WTM/AB/IVD/ID1/17702/2022-23

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

Under Sections 11, 11(4) and 11B of the Securities and Exchange Board of India Act, 1992

S. No.	Entity Name	PAN
1	Gautam Sanjay Khandelwal	AZWPK6632R
2	Radheshyam Neeleshkumar Lahoti	ABJPL7269A
3	Goldleaf International Pvt. Ltd.	AABCG6705E
4	Ajay Gupta	ABMPG0822F
5	Shikha Gupta	ABWPG3108Q
6	Gautam Gupta	AKQPG8560R
7	Bhavana Gupta	AVAPG1219J
8	Supreme Tex Mart Limited	AAHCS9897D
9	Future Fintrade represented by Preyesh Mehta, having registered office at F-1/A, Profit Centre, Mahavir Nagar, Above Pizza Hut, Kandivali West, Mumbai - 67	Not Available
10	Santosh Gajander Singh	DAQPS5163B
11	Creative Vision Industries Ltd.	AAFCC1046G
12	SINDIA Investment Group PTE Ltd.	AAPCS2634E

(The aforesaid entities are hereinafter individually referred to by their respective name or Noticee no. and collectively as the Noticees.)

In the matter of Supreme Tex Mart Ltd.

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") passed various orders in the matter of Supreme Tex Mart Ltd. (hereinafter also referred to as '**the**

Company' or '**STML**') with respect to alleged sending of SMSes in the scrip of STML, the details of which are given below:

2. An ex-parte ad interim order dated February 23, 2017 ("**first interim order**") was passed against Noticee no. 1 (Gautam Sanjay Khandelwal) with respect to alleged sending of SMSes in the scrip of STML and his trading in the scrip during the period July 08, 2016 to October 04, 2016. The first interim order debarred Noticee no. 1 from trading in securities market and also restrained him from sending any more messages related to securities market till further directions.

3. Another ex-parte ad interim order dated November 1, 2017 ("**second interim order**") was passed against Noticee no.2 (Neeleshkumar Radheshyam Lahoti), Noticee no. 3 (Goldleaf International Pvt. Ltd.), Noticee no.4 (Ajay Gupta), Noticee no.5 (Shikha Gupta), Noticee no.6 (Gautam Gupta), Noticee no.9 (Future Fintrade represented by Mr. Preyesh Mehta), Sanjay Gupta, Kajal Rai, Ram Lal Gupta and Mohsin with respect to alleged sending of SMSes in the scrip of STML and their trading in the scrip during the period July 08, 2016 to October 04, 2016. The second interim order debarred the notices therein from trading in securities market and also restrained them from sending any more messages related to securities market till further directions.

4. The first and second interim order arrived at the *prima facie* findings that promoters/directors of STML and related entities had engaged in a premeditated, manipulative practice of indirectly sending SMSs recommending "BUY" for STML, and selling during the period when volumes in the scrip of STML increased as a result of the SMSs. The second interim order also noted that between July 2016 and September 2016, the promoters / directors of STML had off-loaded more than 27% shares of STML adopting the said *modus operandi*. The first interim order alleged that Noticee no. 1, Gautam Sanjay Khandelwal who had sent SMSs with respect to the scrip of STML, had also traded in the scrip during the period between July 08, 2016 and October 04, 2016. The second interim order also alleged that Noticee no. 9, Future Fintrade (represented by Mr. Preyesh Mehta)

had sent SMSs while trades were executed by related entities namely, Sanjay Gupta, Goldleaf International Pvt. Ltd. (Noticee no. 3), Ajay Gupta (Noticee no. 4), Shikha Gupta (Noticee no. 5), Gautam Gupta (Noticee no. 6), Ram Lal Gupta and Radheshyam Neeleshkumar Lahoti (Noticee no. 2), during the period between July 08, 2016 and October 04, 2016, in the scrip. The interim orders directed for detailed investigation in the matter.

5. Thereafter, the directions issued in the second interim order were confirmed against 9 out of the 10 entities mentioned therein, except Ram Lal Gupta as he had expired, by SEBI vide a confirmatory order dated October 30, 2018.

6. After completion of investigation in the matter, on March 05,2019, SEBI passed an ex-parte ad interim impounding order against Noticee no. 1, 2, 3,4, 5, 6,7, 11,12 and Sanjay Gupta directing the impounding of unlawful gains aggregating to a sum of Rs. 18,23,00,461/- (gain of Rs.14,25,93,1521/- + interest of Rs. 3,97,07,3091/-, Interest being calculated from November 01, 2016 to February 26, 2019) against the entities mentioned in the said order.

7. The second ex-parte ad-interim order dated November 01, 2017 as confirmed by the confirmatory order dated October 30,2018 was challenged by one of the entities i.e. Shri Sanjay Gupta by preferring an appeal before Hon'ble SAT. Hon'ble SAT vide its order dated June 04, 2019 set aside the second ex parte ad interim order in so far as it related to Shri Sanjay Gupta.

8. Therafter, vide order dated June 28, 2019 passed by SEBI, directions contained in the impounding order dated March 05, 2019 *qua* Sanjay Gupta were revoked.

9. After conclusion of investigation a show cause notice dated September 04, 2019 (hereinafter referred to as "**SCN**") was issued by SEBI to the aforesaid 12 Noticees calling upon them to show cause as to why suitable directions, as may be appropriate, under

Sections 11(1), 11(4) and 11B of Securities and Exchange Board of India (hereinafter referred to as "**SEBI Act, 1992**") should not be issued against them.

10. Based on the interim orders dated February 23, 2017 and November 1, 2017, information collected from UCC details, off market data, banking transactions and MCA data, the investigation *inter-alia* revealed that the following 16 entities (hereinafter referred to as "connected entities") were connected with each other directly or indirectly:

Table 1

Name and basis of connection			
Si	**Client Name**	**Observation**	**Basis of connection**
1.	Gautam Sanjay Khandelwal	• Entities number 1 and 2 are known to each other as submitted by both the entities and they are also connected via Facebook.	a) Facebook Connection b) Entity 2 has used the Authorised Person Certificate of Entity 1
2.	Neeleshkumar Radheshyam Lahoti	• Entities number 1 and 2 are known to each other as submitted by both the entities and they are also connected via Facebook. • Entities number 2 and 11 are connected to each other as Entity number 2 is a contact person on behalf of Entity Number 11. • Entities number 2 and 12 are connected through bank transactions • Entities number 2 and 13 are connected as account of Entity Number 13 was opened with Investeria Financial Services Pvt. Ltd. by Ms. Madhu Noticee no. 2 wife of Entity number 2 and the account opening form contains the mobile number of Entity number 2. • Entities number 2, 10, 12 and 14 are connected through bank transactions • Entities number 2, 5, 7, 10 and 15 are connected through bank transactions	a) Facebook Connection b) Entity 2 has used the Authorised Person Certificate of Entity 1 Bank Statement of Entity No. 2, 10, 12, 14. 15
3.	Goldleaf International Pvt. Ltd.	• Entities number 3, 4, 5, 6, 7, 8, , are related being promoter and promoter group of the STML, i.e. the company whose scrip is under investigation (Entity number 10)	a) Disclosures on BSE and NSE website
4.	Sanjay Gupta	• Entities number 3, 4, 5, 6, 7, 8, are related being promoter and promoter group of the STML, i.e. the company whose scrip is under investigation (Entity number 10)	a) Disclosures on BSE and NSE website
5.	Ajay Gupta	• Entities number 3, 4, 5, 6, 7, 8, are related being promoter and promoter group of the STML, i.e. the company whose scrip is under investigation(Entity number 10) • Entity number 5 is Managing Director of STML i.e. the company whose scrip is under investigation (Entity number 10) • Entities number 2, 5, 7, 10 and 15 are connected through bank transactions	a) Disclosures on BSE and NSE website **b)** Bank Statement of Entity No. 2, 10, 15
6.	Shikha Gupta	• Entities number 3, 4, 5, 6, 7, 8, are related being promoter and promoter group of the STML, i.e. the company whose scrip is under investigation(Entity number 10)	a) Disclosures on BSE and NSE website

Name and basis of connection			
Si	**Client Name**	**Observation**	**Basis of connection**
7.	Gautam Gupta	• Entities number 3, 4, 5, 6, 7, 8, are related being promoter and promoter group of the STML. i.e. the company whose scrip is under investigation(Entity number 10) • Gautam is a Joint Managing Director in STML, i.e. the company whose scrip is under investigation(Entity number 10) • Entities number 2, 5, 7, 10 and 15 are connected through bank transactions	a) Disclosures on BSE and NSE website b) Bank Statement of Entity No. 2, 10, 15
8.	Bhavna Gupta	• Entities number 3, 4, 5, 6, 7, 8, are related being promoter and promoter group of the STML, i.e. the company whose scrip is under investigation(Entity number 10)	a) Disclosures on BSE and NSE website
9.	Kajal Rai	Entity number 9 and entity number 10 are connected as entity number 9 was independent director in STML, i.e. the company whose scrip is under investigation(Entity number 10)	a) Disclosures on BSE and NSE website
10.	STML	• Entities number 2 and 10 are connected through banking transactions • Entities number 3, 4, 5, 6,7,8, are the promoter group of STML, the company whose scrip is under investigation (Entity number 10) • Entities number 5 and 7 are directors in STML i.e. Entity number 10. • Entities number 10 and 12 are connected through bank transactions • Entities number 2,10, 12 and 14 are connected through bank transactions • Entities number 2, 5, 7, 10 and 15 are connected through bank transactions • In the account opening form of entity number 16, witnesses are mentioned as employees of entities number 10 and 15	a) Bank statement of STML (UCO Bank having account number 0534200012981) b) Disclosures on BSE and NSE website c) Bank Statement of Entity No. 2, 10, 15
11.	Future Fintrade represented by Mr. Preyesh Mehta	• Entities number 2 and 11 are connected to each other as Entity number 2 is a contact person on behalf of Entity Number 11.	a) Letter from Route Mobile Limited
12.	Mr. Mohsin, Son of Mansur, Resident of Durga Chowk, Gram Chhui, Seoni, Madhya Pradesh - 480990	• Entities number 2, 11 and 12 are connected to each other as Entity number 12 has made payment on behalf of Entity Number 11. • Entities number 2 and 12 are connected through bank transactions • Entities number 10 and 12 are connected through bank transactions • Entities number 2,10, 12 and 14 are connected through bank transactions	a) Bank Statement of Entities Number 2, 12. b) Letter from Route Mobile Limited
13.	Santosh Gajander Singh	• Entities number 2 and 13 are connected as account of Entity Number 13 was opened with Investeria Financial Services Pvt. Ltd. by Ms. Madhu Lahoti, wife of Entity number 2 and the account opening form contains the mobile number of Entity number 2.	a) Account opening form and KYC Documents of Entity Number 13
14.	Siva Balan Jaipal	• Entities number 2,10, 12 and 14 are connected through bank transactions	a) Bank Account Statement of Entity Number 14.

Name and basis of connection			
Si	**Client Name**	**Observation**	**Basis of connection**
15.	Creative Vision Industries Ltd.	• Entities number 2, 5, 7, 10 and 15 are connected through bank transactions • Entities number 15 and 16 are connected as entity number 16 transferred shares of STML to entity number 15 through off-market • In the account opening form of entity number 16, witnesses are mentioned as employees of entities number 10 and 15	a)Bank Statement of Entity Number 15 b)Off-market data received from CDSL. c)KYC document of entity number 16
16.	SINDIA Investment Group PTE Ltd.	• In the account opening form of entity number 16, witnesses are mentioned as employees of entities number 10 and 15 • Entities number 15 and 16 are connected as entity number 16 transferred shares of STML to entity number 15 through off-market	a)KYC document of entity number 16 b)Off-market data received from CDSL

Among the connected entities Sanjay Gupta, Shikha Gupta (Noticee no. 5), Bhavna Gupta (Noticee no. 7), and Goldleaf International Pvt. Ltd. (Noticee no. 3), Ajay Gupta (Noticee no. 4) and Gautam Gupta (Noticee no. 6), are promoters of STML. Whereas Noticee no. 4 and 6 are also directors of STML. Investigation also revealed that SINDIA Investment Group PTE Ltd is a front entity of the promoters of STML.

