-contradictory in nature. While they have attempted to justify their acts of releasing shares in smaller quantities by stating that they wanted to earn more profit as the price was going up continuously, on the basis of same very logic however, none of these three seller Noticees ever thought of buying the scrip so as to earn profit by selling at higher prices subsequently as the price of the scrip was on the rise. With regard to submission of Noticee no.5, 7 and 8 that they have dealt in only small quantity of shares in the script of Greencrest and gained only small amount of profit, I note that the acts of the said Noticees cannot be justified on the basis of quantity of shares traded or on the basis of amount of profit. Further, their act of releasing shares in smaller quantities reinforces the allegations of collusions, as no evidence has been furnished to demonstrate on what basis the Noticees had knowledge that the price of the scrip would go up continuously and would further fetch profit to them due to which they thought that releasing in smaller quantities would be beneficial. The submissions made by the Noticees are contrary to the fundamentals of the Company and are not supported by the actual trading in the scrip, as there were hardly any volume in the scrip on the exchange platform during the relevant time when the Noticees carried out their manipulative trades. Therefore, in the absence of any justifiable explanation, the submissions of Noticees do not inspire any confidence to accept the explanations of the Noticees.

49. Further, with respect to the argument that there is no prohibition to sell smaller number of shares, it is to be noted that that the securities laws prohibit fraudulent and unfair trade practices, which apparently has been committed by the Noticees by selling shares in small tranches at higher LTP over a period of time, hence such selling acts on their part have all the potential to create misleading inducement to other investors. Noticee nos.

1 & 2, by placing buy orders for larger quantities and Noticee nos. 3 to 11 by matching the price of those long pending buy orders by way of placing sale orders of smaller quantities over the period, have misled the investors to trade in the scrip.

50. After having considered all the factors associated with the trading activities of Noticees nos. 3 to 11 comprehensively, which starts from receiving shares in off market and ends with the artificial trades in the shares of the Company in small quantities over a period of time thereby causing inducement to the ordinary investors, I can well understand that the same was done as a part of a pre-determined scheme to manipulate the price of the scrip of the Company.

51. It is also observed that all the trades arising out of sale of small quantities of shares of Greencrest by the Noticee nos. 3 to 11 have contributed to the LTP in the scrip. As noted from the SCN, the 36 trades executed between the aforesaid 11 Noticees, viz., Noticee nos. 1 and 2 as buyers and the Noticee nos. 3 to 11 as sellers have contributed Rs.77.15 (29.98%) to market positive LTP in the scrip of Greencrest.

52. In view of the above, I conclude that from the facts and circumstances of the case that the Noticee nos. 3 to 11 were being driven by a common cause as they received the shares of the Company through off-market transfers during the period from December 10, 2013 to May 22, 2014, from Noticee no.16. Further, the sale of such shares in the manner as discussed above, shows that the said Noticees have continuously manipulated the prices of the share of the Company by their LTP contributing trades. I note that Hon'ble SAT in the matter of Jayprakash Bohra Vs. SEBI (Date of decision: 05.11.2019) while dealing with the appeal filed a person who was confronted by SEBI with similar allegations of receiving shares in off-market transactions and selling such shares at higher LTP in small tranches, observed inter alia as: *"…There are off-market transaction between Gromo and the appellant in other shares and the off-market purchase of the shares of Gromo by the appellant is clouded in mystery as the appellant is not disclosing any facts relating to the same….The submission that all the*

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

53. Thus, in view of the reasons recorded above, I conclude that the trades executed by the Noticee nos. 1 to 11 had all the ingredients to manipulate the price of the scrip of Greencrest and, therefore, the act of placing and executing trades by the Noticee nos. 1 to 11 has to be held as an act in violation of Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2) (a) and (e) of PFUTP Regulations.

Noticee no. 16 to 18

54. It has been alleged in the SCN that Noticee no.16 provided the shares in off market to Noticees no.3 to 11 which they used to manipulate the price. With respect to Noticee no.17 and 18, it is alleged that they have funded Noticee no. 2 and 1 respectively who acted as buyers and thereby manipulated the price of the scrip.

55. From the reply submitted by the aforesaid Noticees no.16 to 18, I find that the Noticees have denied connection with Greencrest and have further submitted that the trading done by them in the scrip of Greencrest cannot lead to a conclusion that they are connected with Greencrest. It has also been contended that there is nothing on record to suggest that Noticees have traded at the instance of Greencrest.

56. It is not a case in the SCN that Noticee no. 16 to 18 have traded in the scrip of Greencrest or have played any direct role in manipulating the traded price of the scrip. Even if I consider that the Noticee no.16 to 18 are not connected to Greencrest, their acts cannot be justified. It is pertinent to note that none of the fund transactions nor the fact of off-market transfer of shares have been disputed by any of the aforesaid three Noticees nor even any