11. The SCN *inter alia* alleges that the 12 connected entities i.e. the aforesaid Noticees, acted in concert and were part of scheme and artifice to offloaded large number of shares of STML in the secondary market by planting unsolicited and misleading advice recommending purchase of shares of the Company to induce gullible investors to purchase shares and thereafter, offload large number of shares in the secondary market pursuant to such misleading recommendation with a view to deceive such gullible investors.

12. Based on the above, the SCN alleges that Noticee No.1 to 12 have violated Section 12A (a), (b), (c) of SEBI Act, 1992, Regulations 3(a),(b),(c),(d), 4(1), 4(2)(a) and (e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003. (hereinafter referred to as "**PFUTP Regulations**"). The SCN also alleges that Noticee No. 1-9 have also violated Regulation 4(2) (f), (r) of PFUTP Regulations. The SCN also alleges that by sending bulk SMSes recommending buy in scrip of STML, Noticee

no. 2 acted as Research Analyst as defined in Regulation 2(u) of SEBI (Research Analysts) Regulations, 2014, without obtaining a certificate of registration from SEBI under the said regulations.

13. The brief facts of the case, as mentioned in the SCN are as follows:

13.1 Directors of STML during investigation period:

Table 2

Name	Designation	Active Period
Mr. Ajay Gupta	Director	1988-ongoing
Mr. Gautam Gupta	Director	21/01/2010-22/08/2017
Mr. Sanjay Krishna Ahuja	Director	16/04/2003-11/01/2017
Mr. Abhay Pal Gupta	Director	29/03/2011-11/01/2017
Mr. Kuldip Singh	Director	21/07/2012-ongoing
Ms. Simpal Kumari	Director	31/03/2015-14/03/2017
Mr. Bhupinder Singh Maan	Director	12/08/2015-ongoing
Mrs. Kajal Rai	Director	24/07/2016-14/03/2017

13.2 The shareholding pattern of STML for the quarters ended March 2016 to December 2016, was as under:

Table 3

Category of shareholder	No. of shares held	% to total no. of shares	No. of share holders	No. of shares held	% to total no. of shares	No. of share holders	No. of shares held	% to total no. of shares	No. of share holders	No. of shares held	% to total no. of shares	No. of share holders
	March 2016			**June, 2016**			**September, 2016**			**December, 2016**		
(A) Promoter	3,97,29,631	58.23	11	3,97,29,631	58.23	11	2,11,89,918	31.06	9	1,98,34,718	29.07	8
(B) Public Shareholding	2,85,00,604	41.77	2,547	2,85,00,604	41.77	2,492	4,70,40,317	68.94	12,984	4,83,95,517	70.93	15,291
Total (A + B)	**6,82,30,235**	**100.00**	**2,558**	**6,82,30,235**	**100.00**	**2,503**	**6,82,30,235**	**100.00**	**12,993**	**6,82,30,235**	**100.00**	**15,299**

From the above table, it was observed that the promoter shareholding reduced from 58.23% (March 2016) to 29.07% (December 2016) during the above period. No. of promoters having shareholding in the company in the same period decreased from 11 to 8. The total number of shares of the company have remained unchanged.

13.3 During the IP, promoters had sold their shareholdings. The shareholding of promoters in the company during the above period is tabulated below:

Table 4

Sr.	Name	Quarter ended on March, 2016		Quarter ended on Jun, 2016		Quarter ended on Sept, 2016		Quarter ended on Dec, 2016		Quarter ended on Mar, 2017	
		No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
1	Ajay Gupta	95,75,445	14.03	95,75,445	14.03	58,75,445	8.61	58,75,445	8.61	58,75,445	8.61
2	Bhavna Gupta	35,34,665	5.18	35,34,665	5.18	-	-	-	-	-	-
3	Gautam Gupta	30,75,865	4.51	30,75,865	4.51	-	-	-	-	-	-
4	Ishita Gupta	3,12,000	0.46	3,12,000	0.46	3,12,000	0.46	3,12,000	0.46	3,12,000	0.46
5	Manju Gupta	9,31,061	1.36	9,31,061	1.36	9,31,061	1.36	9,31,061	1.36	9,31,061	1.36
6.	Sanjay Gupta	1,19,33,823	17.49	1,19,33,823	17.49	69,04,640	10.12	69,04,640	10.12	69,04,640	10.12
7.	Shikha Gupta	13,55,200	1.99	13,55,200	1.99	13,55,200	1.99	-	-	-	-
8.	Shukla Gupta	16,350	0.02	16,350	0.02	16,350	0.02	16,350	0.02	16,350	0.02
9.	Goldleaf International Pvt. Ltd.	40,00,000	5.86	40,00,000	5.86	8,00,000	1.17	8,00,000	1.17	8,00,000	1.17
10.	Venus Texspin Ltd.	33,50,000	4.91	33,50,000	4.91	33,50,000	4.91	33,50,000	4.91	33,50,000	4.91
11.	Punjab State Industrial Development Corporation	16,45,222	2.41	16,45,222	2.41	16,45,222	2.41	16,45,222	2.41	16,45,222	2.41
Total		**3,97,29,631**	**58.23**	**3,97,29,631**	**58.23**	**2,11,89,918**	**31.06**	**1,98,34,718**	**29.07**	**1,98,34,718**	**29.07**

13.4 The yearly financial results of the company from Financial Years 2012-13 to 2016-17 are given below:

Table 5

Income Statement	Mar -13 (Rs. Cr)	Mar -14 (Rs. Cr)	Mar-15 (Rs. Cr)	Mar-16 (Rs. Cr)	Mar-17 (Rs. Cr)
Revenue	894.19	830.66	429.92	362.35	396.01
Other Income	0	0	0	0	0
Net Profit	16.05	1.15	-208.34	-178.84	-43.39

From the above table, it is observed that the profits of STML were decreasing from March 2013 – March 2014 and the company started making losses from March 2015 onwards. Annual report

of STML for FY 2014-states that "Company's accumulated losses have exceeded its entire net worth as on 31.03.2015 and has become Sick Industrial Company in accordance with the provisions of Sick Industrial Companies (Special Provisions) Act, 1985". Further, NCLT vide its order dated August 8, 2018, has appointed liquidator in terms of Insolvency and Bankruptcy Act, 2016, for the liquidation of the STML.

13.5 The Price Volume data of the scrip on BSE before, during and after the investigation period is given in the following table:

Table 6

Period	Dates		Opening Price on first day of the period (Rs.)	Closing price on last day of the period (Rs.)	Low price during the period (Rs.)	High Price during the period (Rs.)	Avg. no. of shares traded during the period
Before Investigation period	April 01, 2016 to May 31, 2016	Price	3.44 (01/04/2016)	3.22 (31/05/2016)	3.04 (26/04/2016)	4.78 (09/05/2016)	15,229
		Volume	14399 (01/04/2016)	14874 (31/05/2016)	1 (21/04/2016)	147103 (06/05/2016)	
During Investigation Period	June 01, 2016 to October 31, 2016	Price	3.33 (01/06/2016)	5 (30/10/2016)	3.26 (08/06/2016)	11.14 (06/09/2016)	4,48,806
		Volume	16105 (01/06/2016)	41962 (30/10/2016)	10 (14/06/2016)	42,47,420 (01/09/2016)	
After investigation period	November 01, 2016 to January 31, 2017	Price	5 (01/11/2016)	4.81 (31/01/2017)	3.6 (22/11/2016)	7.07 (13/01/2017)	2,40,562
		Volume	2,76,053 (01/11/2016)	4,51,949 (31/01/2017)	5,084 (28/12/2016)	13,69,161 (09/01/2017)	

During the investigation period, the scrip opened at the price of Rs. 3.33 on June 01, 2016. It touched an intraday high of Rs. 11.14 on September 06, 2016 and closed at Rs. 5 on October 30, 2016. Lowest price of Rs. 3.33 was seen intraday on June 1, 2016. The daily average volume before the investigation period (two months prior) was 15,229 shares. It went up to 4,48,806 shares during the investigation period and decreased to 2,40,562 shares during the three months after the investigation period.

13.6 The price volume data of the scrip in NSE for the period before, during and after the IP is given below:

Period	Dates		Opening Price on first day of the period (Rs.)	Closing price on last day of the period (Rs.)	Low Price / Volume during the period (Rs.)	High Price/ Volume during the period (Rs.)	Avg. no. of shares traded during the period
Before Investigation period	April 01, 2016 to May 31, 2016	Price	3.50 (01/04/2016)	3.35 (31/05/2016)	2.95 (26/04/2016)	4.65 (09/05/2016)	34,745
		Volume	20,139 (01/04/2016)	14,525 (31/05/2016)	1,067 (02/05/2016)	4,81,271 (27/04/2016)	
During Investigation Period	June 01, 2016 to October 31, 2016	Price	3.20 (01/06/2016)	4.95 (30/10/2016)	3.20 (01/06/2016)	11.20 (06/09/2016)	10,44,905
		Volume	50,364 (01/06/2016)	1,70,676 (30/10/2016)	612 (23/06/2016)	81,10,095 (01/09/2016)	
After investigation period	November 01, 2016 to January 31, 2017	Price	4.75 (01/11/2016)	4.85 (31/01/2017)	3.65 (22/11/2016)	7.10 (13/01/2017)	5,96,873
		Volume	5,62,258 (01/11/2016)	3,06,989 (31/01/2017)	30,557 (23/01/2017)	34,68,625 (13/01/2017)	

During the investigation period, the scrip opened at the price of Rs.3.20 on June 01, 2016. It touched an intraday high of Rs.11.20 on September 06, 2016 and closed at Rs.4.95 on October 30, 2016. Lowest price of Rs.3.20 was seen intraday on June 1, 2016. The daily average volume before the investigation period (two months prior) was 34,745 shares. It went up to 10,44,905 shares during the investigation period and reduced to 5,96,873 shares during the three months after the Investigation Period.

13.7 On the basis of interim orders dated February 23, 2017 and November 1, 2017, information collected from UCC details, off market data, banking transactions and MCA data, it was observed that sixteen entities including the Noticees were connected to each other. Name and basis of connection of all the sixteen entities (hereinafter referred to as “connected entities”) has been provided in the SCN.

13.8 Summary of the trading by the entities mentioned in the above table in the scrip of STML during the investigation period is given in the following table:

Table 7

Sn.	Client Name	BSE				NSE			
		Gr. Buy	Gr. Buy % to total Mkt Vol	Gr. Sell	Gr. Sell % to total Mkt Vol	Gr. Buy	Gr. Buy % to total Mkt Vol	Gr. Sell	Gr. Sell % to total Mkt Vol
1.	Gautam Sanjay Khandelwal	1103875	2.41	258366	0.56	617113	0.57	1559397	1.45
2.	Neeleshkumar Radheshyam Lahoti	2037247	4.45	1803808	3.94	3571984	3.32	3805520	3.54
3.	Goldleaf International Pvt. Ltd.	0	0.00	350000	0.77	0	0.00	2850000	2.65
4.	Sanjay Gupta	0	0.00	1374118	3.00	0	0.00	3655065	3.40
5.	Ajay Gupta	0	0.00	1655097	3.62	0	0.00	2044903	1.90
6.	Shikha Gupta	0	0.00	0	0.00	0	0.00	1355200	1.26
7.	Gautam Gupta	0	0.00	419525	0.92	353527	0.32	3009867	2.80
8.	Bhavna Gupta	335000	0.73	1908075	4.17	975000	0.91	2936590	2.73
9.	Kajal Rai	0	0.00	1200	0.003	0	0.00	1200	0.001
10.	STML	0	0.00	0	0.00	0	0.00	0	0.00
11.	Future Fintrade represented by Mr. Preyesh Mehta	0	0.00	0	0.00	0	0.00	0	0.00
12.	Mr. Mohsin	0	0.00	0	0.00	0	0.00	0	0.00
13.	Santosh Gajander Singh	7733442	16.89	7972769	17.42	17234811	16.01	17037431	15.83
14.	Siva Balan Jaipal	442502	0.97	665469	1.45	1658566	1.54	1435599	1.33
15.	Creative Vision Industries Ltd.	1361415	2.97	804143	1.76	1325000	1.23	5265699	4.89
16.	SINDIA Investment Group PTE Ltd.	0	0.00	173224	0.38	0	0.00	4855110	4.51
	Total	**13013481**	**28.43**	**17385794**	**37.98**	**25736001**	**23.91**	**49811581**	**46.28**

13.9 It is alleged that the *modus operandi* adopted by the Noticees was to create volume in the scrip by trading amongst themselves and through circulation of bulk SMS which in turn led to increase in price of the scrip whereafter these entities offloaded the shares in the market. The same is explained below:

13.10 **Circulation of Bulk SMSes:** A complaint was lodged in SCORES on August 18, 2016 by Mr. Suresh Patil vide registration number SEBIP/MH16/0003417/1, alleging receipt of SMSes recommending buying of shares of STML. The Sender IDs used to send the bulk SMSes giving buy recommendations as mentioned by the complainant were MD-CAPWAY and MD-CAPVK.

13.11 During the course of investigation Route Mobile Limited (RML) submitted the following:

a. Noticee no. 9 (partnership firm) entered into an agreement with RML on September 24, 2015 for sending bulk SMSes. The signatory to the agreement was Mr. Sandip Gupta, Managing Director, RML and one Mr. Preyesh Mehta, Partner of notice no. 9.

b. The only contact person for Noticee no. 9 was Noticee no. 2. Noticee no. 2 facilitated the signing of the agreement and handed over the signed copy of the agreement to the employee of RML.

c. All the communication on behalf of Noticee no. 9 was carried out by Noticee no. 2 through his email i.e. lahoti65@gmail.com, msdatain@gmail.com and through mobile number 9867996996, belonging to Noticee no. 2.

d. Noticee no. 9 registered various sender IDs including sender ID CINRES for sending bulk SMS through RML.

e. For sender ID CINRES, Noticee no. 9 submitted a letter dated August 30, 2016, on the letter head of Comfort Securities Limited addressed to RouteSMS Solutions Limited which was signed by Noticee no. 1 as Compliance officer of Comfort Securities Limited. Along with the said letter, a copy of Authorised Person Certificate of Noticee no. 1 affiliated to Comfort Securities Limited, issued by Bombay Stock Exchange (BSE) was also submitted. RML also submitted that the said letter was submitted by Noticee no. 2 to RML.

13.12 It was observed that the letter dated August 30, 2016, on the letter head of Comfort Securities Limited addressed to RouteSMS Solutions Limited with signature of Noticee no. 1 as Compliance officer of Comfort Securities Limited, was submitted by Noticee no. 2 to RML.

13.13 Comfort Securities Ltd. vide email dated July 06, 2017 stated that the letterhead on which the said letter was submitted to RML was not that of Comfort Securities Ltd. and also Noticee no. 1 was never their employee at any point of time. It was, thus, observed that the letter submitted by Noticee no. 2 to RML was a forged letter with an objective to misrepresent to RML that the end client who would be sending the bulk SMSes is Comfort Securities Ltd. which was not the case in reality. Further, Noticee no. 2 used a front entity named Future Fintrade (Noticee no. 9) to send bulk SMSes using the platform of RML, recommending buy in the scrip of STML.

13.14 With respect to the letter dated August 30, 2016, on the purported letter head of Comfort Securities Limited, purportedly signed by Noticee no. 1 as Compliance officer of Comfort Securities Limited which was submitted to RML by Noticee no. 9, the following was observed:

a. Vide letter dated April 28, 2017 Noticee no. 1 submitted that he was affiliated with M/s. Comfort Securities Limited as an Authorised Person (AP) having number AP0131860123810 and he has no other relation whatsoever with Comfort Securities Limited. With respect to his AP certificate he submitted that it resides with Comfort Securities Limited and he has not provided the same to anyone.

b. The signature on the aforesaid letter was not his and he does not know if the letter is genuine or not and he is also not the compliance officer of Comfort Securities Limited.

c. Comfort Securities Limited vide its email dated July 6, 2017, submitted a copy of the letter filed by Noticee no. 1 with Malad Police Station on May 4, 2017, informing police

that someone has forged his signature on the letter head of Comfort Securities Limited and submitted his AP certificate to RML.

d. Malad Police Station, on being asked by SEBI, vide its letter dated September 27, 2018, confirmed that Noticee no. 1 has submitted a letter with Malad Police Station on May 4, 2017 and informed that someone has forged his signature on the letter head of Comfort Securities Limited and submitted his AP certificate with RML. They further informed that the letter submitted with police station was filed for information only and hence they have not carried out any investigation on the same and therefore they do not have any findings to inform SEBI.

13.15 The data provided by RML showed that 15 sender IDs were registered by Noticee no. 9 with RML to send bulk SMSes recommending buy in STML. The list of these 15 sender IDs along with sample text of SMSes is as under:

Table 8

Showing different Sender IDs through which bulk SMSs sent recommending buy in STML		
Sl. No.	**Sender IDs**	**Sample text of SMS**
1.	ANGELB	NSE STOCK CASH:- BUY 18700 SHARE OF \SUPREME TEXT MART\" @ 6.20 SL 5 TGT 12 IN(4 OCTOBER) (UPSIDE :+5)(NSE TOP GAINER)"
2.	CDEQUI	NSE STOCK CASH:- BUY 18700 SHARE OF \SUPREME TEXT MART\" @ 6.20 SL 5 TGT 12 IN(4 OCTOBER) (UPSIDE :+5)(NSE TOP GAINER)"
3.	CHLIFE	NSE STOCK CASH:- BUY 18700 SHARE OF \SUPREME TEXT MART\" @ 6.20 SL 5 TGT 12 IN(4 OCTOBER) (UPSIDE :+5)(NSE TOP GAINER)"
4.	CINRES	NSE STOCK CASH:- BUY 18700 SHARE OF \SUPREME TEXT MART\" @ 6.20 SL 5 TGT 12 IN(4 OCTOBER) (UPSIDE :+5)(NSE TOP GAINER)"
5.	CVRESH	NSE TOP MULTI BEGER STOCK :- \SUPREME TEXTILES\" BUY BUY BSE CASH(BSE CODE:-531934) @10.22 TGS 17/22 SL 9.75 FROM :- CV
6.	KARVYB	NSE STOCK CASH:- BUY 18700 SHARE OF \SUPREME TEXT MART\" @ 6.20 SL 5 TGT 12 IN(4 OCTOBER) (UPSIDE :+5)"
7.	KOTSEC	NSE STOCK CASH:- BUY 18700 SHARE OF \SUPREME TEXT MART\" @ 6.20 SL 5 TGT 12 IN(4 OCTOBER) (UPSIDE :+5)"
8.	MONCNT	PREMIUM STOCK CASH :- BUY NSE/BSE 33000 SHARE \SUPREME TEX\" @ 8.70 SL 8 WEEKLY TGS 13/18 (DAILY UPPER CIRCUIT +++
9.	MOSWAL	SUPREME TEXMART-BUY .CMP : @8.10 .TARGET PRICE : 14 .UPSIDE : 5% +.BUY QUANTITY :16320.STOP LOSS :7 (DELIVERY BASIS)

Showing different Sender IDs through which bulk SMSs sent recommending buy in STML		
Sl. No.	**Sender IDs**	**Sample text of SMS**
10.	NIRMAL	NSE PREMIUM STOCK CASH:- BUY \SUPREME TEXT MART\" @ 5.95 SL 5 TGT 12 IN(4 OCTOBER) UPSIDE : +55%) FROM :- NIRMAL
11.	RESULT	NSE TOP GAINER:- GREETING FROM \SUPREME TEXTILE\" BUY BUY 23000 SHARE @10.95 .NEXT WEEK SURE TG:18
12.	SHAYMA	NSE TOP GAINER:- GREETING FROM \SUPREME TEXTILE\" BUY BUY 23000 SHARE @10.95 .NEXT WEEK SURE TG:18
13.	SHKHAN	SHARE KHAN NSE RECOMMENDATION :-BUY BUY 14084 SHARE OF \SUPREME TEX MART\" @ 7.80 SL 7 TG 22 (DOUBLE FIGURE
14.	SUPREM	NSE TOP MULTI BEGER STOCK :- \SUPREME TEXTILES\" BUY BUY NSE/BSE CASH @10.20 TGS 17/22 SL 9.75 FROM :- SUPREME
15.	TWEETS	NSE STOCK CASH:- BUY \SUPREME TEXT MART\" @ 5.95 SL 5 TGT 12 IN(4 OCTOBER) UPSIDE : +55%) TWEETS MONEY"

13.16 From the above table, it is observed that Noticee no. 9 was the entity behind sending the bulk SMSes giving buy recommendations in the scrip of STML through the platform of RML. Noticee no. 9 had sent these SMSes in the scrip of STML between July 28, 2016 to October 7, 2016. In total, 4.14 crore SMSes (approx.) were sent out of which 3.26 crore SMSs were successfully delivered using the sender IDs as mentioned in the table above recommending buy in the scrip of STML**.**

13.17 RML submitted that Noticee no. 9 made payment to RML amounting to Rs. 53,94,510 out of which Rs.6,40,000 were paid by cash deposit in bank account of RML and remaining Rs.47,54,510 was paid through online transfer to its bank account. From the bank account details of RML, it was observed that those bank accounts from which payments were made to RML on behalf of Noticee no. 9 belonged to Mr. Mohsin and Noticee no. 2.

13.18 **Fund Flow:**

Vide email dated May 17, 2018, ICICI Bank provided the details of the Bank account of Noticee no. 2 and Mr. Mohsin. On examination of bank account statements of Noticee no. 2 and Mr. Mohsin, it was observed that they had carried out the following transactions with the connected entities and RML:

Table 9

Showing transaction of Mr. Neeleshkumar Lahoti with connected entities and RML			
Date	**Amount Paid**	**Amount Received**	**Counterparty Name**
27-May-16	100000.00	-	Mohsin
01-Jun-16	50000.00	-	Route Mobile Limited
07-Jun-16	100000.00	-	Mohsin
09-Jun-16	75000.00	-	Mohsin
10-Jun-16	150000.00	-	Mohsin
13-Jun-16	50000.00	-	Route Mobile Ltd.
15-Jun-16	75000.00	-	Route Mobile Ltd.
20-Jun-16	50000.00	-	Route Mobile Ltd.
11-Jul-16	-	1000000.00	Creative Vision Industries Pvt. Ltd.
11-Jul-16	500000.00	-	Mohsin
12-Jul-16	-	2000000.00	Creative Vision Industries Pvt. Ltd.
12-Jul-16	200000.00	-	Mohsin
13-Jul-16	-	2000000.00	Creative Vision Industries Pvt. Ltd.
14-Jul-16	-	2000000.00	Creative Vision Industries Pvt. Ltd.
18-Jul-16	100000.00	-	Mohsin
25-Jul-16	200000.00	-	Mohsin
26-Jul-16	200000.00	-	Mohsin
27-Jul-16	200000.00	-	Mohsin
28-Jul-16	-	1500000.00	STML
28-Jul-16	1000000.00	-	Mohsin
28-Jul-16	-	1000000.00	STML
29-Jul-16	-	50000.00	Mohsin
03-Aug-16	-	2500000.00	STML
03-Aug-16	700000.00	-	Mohsin

Table 10

Showing transaction of Mr. Mohsin with connected entities and RML			
Date	**Amount Paid**	**Amount Received**	**Counterparty Name**
27-May-16	-	100000.00	Neeleshkumar Lahoti
07-Jun-16	-	100000.00	Neeleshkumar Lahoti
09-Jun-16	-	75000.00	Neeleshkumar Lahoti
10-Jun-16	-	150000.00	Neeleshkumar Lahoti
22-Jun-16	71000.00	-	Route Mobile Ltd.