explanation has been offered by the aforesaid three Noticees to satisfy me with respect to the rationale or business necessities for effecting those transactions/transfers. Therefore, the allegations against the aforesaid three Noticees made in the SCN with regard to their role in facilitating the other Noticees (Noticee nos. 1 to 11) for manipulating the trading in the scrip of Greencrest remain uncontroverted. Under the circumstances, the market misconduct and fraudulent transaction in the scrip of Greencrest indulged in by Noticee nos. 1 and 2 as buyers on the one side and Noticee no. 3 to 11 as sellers on the other side have also to be attributed to the Noticee no. 16 to 18 but for whose financial assistance and share transfers, the manipulative trades executed by the Noticee nos. 1 to 11 could not have been facilitated. Therefore, there cannot be difference of opinion that Noticees nos. 1 to 11 and Noticee nos. 16 to 18 were part of the same group of entities acting in concert to deal in the securities of the Company in a manner that was grossly violative of the market integrity and also in breach of relevant provisions of SEBI Act and regulations thereunder as have been alleged in the SCN**.** I conclude that Noticees no.1 and 2 as buyers, Noticees no. 3 to 11 as sellers, Noticee no.16 by providing shares in off market to sellers and Notice no. 17 and 18 by funding the buyers have been part of a fraudulent and manipulative scheme to manipulate the price of the scrip of the Company. I find that Noticees no.1 to 11 have violated Regulation 3(a),(b),(c),(d) and Regulation 4(1),4(2) (a) and (e) of PFUTP Regulations and Noticees no.16 to 18 have violated Regulation 3 (a), (b), (c) and (d) and 4(1) and 4(2) (d) of PFUTP Regulations

57. In the present matter, it is pertinent to refer to the decision of the Apex Court in the matter of *SEBI vs Shri Ram Mutual Fund* (Appeal Civil 9523-9524 of 2003) dated May 23, 2006, wherein it held that “In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established”. Having regard to the factors listed in section 15J of SEBI Act read with Rule 5(2) of the SEBI Adjudication Rules, which provides that while adjudging quantum of penalty, and in the light of Supreme Court’s judgment in the matter of SEBI vs Bhavesh Pabari (2019) 18 SCC 246 it is noted that from the

material available on record, any quantifiable gain or unfair advantage accrued to Noticee or the extent of loss suffered by the investors as a result of the default in this case cannot be computed. There are no investors complaints on record arising out of such defaults. With respect to the repetitive nature of the default, I find that following regulatory action has been taken in past by SEBI against the following Noticees :-

Noticee	In the matter of	Action
Premlata Nahar (Noticee no.1)	First Financial Services Ltd	Vide final order dated 02-04-2018 , Noticee was restrained from securities market for a period of 3 years.
	Pine Animation Ltd	Vide final order dated 18-11-2019, Noticee was restrained from securities market for a period of 5 years.
Gulistan Vanijya Pvt Ltd (Noticee no.16)	Livingroom Lifestyle Limited	Vide Adjudication Order dated 31-10-2012, penalty of Rs.45,000/- was imposed.

58. I am aware of the fact that the matter in question pertains to the year 2013-14, and since then considerable amount of time has passed. Further, the Hon'ble SAT in *P.G Electroplast Ltd. vs. SEBI* (Appeal No. 281 of 2017), dated August 02, 2019, has held that an order passed in corresponding proceedings before the whole time member should be factored in while fixing the quantum of penalty. In this regard, I note that, a separate and parallel proceeding was initiated against the Noticees under the provisions of sections 11(1), 11(4), 11A and 11B of the SEBI Act under the same facts pursuant to which the order dated June 05, 2020 was passed whereby the Noticees were debarred from accessing the securities market for a period of 3 years.

E. ORDER

59. In view of the aforesaid facts and circumstances of the case, I, hereby, dispose of the SCN dated December 20, 2017 in respect of Noticees no. 12, 13, 14 and 15 without imposition of penalty.

60. After taking into consideration the nature and gravity of the violations established in the preceding paragraphs and in exercise of the powers

conferred upon me under section 15-I of the SEBI Act read with rule 5 of the SEBI Adjudication Rules, I hereby impose penalty u/s 15HA of SEBI Act, 1992 on the Noticees no.1 to 11 for violation of Regulation 3(a),(b),(c),(d) and Regulation 4(1),4(2) (a) and (e) of PFUTP Regulations and on Noticees no.16 to 18 for violations of Regulation 3 (a), (b), (c) and (d) and 4(1) and 4(2) (d) of PFUTP Regulations as follows :

Noticee No.	Name of the Noticee	Penalty (Rs.)
1	Prem Lata Nahar	3,00,000/-
2	Shyam Kanheyalal Vyas	3,00,000/-
3	Raj Kumar Sharma	1,50,000/-
4	Sarita Pradip Bissa	1,00,000/-
5	Puspal Chandra	2,00,000/-
6	Ravishankar Mishra	2,00,000/-
7	Mina Chandra	1,50,000/-
8	Sanjoy Kumar Chandra	1,00,000/-
9	Pushpa Asoolal Bissa	1,00,000/-
10	Dilip Kumar Mandal	1,00,000/-
11	Priti Kothari	1,00,000/-
16	Gulistan Vanijya Pvt Ltd	2,00,000/-
17	PS IT Infrastructure Services Ltd	2,00,000/-
18	JMD Sounds Ltd	2,00,000/-

61. 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

62. The Noticees shall forward the said demand draft or the details/ confirmation of penalty so paid through e-payment to the Division Chief, Enforcement Department-1, DRA-2, SEBI, in the format given in table below:

Case name	
Name of payee	
Date of payment	
Amount paid	
Transaction no	
Bank details in which payment is made	
Payment is made for	Penalty

63. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this order, consequential proceedings including, but not limited to, recovery proceedings may be initiated under Section 28A of the SEBI Act, for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

64. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticees and also to the Securities and Exchange Board of India.

Date: June 29, 2022
Place: Mumbai

VIJAYANT KUMAR VERMA
ADJUDICATING OFFICER