Showing transaction of Mr. Mohsin with connected entities and RML			
Date	**Amount Paid**	**Amount Received**	**Counterparty Name**
30-Jun-16	35000.00	-	Route Mobile Ltd.
30-Jun-16	20000.00	-	Route Mobile Ltd.
11-Jul-16	-	500000.00	Neeleshkumar Lahoti
12-Jul-16	-	200000.00	Neeleshkumar Lahoti
18-Jul-16	-	100000.00	Neeleshkumar Lahoti
25-Jul-16	-	200000.00	Neeleshkumar Lahoti
26-Jul-16	-	200000.00	Neeleshkumar Lahoti
27-Jul-16	-	200000.00	Neeleshkumar Lahoti
28-Jul-16	-	1000000.00	Neeleshkumar Lahoti
29-Jul-16	50000.00	-	Neeleshkumar Lahoti
03-Aug-16	-	700000.00	Neeleshkumar Lahoti
19-Aug-16	100000.00	-	Siva Balan Jaipal
19-Aug-16	50000.00	-	Route Mobile Ltd.
19-Aug-16	20000.00	-	Route Mobile Ltd.
22-Aug-16	250000.00	-	Route Mobile Ltd.
22-Aug-16	50000.00	-	Route Mobile Ltd.
23-Aug-16	250000.00	-	Route Mobile Ltd.
23-Aug-16	-	2500000.00	STML
24-Aug-16	51000.00	-	Route Mobile Ltd.
25-Aug-16	50000.00	-	Route Mobile Ltd.
25-Aug-16	30000.00	-	Route Mobile Ltd.
25-Aug-16	100001.00	-	Route Mobile Ltd.
26-Aug-16	172500.00	-	Route Mobile Ltd.
29-Aug-16	100000.00	-	Route Mobile Ltd.
29-Aug-16	250001.00	-	Route Mobile Ltd.
30-Aug-16	200001.00	-	Route Mobile Ltd.
31-Aug-16	-	1500000.00	STML
31-Aug-16	400002.00	-	Route Mobile Ltd.
03-Sep-16	-	2500000.00	STML
05-Sep-16	150001.00	-	Route Mobile Ltd.
06-Sep-16	140000.00	-	Route Mobile Ltd.
06-Sep-16	300000.00	-	Route Mobile Ltd.
14-Sep-16	100000.00	-	Route Mobile Ltd.

Showing transaction of Mr. Mohsin with connected entities and RML			
Date	**Amount Paid**	**Amount Received**	**Counterparty Name**
15-Sep-16	100005.00	-	Route Mobile Ltd.
20-Sep-16	60000.00	-	Route Mobile Ltd.
28-Sep-16	400000.00	-	Route Mobile Ltd.
03-Oct-16	100000.00	-	Route Mobile Ltd.
04-Oct-16	300000.00	-	Route Mobile Ltd.
05-Oct-16	150000.00	-	Route Mobile Ltd.
05-Oct-16	100000.00	-	Route Mobile Ltd.
06-Oct-16	150000.00	-	Route Mobile Ltd.
06-Oct-16	400000.00	-	Route Mobile Ltd.
07-Oct-16	100000.00	-	Siva Balan Jaipal
18-Oct-16	300000.00	-	Route Mobile Ltd.
19-Oct-16	150000.00	-	Route Mobile Ltd.
20-Oct-16	300000.00	-	Route Mobile Ltd.

13.19 From the analysis of bank statement of Noticee no. 2 and Mohsin, the following is observed:

a. Noticee no. 2 had paid Rs.2,25,000 to RML on various dates between May 27, 2016 to June 20, 2016, on behalf of Noticee no. 9 as submitted by RML.
b. Noticee no. 2 had paid Rs.34,75,000 to Mohsin on various dates between May 27, 2016 to August 3, 2016.
c. Noticee no. 2 received Rs.50,00,000 from STML on various dates between July 28, 2016 to August 3, 2016.
d. Mr. Mohsin received Rs.65,00,000 from STML on various dates between August 23, 2016 to September 3, 2016.
e. Mr. Mohsin had paid Rs.45,29,510 to RML on behalf of Noticee no. 9 on various dates between June 22, 2016 to October 20, 2016, as submitted by RML.

13.20 **Relationship of Noticee no. 2 (Mr. Neeleshkumar Lahoti) with Mr. Mohsin**

Vide letter dated November 4, 2017 Noticee no. 2 submitted that he has business relation with Mr. Mohsin and he met Mr. Mohsin for the first time in the cloth market at Indore in April-May 2016. It was also submitted that he has transferred funds to Mr. Mohsin for purchase of fabric from Mr. Mohsin during the Financial Year 2016-17. Further vide letter dated June 16, 2018, he has submitted the following invoices issued by Mr. Mohsin to him:

Table 11

Sl. No.	Bill Date	Quantity Weight (kg)	Amount (Rs.)
1.	10/10/2016	1680	6,36,720
2.	21/10/2016	3275	12,41,225
3.	28/10/2016	3250	12,31,750
	Total	**8205**	**31,09,695**

13.21 Vide letter dated June 16, 2018, Noticee no. 2 submitted that he had supplied fabric to STML in and around September 2016, and for that he has received payment from STML. He submitted copies of the following invoices issued by him to STML:

Table 12

Sl. No.	Bill Date	Quantity Weight (kg)	Amount (Rs.)
1.	07/10/2016	2215	8,90,430
2.	14/10/2016	1680	6,75,360
3.	21/10/2016	2050	8,24,100
4.	25/10/2016	3275	13,16,550
5.	30/10/2016	3250	12,93,500
	Total	**12470**	**49,99,940**

13.22 It was observed that the date of purchase of fabrics by Noticee no. 2 from Mr. Mohsin are October 10, 21 and 28, 2016. However, the date of supply of fabric by him to STML are October 7, 14, 21, 25 and 30, 2016. Thus, it was seen that Noticee no. 2 has supplied fabric to STML even before he purchased the fabric from Mr. Mohsin.

13.23 From the analysis of bank statement of Noticee no. 2 and Mr. Mohsin, it was observed that Noticee no. 2 had paid Rs.34,75,000/- to Mr. Mohsin on various dates between May 27, 2016 to August 3, 2016. However, as per the invoices issued by Mr. Mohsin to Noticee no. 2, the value of fabric was Rs.31,09,695/-. Thus, there is a difference of about Rs. 3.66 lakhs between the amount paid by Noticee no. 2 to Mr. Mohsin and the value of fabric purchased by him from Mr. Mohsin.

13.24 Further, it is seen that the quantity of fabric purchased from Mr. Mohsin is 8,205 kg and quantity of fabric supplied to STML is 12,470 kg. Therefore, in light of the submission that Noticee no. 2 has not purchased fabric from anybody else other than Mr. Mohsin, it is observed that there is a discrepancy in the submissions of Noticee no. 2.

13.25 In view of the above, it was observed that the payment made by Noticee no. 2 to Mr. Moshin was not for business purpose and rather was made for the purpose of funding the activity of sending bulk SMSes recommending buy in the scrip of STML and that Mr. Mohsin had made payment to RML on behalf of Noticee no. 9 for sending bulk SMSes in the scrip of STML.

13.26 **Relationship of Mr. Neeleshkumar Lahoti with STML:**

Vide letter dated November 4, 2017, Noticee no. 2 submitted that he has business relation with Noticee no. 8. Further, vide letter dated June 16, 2018, Noticee no. 2 submitted that he had supplied fabric to Noticee no. 8 in and around September 2016 and for that he has received payment from Noticee no. 8. The details of invoices issued by Noticee no. 2 to STML are mentioned at para 13.21 above.

13.27 Further, Noticee no. 2 submitted that he had received full advance payment through bank on July 28, 2016 and August 3, 2016, in total Rs.50,00,000 for supply of fabric to Noticee no. 8. With respect to a failed/rejected banking transaction of Rs.25,00,000 on August 22,

2016, with Noticee no. 8, Noticee no. 2 submitted that it was a mistake by the staff of Noticee no. 8. However, vide email dated October 4, 2018, ICICI Bank, submitted that Noticee no. 2 was using the savings account for business transactions and Noticee no. 2 was not providing satisfactory responses for the transactions executed in the account and was not available at the updated address in the system. Therefore, the bank had accordingly marked freeze on his account and subsequently undertook bank induced closure of the account.

Relationship of STML with Mohsin

13.28 Vide letter December 20, 2017, STML submitted that it has business relation with Mr. Mohsin and payment to Mr. Mohsin was made in FY 2016-17 for purchase of fabric. Vide letter dated June 22, 2018, STML submitted the copies of invoices issued by Mr. Mohsin to STML, the details of which are as under:

Table 13

Sl. No.	Bill Date	Quantity Weight	Amount (Rs.)
1.	06/01/2017	3825	13,77,000
2.	08/01/2017	4055	14,67,910
3.	12/01/2017	3560	12,74,480
4.	18/01/2017	3356	12,18,228
5.	27/01/2017	3220	11,62,420
	Total	**18016**	**65,00,038**

13.29 Vide its letter dated June 22, 2018, STML submitted that it has business relation with Noticee no. 2 and payment to Noticee no. 2 was made in FY 2016-17 for purchase of fabrics. STML submitted the copies of invoices issued by Noticee no. 2 to STML. The details of invoices issued by Noticee no. 2 to STML are mentioned at para 13.21 above.

13.30 From the analysis of bank statement of STML and Noticee no.2, it is observed as under:

a. STML paid Rs.50,00,000 to Noticee no. 2 on various dates between July 28, 2016 to August 3, 2016 and in turn Noticee no. 2 paid Rs. 17,00,000 to Mr. Mohsin on various dates between July 28, 2016 to August 3, 2016.
b. STML paid Rs.65,00,000 to Mr. Mohsin on various dates between August 28, 2016 to September 3, 2016.

13.31 It is observed that in case of purchase of fabric from Noticee no. 2, STML has made the full payment of Rs.50,00,000 in advance by August 3, 2016 and the fabric was sold and supplied to STML in the month of October 2016, i.e. around 2 months after the payment. It was also observed that during the FY 2016-17, these were the only transactions that were carried out with Noticee no. 2 and no other transactions were carried out by STML with him. It was also observed that Noticee no. 2 has not dealt in fabric during the financial year 2016-17 with any client other than STML.

13.32 In case of purchase of fabric from Mr. Mohsin, STML has made the full payment of Rs.65,00,000 in advance by September 3, 2016 and the fabric was sold and supplied to STML in the month of January 2017, i.e. around 4-5 months after the payment. It was observed that Mr. Mohsin was a new supplier to STML and he has not dealt with STML in past. Further during the FY 2016-17, these were the only transactions that were carried out by STML with Mr. Mohsin and no other transactions were carried out with him.

13.33 It was also observed that payment by STML to Mr. Mohsin started on August 23, 2016, i.e. as soon as payment to Noticee no. 2 by STML was rejected on August 22, 2016, because bank account of Noticee no. 2 was frozen by ICICI Bank on August 22, 2016. Moreover, the timing of payment by STML to Mr. Mohsin and Noticee no. 2 coincides with the period i.e. during July 28, 2016 to October 7, 2016, when the bulk SMSes were circulated recommending buy in the scrip of STML by Noticee no. 2 using Noticee no. 9.

13.34 It was also observed that the fabric which was supplied by Mr. Noticee no. 2 and Mr. Mohsin was same and was supplied from the godown at Tajpur Road in Ludhiana as mentioned in the aforesaid invoices. In the VAT return filed by STML, the purchases are

disclosed as transactions within the State i.e. Punjab. However, the invoices issued by Noticee no. 2 and Mr. Mohsin are from the addresses in Maharashtra and Madhya Pradesh respectively i.e. outside Punjab.

13.35 It was, thus, alleged that Noticee no. 2 has used the funds received from STML to make payment to Mr. Mohsin and Mr. Mohsin had used that fund to make payment to RML on behalf of Noticee no. 9 for sending bulk SMSs recommending buy in the scrip of STML. Further, STML has funded the circulation of bulk SMSes recommending buy in the scrip of STML through Noticee no. 2 and Mr. Mohsin.

Impact of circulation of bulk SMSes:

13.36 The summary of the SMSes sent by Noticee no. 9 recommending buy in the scrip of STML using 15 sender IDs other than CVGRIN is as under:

Table 14

Sl. No.	Sender ID	Date from	Date to	Number of SMSes send	No of delivered SMSes	No of undelivered SMSes
1.	MONCNT	28/07/2016	26/08/2016	3031630	2475130	556500
2.	SHAYMA	29/08/2016	06/09/2016	2976485	2652508	323977
3.	SUPREM	29/08/2016	08/09/2016	7073216	5933149	1140067
4.	CINRES	30/08/2016	30/09/2016	1750668	1284839	465829
5.	CVRESH	30/08/2016	02/09/2016	1394616	842996	551620
6.	RESULT	30/08/2016	30/09/2016	2357663	1949174	408489
7.	ANGELB	28/09/2016	30/09/2016	1226532	728374	498158
8.	KARVYB	28/09/2016	07/10/2016	2048845	1469193	579652
9.	KOTSEC	28/09/2016	29/09/2016	212480	0	212480
10.	NIRMAL	28/09/2016	29/09/2016	315667	237876	77791
11.	SHKHAN	28/09/2016	07/10/2016	10797198	9209509	1587689
12.	TWEETS	28/09/2016	28/09/2016	1552869	839287	713582
13.	CDEQUI	29/09/2016	29/09/2016	1107746	338002	769744
14.	CHLIFE	29/09/2016	30/09/2016	1451744	1243007	208737
15.	MOSWAL	07/10/2016	07/10/2016	4129727	3426638	703089

Sl. No.	Sender ID	Date from	Date to	Number of SMSes send	No of delivered SMSes	No of undelivered SMSes
	Grand Total			**41427086**	**32629682**	**8797404**

13.37 It was observed that total 4.14 crore SMSes were sent by Noticee no. 9 from 15 different sender IDs during various dates starting from July 28, 2016, to October 7, 2016, recommending buy in the scrip of STML. Out of that 3.26 crore SMSes were successfully delivered i.e. 78.76% of SMSes sent.

13.38 The analysis of new unique buyers in the scrip of STML during the SMS period and average number of shares traded on BSE and NSE are as under:

Table 15

Period	Dates	BSE					NSE				
		No of Unique Buyers	change	No. of New Unique Buyers during SMS period	Daily Average no. of shares traded	change	No of Unique Buyers	change	No. of New Unique Buyers during SMS period	Daily Average no. of shares traded	% change
Pre-SMS	01/04/2016 to 07/07/2016	389	-	-	41,683	-	400	-	-	29,592	-
During-SMS	08/07/2016 to 31/10/2016	7460	**1818%**	**7071**	**5,67,246**	**1261%**	19,968	**4892%**	**19,568**	**13,90,414**	**4599%**
Post-SMS	01/11/2016 to 31/01/2017	2334	-69%	-	2,40,562	-58%	5143	-74%	-	5,96,873	-57%

13.39 Investigation revealed that during the Pre-SMS period, the number of buyers in the scrip of STML were 389 and 400 on BSE and NSE respectively. However, during SMS period, the number of buyers in the scrip of STML increased to 7460 and 19,568 on BSE and NSE respectively i.e. increase of 1818% and 4892% on BSE and NSE respectively. Further, out of the 7460 buyers on BSE, 7071 were new buyers (i.e. buyers who had not traded in the Pre-SMS period and started trading only during the SMS period) and out of 19,968 buyers on NSE, 19,568 were new buyers. Further, average daily number of shares traded on BSE and NSE also increased by 1261% and 4599% respectively during-SMS period. During the

Post-SMS period, both the number of buyers and average daily number of shares traded on BSE and NSE decreased significantly.

13.40 It was observed that there were no positive/significant corporate announcement by Noticee no. 8 during the investigation period which could have had a positive effect on the volume and price in the scrip. Further, STML's accumulated losses had exceeded its entire net worth as on 31.03.2015 and it had become a sick industrial company in accordance with the provisions of Sick Industrial Companies (Special Provisions) Act, 1985. Therefore, the financial condition of STML also was not such which could have had a positive effect on the volume and price of the scrip. It was thus observed that sending of SMSes had a huge impact on the volume and price of the scrip and the rise in the volume and price in the scrip of STML was caused by circulation of SMSes recommending buy in the scrip of STML.

13.41 It was observed that during the Investigation Period/SMS period, the promoters of STML namely Goldleaf, Ajay Gupta, Shikha Gupta, Gautam Gupta & Bhavna Gupta (Noticee no. 3-7), Mr. Gautam Sanjay Khandelwal, Mr. Neeleshkumar Lahoti, Mr. Santosh Gajander Singh, Creative Vision Industries Pvt. Limited and Sindia Investment Group PTE Limited (Noticee no. 1, 2, 10, 11 & 12) traded amongst themselves for 1,28,55,232 shares of STML The trades by Noticees coupled with SMSes recommending buy in scrip of STML resulted in creating demand for the gullible investors which in turn resulted in the increase in the price of the scrip.

13.42 In the facts and circumstances stated above, it was observed that the Noticees devised a scheme and artifice to dump shares during the investigation period, in a pre-planned manner i.e.by sending unsolicited bulk SMS to investors and inducing them to buy the scrip. Subsequently, one of the Noticees sent SMS with buy recommendation and thereafter other Noticees offloaded the shares of the Company on unsuspecting gullible investors.

13.43 It was observed from the trading pattern of the Noticees, that Noticees no. 1,2,3,4,5,6,7,11, and 12 had made a profit of Rs 14,25,93,151/- which is alleged to be ill-gotten gains. The details of The profit made by these 9 Noticees as detailed in the SCN is as follows:

Table 16

Sl No	Client Name	Client PAN	Profit (Rs.) *
1	Gautam Sanjay Khandelwal	AZWPK6632R	22,04,782.65
2	Neeleshkumar Radheshyam Lahoti	ABJPL7269A	6,17,486.83
3	Goldleaf International Pvt. Ltd.	AABCG6705E	1,85,28,000.00
4	Ajay Gupta	ABMPG0822F	1,60,58,000.00
5	Shikha Gupta	ABWPG3108Q	62,74,576.00
6	Gautam Gupta	AKQPG8560R	2,35,27,154.89
7	Bhavna Gupta	AVAPG1219J	1,43,27,019.80
8	Creative Vision Industries Ltd.	AAFCC1046G	1,65,51,639.77
9	SINDIA Investment Group PTE Ltd.	AAPCS2634E	2,23,76,086.30

13.44 The methodology of calculation of profits as detailed in the SCN is as follows:

In case where buy quantity is less than the sell quantity, the profit/loss shall be calculated as under.

(Qty of shares sold during IP X Wt. Avg sell price) – [(Qty of shares bought during IP X Wt. Avg buy price) + (Qty of excess shares X opening price of shares on first day of IP)].

Service of SCN:

14. The SCN was served through hand delivery to all Noticees except Noticee nos. 1,2, 11 and 12 (served through post), Noticee nos. 9 and 10 (by publication in newspaper on November 24, 2019). Service of SCN was completed on November 24, 2019.

Replies submitted by some Noticees:

15. I note that Noticee no. 1, 2, 7, 8, 9, 10, 11 and 12 have not submitted any response to the SCN. Noticee no. 4, 5 and 6 have submitted reply to the SCN vide letter dated December 15, 2021. Noticee no. 3 has also submitted its reply vide letter dated December 12, 2021. Noticee no. 5 and 7 also filled appeals no. 29 and 25 of 2020 before Hon'ble SAT for vacation of confirmatory order (w.r.t Noticee no. 5) and impounding order (w.r.t Noticee nos. 5 and 7) in this matter. SAT vide order dated September 13, 2021 dismissed the appeals stating that it would be open for the appellants to apply for vacation of the impounding/confirmatory orders before the WTM. Pursuant to the same Noticee no. 5 has filed application dated November 07, 2021 for vacation of confirmatory order and impounding order and Noticee no. 7 has filed application dated November 07, 2021 for vacation of impounding order passed against her.

16. The contentions of Noticee no. 4 and 6 are as follows:
    a. It is stated that the contention of the SEBI that the Noticees indulged in the activity of circulation of SMS to "pump up the volume in the scrip" to sell their shares is misleading and false, since there was perpetual volume in the shares of the company.
    b. Funds received by the Noticees on sale of shares was utilized for the benefit of the Company.
    c. As per Ad Interim Ex-Parte Order, a wrong conclusion was drawn that the average daily volume in the scrip of the Company during SMS period & post SMS period was increased due to sending of SMS from Idea Cellular against which the allegations have been made, whereas the SMSes sent through Reliance & MTNL were accepted.
    d. Noticees only have a business connection with Neeleshkumar Radheshayam Lahoti and Mr. Mohsin through the Company.
    e. The transfer of funds to bank account of Neeleshkumar Radheshayam Lahoti and Mr. Mohsin was from STML's bank account and not from a joint account with any other individual.

f. The timelines and details of SMS sent by one Mr. Gautam Sanjay Khandelwal through RouteSMS (now known as RML) using the Idea Cellular IM-CINRES ID mentioned in in first interim order is exactly same as the details of SMSes sent by in second interim order passed against 10 entities including Noticee no. 4 and 6. Thus, the second interim order passed on exactly the same facts, material and documents is illegal & wrong.

g. That the Company being in Board for Industrial and Financial Reconstruction under Sick Industrial Companies Act, it required funds for its revival/rehabilitation the funds received from sale of its own Shares before during and after SMS period received from his Banker M/s Investeria Financial Services (P) Limited was funded to the Company "STML". A sum of Rs.3,23,40,000/- was infused directly & through M/s Deal Plus Yarns Trading (P) Limited in the business of STML.

h. That the highest volume created in the scrip during the examination period on 6th September, 2016, almost coincided with the highest close of BSE Sensex during the period occurring on September, 2016. Thus there were outside economic factors that have influenced the price of the Shares.

i. That a high price of 13.23/ - was observed in the scrip around six months prior to the beginning of the examination period, on 11th January, 2016, which was higher than the high price during the examination period, being Rs.11.14/- on 6th September, 2016. Thus, there was no motive or reason or indulging in the act of pumping up the price of STML scrip by the Noticees. Therefore, it is wrongly concluded that the price of STML scrip is higher during investigation period as the price was higher before & after the investigation period.

j. That the Noticees has already lost their entire funds which were infused directly & through in the business of STML, as the Company is under liquidation. Had the Noticees intended to gain out of sale of shares, he would have not pumped in funds in the Company and kept funds for himself.

k. That the sale of Shares by the Noticees was on the basis of market information and the best available sell rates in existence at the trading terminals at the point of sell orders and there is no direct linkage with the bulk SMSes and the prices.

l. That the alleged impugned Impounding Order has been based on the above stated contradictory facts & circumstances and there is no iota of doubt on the Noticees about the fund flow, relationship with Neeleshkumar Radheshayam Lahoti, Future Fintrade, Mr. Mohsin or RouteSMS and specifically when the Shares are sold much after the SMS period.

m. That the Noticees had sold the Shares at average sell price of Rs.9.82 whereas the price of the scrip went as high as Rs.11.14 on September 06,2016 and was much higher and at Rs.13.30, six months prior to SMS period i.e. on 11.01.2016. In fact, the Shares were sold at a price as low as Rs.8.30 per Share and high at Rs.10.93 per Share. During the course of sale of shares, the Noticees had also purchased 3,53,527 shares at an average price of Rs.9.21 per share.

n. The methodology adopted for calculating ill-gotten and unlawful gains is illegal. The actual cost of purchase of Shares, which were sold was not taken into account in calculating the ill-gotten gains. There cannot be addition of quantity of excess shares X opening price of shares on first day of investigation period.

o. That as per Section 11(4)(e) of the SEBI Act, the power of SEBI to attach the bank account or other accounts of any person involved in violation of any of the provisions of this Act, or the rules or the regulations made there under, is subject to the check and balance of making an application for approval of such attachment to a First Class Judicial Magistrate. Further, the proviso to said section makes it clear that SEBI has no power to attach bank accounts or other accounts, which are not actually involved in the alleged violation.

17. Noticee no. 3 provided a similar reply vide letter dated December 12, 2021. In addition to the above submissions, in its reply dated December 12, 2021, Noticee no. 3 also submitted that STML paid funds in advance to Mr. Lahoti and Mr. Mohsin, as per normal business practice for purchase of fabric. The fabric is main raw material of the Company and if, in

need, the Company has to pay advance for purchase of its basic raw material. The purchase of fabric is purely commercial transactions and the Company dealt with these entities on arm's length basis. The goods to be sold in Punjab were liable to pay value added tax (VAT) under Punjab VAT Act, 2005 and since, the fabric was exempted from payment of any VAT & hence, no duty was charged. Therefore, wrong conclusion has been drawn that the genuineness of the bills/invoices submitted for explaining the transfer of funds are questionable. The bills/invoices clearly depict the quality, quantity, rate of the fabric, the vehicle number and the place from where goods are to be dispatched/to be received. The goods were transported through proper vehicle of the Company.

18. Noticee no. 3 also submitted that it sold 32,00,000 shares at average sell price of Rs.9.41 whereas the price of the scrip went as high as Rs.11.14 on September 06, 2016 and was much higher and at Rs.13.30, six months prior to SMS period i.e. on Janaury 11, 2016. In fact, the shares were sold at a price as low as Rs.8.30 per share and high at Rs.10.15 per share. Therefore, no presumption can be drawn that the Appellant/Applicant had any role in the prior spurt of Shares of STML.

19. Noticee no. 5 and 7 in their application for vacation of impounding/confirmatory order submitted similar contentions as above and also made the following additional submissions:

    a. That there has been no business relationship of the Noticees with STML or other Entities named in the SCN and the Noticees were also not managing the day to day affair of the Company.
    b. Noticee no. 5 (Shikha Gupta) submitted that she has lost her entire funds so invested in the Company i.e. Rs.1,05,46,952/- as the Company is under liquidation. Therefore, a wrong conclusion has been drawn that the Applicant being the seller of 1355200 Shares was purportedly involved in manipulation of the scrip.
    c. Noticee no. 7 (Bhavan Gupta) submitted that the sale of shares was effected to get the funds not only for the personal use and for her marriage, which was solemnized on

23.02.2017, but also for meeting day to day working capital requirements of the Company. Since, the Company was in losses and the Banks were not co- operating with the Company and the Directors of the Company approached the Applicant to lend it the funds, which were in her hand from the sale of Shares and accordingly an amount of Rs.252.33 Lacs, which she obtained by selling the Shares were lent to the Company M/s Supreme Tex Mart Limited (STML).

d. The Applicant requested for inspection of documents on several occasions before and after passing of impounding order and that the Applicant was allowed inspection of documents vide SEBI letter dated 29.05.2019 containing 1-14 Files and CDs. It obtained more than 2100 Pages of documents & 9 (nine) CDs. While going through CDs, it was noted that 02 (two) of the CDs were not readable and the same have not been provided to them. Through in depth documents are being scrutinized, but prima facie no documents or information or papers have been found from the documents so inspected on the basis of which a conclusion was drawn against the Applicant.

Hearing:

20. The matter was put for hearing before me on January 10, 2020 for granting a date of hearing. An opportunity of hearing was granted to the Noticees on April 07, 2020 and hearing Notices were served on all the Noticees except Noticee nos. 9, 10 and 11. However, none of the entities confirmed their presence for the hearing. Thereafter, a nation-wide lockdown was declared on March 25, 2020 and the next hearing opportunity was granted to all the Noticees on August 14, 2020 after it was decided to grant hearing opportunities virtually due to the restrictions imposed during the Covid-19 pandemic. The hearing notice could not be delivered to Noticee no.11 and the authorized representative (hereinafter referred to as ("**AR**") of Noticee nos. 3,5,6 and 7 sought an adjournment for the hearing scheduled on August 14, 2020 on the grounds that his wife is suffering from cold, cough and fever and due to the spread of Covid-19 he is unable to visit his office and attend personal hearing. Accordingly, another opportunity of hearing was granted on October 09, 2020 only to Noticees 3,5,6,7 & 11 and the hearing opportunity qua the

remaining Noticees was closed as they neither appeared for the hearing nor sought an adjournment of the said hearing. The hearing granted on October 09, 2020 was re-scheduled to October 29, 2020 due to administrative exigencies. Hearing date for Noticee no. 11 was intimated through public notice, however, the entity neither appeared for the hearing nor sought an adjournment of the said hearing. Accordingly, the hearing for Noticee no. 11 was also closed.

21. Vide email dated October 26, 2020, the AR of Noticee nos. 3, 5,6 and 7 requested an adjournment for the hearing scheduled on October 29, 2020. However, while making this request, AR represented himself for Noticee no. 4 also. Since, the hearing opportunity of Noticee no. 4 was already closed due to non-appearance, another opportunity of hearing was to be granted only to Noticees nos. 3,5,6, and 7 on December 01, 2020. However, while intimating the new date of hearing to the AR, it could not have specified that the hearing opportunity was granted to Noticees nos. 3,5,6,7 only and the hearing opportunity for Noticee no. 4 (Ajay Gupta) had already been closed due to non-appearance. Thereafter, all the communications sent for intimating the hearing dates to the AR did not specify that the hearing opportunity for Noticee no. 4 has already been closed and hence, the subsequent dates of hearings were communicated to the AR with respect to all the Noticees being represented by him i.e. Noticee nos. 3,4,5,6 and 7. As requested in the email dated October 26, 2021 of the AR of Noticee nos. 3,4,5, 6 and 7, the hearing for these Noticees was adjourned to December 01, 2020.

22. Vide email dated November 25, 2020, the AR of Noticee nos. 3,4,5,6 and 7 once again requested adjournment on the grounds that Noticee no. 4 (Ajay Gupta) has tested positive for Covid-19 due to which other Noticees and the AR had to quarantine. Accordingly, another opportunity of hearing was granted to these Noticees on February 03, 2021. Thereafter, the office of AR sought adjournment of hearing scheduled for February 03, 2021 and informed that the AR has tested positive for Covid-19 and requested to adjourn the matter after March 20, 2021. In view of the same another opportunity of hearing was granted to Noticee nos. 3,4,5,6 and 7 on May 03, 2021. The AR requested adjournment of

the said hearing on the grounds that a partial lockdown has been declared in his state due to spread of Covid-19 due to which he is unable to open his office and accordingly another opportunity of hearing was granted to the Noticee nos. 3,4,5,6 and 7 on June 16, 2021 which was adjourned to August 11, 2021 due to administrative exigencies. Thereafter, the office of AR of the Noticees nos. 3,4,5,6 and 7 informed that the AR had passed away. in view of the same hearing scheduled on August 11, 2021 was adjourned to November 10, 2021. Meanwhile Noticee no. 5 filed appeals no. 29 of 2020 and Appeal 25 of 2020, and Noticee no. 7 filed an appeal 598 of 2019 before Hon'ble SAT for vacation of confirmatory order dated October 30, 2018 (w.r.t Noticee no. 5) and impounding order dated March 09, 2019 (w.r.t Noticee nos. 5 and 7) in this matter. Hon'ble SAT vide order dated September 13, 2021 dismissed the appeals directing as under:

> " ……..
>
> we dispose of this appeal with a direction that it would be open to the appellant to apply for vacation of the confirmatory order by filing a fresh application. If such an application is filed, the WTM will consider the same and pass appropriate orders after giving an opportunity of hearing. The appeal is accordingly disposed of.
>
> …….
>
> The appeals are dismissed with the observation that it would be open for the appellant to apply for vacation of the impounding order. If such an application is filed the authority will consider the same and pass appropriate orders in accordance with law after giving an opportunity of hearing. All the misc. applications are accordingly disposed of.
>
> ……."

23. On November 10, 2021, the authorized representative of Noticee no. 4 and 6 appeared before me and requested for two weeks time for filing a reply and presenting arguments in the matter on the grounds that he is appearing for the first time in the matter. The authorized representative was informed that he can file his reply within 10 days of this hearing and that another opportunity of hearing will be provided in this matter. On the date of hearing Noticee nos. 5 and 7 filed an application for vacation of confirmatory and impounding orders against them, however, the Noticee nos. 5 and 7 did not appear for the hearing fixed on November 10, 2021. In line with the direction given by Hon'ble SAT vide its order dated September 13, 2021, a hearing opportunity was provided to Noticee nos. 5

and 7 on the applications filed by them along with Noticee nos. 3,4 and 6 on December 22, 2021. On the said date, the authorized representative of Noticee nos. 3,4,5,6 and 7 appeared and made submissions and hearing qua all the Noticees was concluded. Subsequently, SEBI has received a letter on June 02, 2022 from the Resolution Professional of Noticee no. 4 and 6 informing that Noticee no. 4 and 6 have filed application to initiate the insolvency resolution process under section 94(1) of IBC read with Rule 6(1) of Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules, 2019.

Consideration of submissions and findings thereon:

24. Before dealing with the issues involved in the matter, it would be appropriate to refer to the provisions of laws which have been alleged to have been violated by the Noticees and the relevant extracts of the same are reproduced below:

Relevant extract of the provisions of PFUTP Regulations:

"Regulation 3

Prohibition of certain dealings in securities

"No person shall directly or indirectly

(a) buy, sell or otherwise deal in the 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;

…

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

(f)publishing or causing to publish or reporting or causing to report by a person dealing in securities any information which is not true or which he does not believe to be true prior to or in the course of dealing in securities;

…

(r) planting false or misleading news which may induce sale or purchase of securities....."

25. I note that the shares of the Company were listed on BSE and NSE. As already noted in previous paras, complaint was lodged in SCORES on August 18, 2016 by Mr. Suresh Patil alleging receipt of SMSes during Investigation Period recommending buying of shares of STML. As per the price volume data of the scrip in BSE and NSE as provided in para 13.6 above, at BSE the scrip opened at the price of Rs. 3.33 on June 01, 2016 and closed at Rs. 5 on October 30, 2016 after touching an intraday high of Rs. 11.14 on September 06, 2016. The lowest price of Rs. 3.33 at BSE was seen intraday on June 1, 2016. The daily average volume before the investigation period (two months prior) was 15,229 shares. It went up to 4,48,806 shares during the investigation period and decreased to 2,40,562 shares during the three months after the investigation period. At NSE, the scrip opened at the price of Rs.3.20 on June 01, 2016 and closed at Rs.4.95 on October 30, 2016 after touching an intraday high of Rs.11.20 on September 06, 2016. The lowest price of Rs.3.20 was seen intraday on June 1, 2016. The daily average volume before the investigation period (two months prior) was 34,745 shares. It went up to 10,44,905 shares during the investigation period and reduced to 5,96,873 shares during the three months after the investigation period.

26. The Company's financials were deteriorating around the period of examination and there were no significant corporate announcements by the Company during the period, to explain the price movement in the scrip. A preliminary examination revealed that simultaneously with the sending of the SMS containing unsolicited advice recommending the buying of

shares of STML, the promoter shareholding reduced from 58.23% (March 2016) to 29.07% (December 2016). The number of promoters having shareholding in the Company in the same period decreased from 11 to 8. The total number of shares of the Company have remained unchanged. The analysis revealed that the promoters of STML along with some non-promoter entities created volume in the scrip by trading amongst themselves and through circulation of bulk SMS which in turn led to increase in price of the scrip whereafter these entities offloaded the shares in the market. It was also noted that the profits of STML were decreasing from March 2013 – March 2014 and the Company started making losses from March 2015 onwards. STML's accumulated losses had exceeded its entire net worth as on 31.03.2015 and it had become a sick industrial company in terms of the provisions of Sick Industrial Companies (Special Provisions) Act, 1985. Therefore, the financial condition of STML also was not such which could have had a positive effect on the volume and price of the scrip. It was thus, observed that sending of SMSes had a huge impact on the volume and price of the scrip and the rise in the volume and price in the scrip of STML was caused by circulation of SMSes, recommending buy in the scrip of STML. It is also noted that NCLT, vide its order dated August 8, 2018, has appointed liquidator in terms of Insolvency and Bankruptcy Act, 2016, for the liquidation of the STML. In this background the investigation was initiated into the trading in the scrip of the Company.

27. On the basis of preliminary examination by SEBI of the trading activity in the scrip of STML, information collected from UCC details, off market data and MCA data, 16 entities including the 12 Noticees in the SCN were identified as connected entities. It was observed that the STML has funded the circulation of bulk SMSes recommending buy in the scrip of STML through Noticee no. 2 and Mr. Mohsin. Noticee no. 2 facilitated the signing of the agreement between one Mr. Preyesh Mehta, Partner of Noticee no. 9 and Route Mobile Limited (RML) for sending bulk SMSes recommending buy in the scrip of STML. Noticee nos. 1,2,3,4,5,6,7 10, 11, and 12 also created volume in the scrip by trading amongst themselves which in turn led to increase in price of the STML scrip. During the period of circulation of SMSes, Noticee no. 3,4,5,6 and 7 (promoters of STML) and Noticee nos. 1, 2,11 and 12 (entities connected to STML and its promoters) offloaded the shares in the

secondary market on gullible investors. The SCN states that, the Noticees were part of a scheme which involved planting unsolicited and misleading advice recommending purchase of shares of STML to induce unsuspecting gullible investors to purchase shares of the Company through bulk SMS and thereafter, offloading large number of shares in the secondary market pursuant to such misleading recommendation with a view to deceive such unsuspecting gullible investors. As per SCN, *modus operandi* adopted by the Noticees was as under:

A. Fund flow:

i. Promoter-Directors of STML, namely, Mr. Ajay Gupta-Managing Director and Mr. Gautam Gupta-Joint Managing Director (Noticee no. 4 & 6) through STML and Noticee no. 11, transferred funds to Noticee no. 2 who in turn transferred funds to Mr. Mohsin during the period July 11, 2016 to August 03, 2016.

ii. Further, Noticee No. 4 & 6, through STML, also transferred funds to Mr. Mohsin during the period August 23, 2016 to September 3, 2016. Mr. Mohsin after receiving funds from Noticee no. 2 and STML, made payment to RML from his bank account, on behalf of Noticee no. 9, for sending bulk SMSes during the period July 28, 2016 to October 7, 2016.

B. Circulation of SMSes:

iii. Noticee no. 2 used a front entity named Future Fintrade (Noticee no. 9) to send bulk SMSes, using the platform of RML, recommending buy in the scrip of STML, during the period July 28, 2016 to October 7, 2016.

C. Sale of shares:

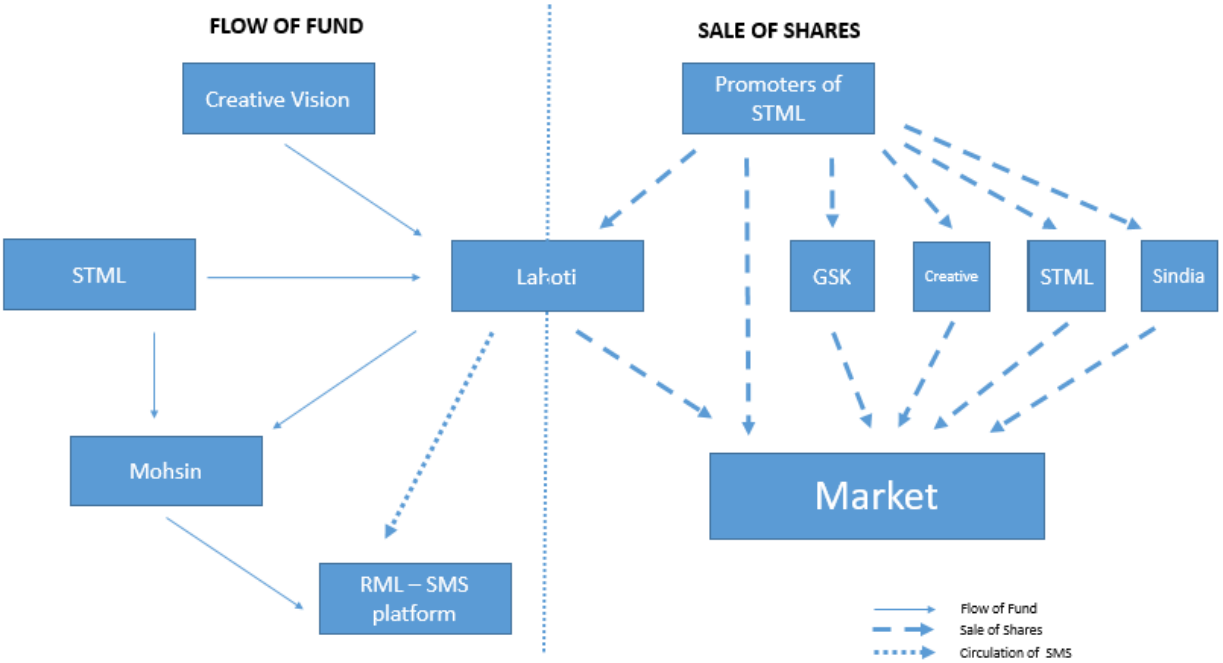
iv. The promoters of STML sold 1,98,94,913 shares of STML (i.e. 29.16% of total shareholding of STML), out of which, 79,32,830 shares (39.87% of shares sold) were

sold by promoters to other connected entities and the remaining shares were sold to other investors in the market during the period July 5, 2016 to October 10, 2016.

v. The promoters of STML, namely, Goldleaf, Ajay Gupta, Shikha Gupta, Gautam Gupta and Bhavna Gupta (Noticee no. 3-7), Mr. Gautam Sanjay Khandelwal, Mr. Neeleshkumar Lahoti, Mr. Santosh Gajander Singh, Creative Vision Industries Pvt. Limited and Sindia Investment Group PTE Limited (Noticee no. 1, 2, 10, 11 & 12) traded amongst themselves for 1,28,55,232 shares of STML during the Investigation period/SMS period. The trades by these connected entities coupled with SMSes recommending buy in scrip of STML resulted in creating demand for the gullible investors which in turn resulted in the increase in the price of the scrip.

vi. It was observed that Noticee no. 1,2,3,4,5,6,7, 10, 11 and 12 offloaded their stake in STML after the price and volume in the scrip increased pursuant to circulation of bulk SMSes.

Diagrammatic representation of *Modus Operandi is as follows*:



Diagrammatic representation of Modus Operandi

The Noticees acted in concert to manipulate the price of STML and were part of the scheme to plant unsolicited and misleading advice recommending purchase of shares of the Company to induce gullible investors to purchase shares of the Company and thereafter, offloaded large number of shares in the secondary market pursuant to such misleading recommendation with a view to deceive such gullible investors.

28. Basis of connection of the Noticees as stated in the SCN are reproduced at para 10 above. I find that the connections between Noticees are discernible through following facts, first, many of them knew each other due to family relationship and were promoters/directors of STML. Second, the Noticees were also connected as they had financial relationship displayed through bank transactions between them. Third, several Noticees are also connected through mutual acquaintance established through KYC documents, connection on social media networking platform Facebook and off-market transactions in STML shares. Lastly, they all were pursuing the same object of manipulating the price of STML scrip by creating volume in the scrip by trading amongst themselves and circulating SMSes recommending buy in the scrip of STML and thereafter offloading the shares in the market at an increased price.

29. In view of the connections between the Noticees and modus operandi, the role of the Noticees, their contribution to price and volume of the scrip, the allegations of funding bulk SMSes by Noticee nos. 1,2,4,6,8,9 and 11 and trading in the scrip of STML by Noticee nos. 1,2,3,4,5,6,7, 10 11 and 12 for increasing the price and volume in the STML scrip and offloading their stake in STML after the price and volume in the scrip increased have been discussed under the following separate heads.

Allegation of sending bulk SMSes against Noticee nos. 2,4,6,8, 9 and 11 as mentioned in point A in *modus operandi* mentioned in para 27 above

30. The SCN alleges that Promoter-Directors of STML, namely, Mr. Ajay Gupta-Managing Director and Mr. Gautam Gupta-Joint Managing Director (Noticee no. 4 & 6) through STML

and Noticee no. 11 transferred funds to Noticee no. 2 who in turn transferred funds to Mr. Mohsin during the period July 11, 2016 to August 03, 2016. Further, Noticee No. 4 & 6 through STML also transferred funds directly to Mr. Mohsin during the period August 23, 2016 to September 3, 2016. Mr. Mohsin after receiving funds from Noticee no. 2 and STML, made payment to RML from his bank account, on behalf of Noticee no. 9, for sending bulk SMSes during the period August 19, 2016 to October 20, 2016.

31. It is alleged in the SCN that Mr. Radheshyam Neeleshkumar Lahoti (Noticee no. 2) is connected to STML and its promoters through bank transactions. Noticee no. 9 acted as front entity of Noticee no. 2 and entered into an agreement with RouteSMS (now known as RML) on September 24, 2015 for sending bulk SMSes. The only contact person for Noticee no. 9 was Noticee no. 2. who facilitated the signing of the agreement and handed over the signed copy of the agreement to the employee of RML. All the communication on behalf of Noticee no. 9 was carried out by Noticee no. 2 through his email i.e. lahoti65@gmail.com, msdatain@gmail.com and mobile number 9867996996. Noticee no. 9 registered various sender IDs including sender ID CINRES for sending bulk SMS through RML.

32. The data provided by RML showed that 15 sender IDs were registered by Noticee no. 9 with RML to send bulk SMSes recommending buy in STML. The list of these 15 sender IDs along with sample text of SMSes is mentioned at paragraph 13.15 above. From the sample text of bulk SMSes sent, it is clear that Noticee no. 9 sent the bulk SMSes giving buy recommendations in the scrip of STML through the platform of RML. Noticee no. 9 had sent these SMSes in the scrip of STML between July 28, 2016 to October 7, 2016. In total, 4.14 crore SMSes (approx.) were sent out of which 3.26 crore SMSs were successfully delivered using the sender IDs as mentioned at table 8 above recommending buy in the scrip of STML. Therefore, I find that Noticee no. 9 while acting as front entity of Noticee no. 2 were responsible for circulation of bulk SMS, in the aforesaid manner, recommending the purchase of shares of STML during the period July 28, 2016 to October 7, 2016 in order to induce gullible investors to buy the shares of the Company.

33. As regards routing of funds to RML for sending bulk SMSes, RML has submitted that Noticee no. 9 made payment to RML amounting to Rs. 53,94,510 out of which Rs.6,40,000 were paid by cash deposit in bank account of RML and remaining Rs.47,54,510 was paid through online transfer to its bank account. From the bank account details of RML, it was observed that those bank accounts from which online payments were made to RML on behalf of Noticee no. 9 belonged to Mr. Mohsin (ICICI Bank Account no. 657101502167) and Noticee no. 2 (ICICI Bank Account no. 3201501001).

34. From the bank account statements of Noticee no. 2 and Mr. Mohsin, it is observed that they had carried out the following transactions with the connected entities and RML:

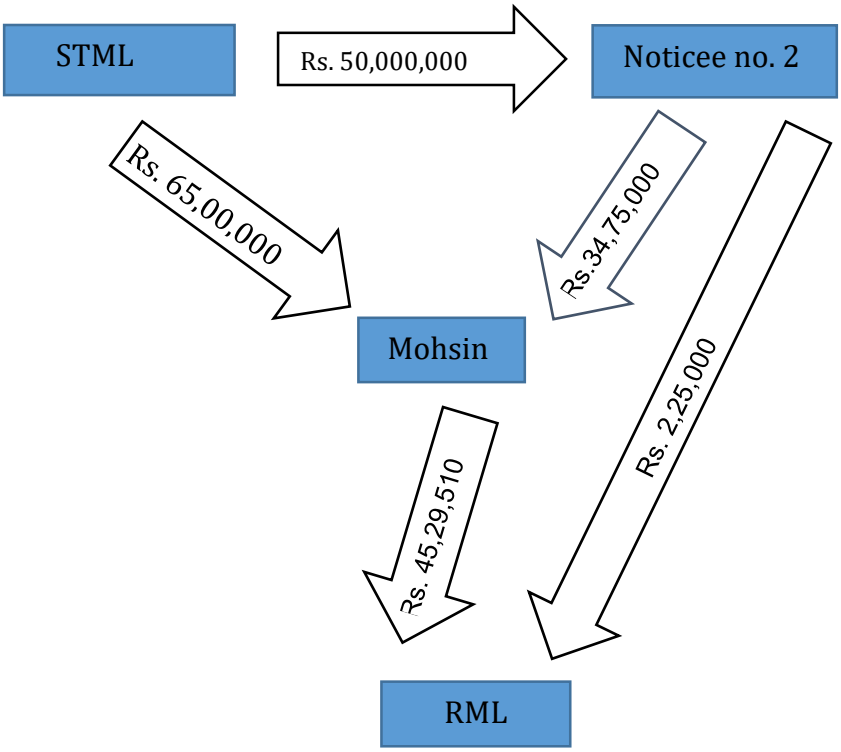
    a. Noticee no. 2 received Rs.50,00,000 from STML on various dates between July 28, 2016 to August 3, 2016.

    b. Noticee no. 2 had paid Rs.34,75,000 to Mohsin on various dates between May 27, 2016 to August 3, 2016 wherein Rs. 17,00,000/- was transferred to Mohsin after July 28, 2016.

    c. Mr. Mohsin received Rs.65,00,000 from STML on various dates between August 23, 2016 to September 3, 2016.

    d. Mr. Mohsin had paid Rs.45,29,510 to RML on behalf of Noticee no. 9 on various dates between June 22, 2016 to October 20, 2016, as submitted by RML.

The diagrammatic representation of fund flow from STML to RML for sending bulk SMSes.



35. I note that the Noticee no. 2 and STML have submitted before the Investigating Authority that the fund transfers of Rs. 34,75,000/- and Rs. 65,00,000/- respectively, to Mohsin were not for the purpose of circulating bulk SMSes but for the purpose of purchasing fabric. In support of their submission, Noticee no. 2 and STML submitted invoices issued by Mohisn to them. The details of these bills are mentioned at para 13.20 and 13.28 above. Similarly, as regards, transfer of Rs 50,00,000/- by STML to Noticee no. 2, STML has submitted that the funds were transferred to Noticee no. 2 for purchase of fabric from him. The details of invoices submitted by STML in support of its submission are mentioned at para 13.21 above.

36. I further note that the SCN has rejected the contention of Noticee no. 2 and STML that the abovementioned fund transfers were for the purpose of purchasing fabric as claimed by the Noticees due to the following:

i. As regards purchase of fabric by Noticee no. 2 from Mr. Mohsin, Noticee no. 2 had paid Rs.34,75,000/- to Mr. Mohsin on various dates between May 27, 2016 to August 3, 2016. However, as per the invoices issued by Mr. Mohsin to Noticee no. 2, the value of fabric was Rs.31,09,695/-. Thus, there is a difference of about Rs. 3.66 lakhs between the amount paid by Noticee no. 2 to Mr. Mohsin and the value of fabric purchased by him from Mr. Mohsin.

ii. As regards purchase of fabric by STML from Noticee no. 2, STML has made the full payment of Rs.50,00,000 in advance by August 3, 2016 and the fabric was sold and supplied to STML in the month of October 2016, i.e. around 2 months after the payment. It was also observed that during the FY 2016-17, these were the only transactions that were carried out with Noticee no. 2 and no other transactions were carried out by STML with him. It was also observed that Noticee no. 2 has not dealt in fabric during the financial year 2016-17 with any client other than STML.

iii. As regards purchase of fabric by STML from Mr. Mohsin, STML has made the full payment of Rs.65,00,000 in advance by September 3, 2016 and the fabric was sold and supplied to STML in the month of January 2017, i.e. around 4-5 months after the payment. It was observed that Mr. Mohsin was a new supplier to STML and he has not dealt with STML in past. Further during the FY 2016-17, these were the only transactions that were carried out by STML with Mr. Mohsin and no other transactions were carried out with him.

iv. The fabric which was supplied by Mr. Noticee no. 2 and Mr. Mohsin was same and was supplied from the godown at Tajpur Road in Ludhiana as mentioned in the aforesaid invoices. The VAT returns submitted by STML to SEBI, are also pertaining to purchases within the State i.e. Punjab. However, the invoices issued by Noticee no. 2 and Mr. Mohsin are from the addresses in Maharashtra and Madhya Pradesh respectively i.e. outside Punjab.

v. The date of purchase of fabrics by Noticee no. 2 from Mr. Mohsin are October 10, 21 and 28, 2016. However, the date of supply of fabric by Noticee no. 2 to STML are October 7, 14, 21, 25 and 30, 2016. Further, as per the submission of Noticee no. 2, he has not purchased fabric from anybody else other than Mr. Mohsin. SCN

observes that as per the invoices submitted by Noticee no. 2, it has supplied fabric to STML before purchasing it from Mr. Mohsin.

vi. The quantity of fabric purchased by Noticee no. 2 from Mr. Mohsin is 8,205 kg and quantity of fabric supplied to STML is 12,470 kg. Therefore, in light of the submission that Noticee no. 2 has not purchased fabric from anybody else other than Mr. Mohsin, it is observed that there is a discrepancy in the submissions of Noticee no. 2.

37. I note that Noticee no.2, Noticee no. 8 (STML) have not responded to the SCN. Noticees 3,4,5,6,and 7 (hereinafter referred to as replying noticees) promoters of STML have responded to the SCN and denied that STML had transferred funds to Noticee no. 2 and Mr. Mohsin for the purpose of sending bulk SMSes recommending buy in the scrip of STML. The replying noticees (Noticees 3,4,5,6,and 7) have mainly contended that they have a business connection with Neeleshkumar Radheshayam Lahoti (Noticee no. 2) and Mr. Mohsin through the Company. As per the Noticees, STML had purchased fabric from Noticee no. 2 and Mr. Mohsin and the funds were transferred to them on account of purchase of fabric. I note that during investigation, in support of their submission, the replying noticees submitted the bills raised by Mr. Mohsin and Noticee no. 2 for sale of fabric to STML. As regards, the observation in the SCN that fabric was sold and supplied to STML by Noticee no. 2 and Mr. Mohsin around 2 -5 months after the payment, replying noticees have submitted that the funds were paid in advance by STML to Noticee no. 2 and Mr. Mohsin, as per normal business practice for purchase of fabric.The purchase of fabric is purely commercial transaction and the Company dealt with these entities on arm's length basis. As regards the observation in the SCN that the VAT returns submitted by STML are relating to purchases within the State i.e. Punjab and the bills issued by Noticee no. 2 and Mr. Mohsin are from the addresses in Maharashtra and Madhya Pradesh respectively, the replying Noticees have submitted that the Punjab VAT Act, 2005 was applicable to the sale of goods in Punjab and since the fabric was exempted from payment of any VAT under the Punjab VAT Act, 2005, no duty was charged for the sale of fabric. The replying noticees also submitted that the bills/invoices clearly depict the quality,

quantity, rate of the fabric, the vehicle number and the place from where goods are to be dispatched/to be received and the goods were transported through proper vehicle of the Company.

38. As regards the bills submitted by the replying noticees explaining the transfer of funds mentioned at para 34 above, I note that the bills have following deficiencies:
    a. The details of payment made such as the transaction id or cheque number through which payment was made in advance for purchasing fabric has not been mentioned on the bills. Since huge sums of amount were paid by STML to Noticee no. 2 and Mr. Mohsin for purchasing fabric 3-4 months in advance, the said fact should have been mentioned on the bills raised by Noticee no. 2 and Mr. Mohisn to indicate that the bills have been raised for payment made in advance.
    b. It is also noted that that the bills submitted by the replying noticees for explaining the fund transfer to Noticee no. 2 (Radheshyam Neeleshkumar Lahoti) are issued by a partnership firm “Neelesh Fabrics”. Moreover, the signature of the authorized signatory/partner on the bills does not match the signature of Noticee no. 2 (Radheshyam Neeleshkumar Lahoti) as given in letter dated June 16, 2018 submitted by Noticee no. 2 to SEBI.
    c. Noticees have claimed that under the Punjab VAT Act, 2005 no duty was charged for the sale of fabric. In this regard, I note that under the Punjab VAT Act, 2005 as applicable at the relevant time, in the list of tax free goods provided under Schedule A, specific type of fabrics are mentioned i.e. handloom fabric, fishnet fabrics and textile fabric including terry towels. I also note that under the list of taxable goods given in Schedule B of Punjab VAT Act, 2005, silk fabrics are mentioned as taxable goods. However, in the bills/invoices submitted by the Noticees, the type of fabrics are not specified. Thus, I find that the contention of the replying Noticees that no VAT duty was charged for the sale of fabric is not substantiated by the bills/invoices submitted by the Noticees as the specific types of tax free fabrics are not specified in the said bills/invoices.

In view of the above, I find that the genuineness of the invoices/bills submitted by the replying noticees is questionable and the contention of the replying Noticees that the fund transfer from STML to Noticee no. 2 and Mr. Mohsin was on account of purchase of fabric is not sustainable.

39. From Table 11 of the SCN, it is observed that as soon as the money was transferred from the account of STML to Noticee no. 2. Noticee no. 2 in turn would transfer a portion of the said received funds to Mr. Mohsin. It is also noted that direct fund transfers from the account of STML to Mr. Mohsin started as soon as the fund transfer from the account of STML to Noticee no. 2 was unsuccessful i.e. on August 22, 2016. It is observed from Table 12 of the SCN that as soon as the money was transferred from the account of STML and Noticee no. 2 to Mr. Mohsin, Mr. Mohsin in turn would transfer a portion of the said received funds to RouteSMS (now known as RML). Moreover, RouteSMS has also confirmed that the payment was received by them from Mr. Mohsin on behalf of Future Fintrade (front entity of Noticee no. 2) and SMSs were sent through RouteSMS using stylized sender ID as 1M-CINRES which contained buy recommendations for the scrip of STML. Meanwhile, during the period August 30, 2016 to October 04,2016 Promoters/Directors of STML has sold shares.

40. I also note that the timing of payment by STML to Mr. Mohsin and Noticee no. 2 coincides with the period i.e. during July 28, 2016 to October 7, 2016, when the bulk SMSes were circulated recommending buy in the scrip of STML by Noticee no. 2 using Noticee no. 9 (Future Fintrade) as its front entity.

41. In view of the above, I find that STML transferred funds to Mr. Mohsin directly and indirectly through Noticee no. 2 during May 27, 2016 to September 03, 2016. Mr. Mohsin after receiving funds from Noticee no. 2 and STML, made payment to RML from his bank account, on behalf of Noticee no. 9, for sending bulk SMSes during the period July 28, 2016 to October 7, 2016. Promoter-Directors of STML namely Ajay Gupta-Managing Director and Mr. Gautam Gupta-Joint Managing Director (Noticee no. 4 and 6 respectively)

were the persons in charge of the operations of STML including the day to day decisions of STML and as such facilitated the transfer of funds from STML to Noticee no. 2 and Mr. Mohsin for circulation of SMSes recommending buy in STML. Therefore, I find that Noticee no. 2, 4, 6, 8 and 9 caused the circulation of SMSes recommending buy in STML which induced the gullible investors to buy the shares of STML leading to rise in volume and price of the scrip whereafter these entities along with other Noticees offloaded significant stake in STML.

42. SCN also alleges that by sending bulk SMSes recommending buy in scrip of STML, Noticee no. 2 acted as Research Analyst as defined in Regulation 2(u) of SEBI (Research Analysts) Regulations, 2014, without obtaining a certificate of registration from SEBI under the said regulations. In this regard, as mentioned above in para 41, I note that Noticee nos. 2, 4, 6, 8 and 9 caused the circulation of SMSes recommending buy in STML wherein Noticee no. 2 was instrumental in routing of funds from Noticee no. 8 to Noticee no. 9 who ultimately paid RML for sending bulk SMSes in the scrip of STML. Therefore, I find that Noticee no. 2 was only instrumental in routing he funds to facilitate circulation of bulk SMSes and thus, the allegation that Noticee no. 2 acted as a Research Analyst without obtaining a certificate of registration from SEBI is not tenable.

43. The SCN also alleges that Noticee no. 4 and 6 transferred funds through Noticee no. 11 to Noticee no. 2 who in turn transferred a portion of those funds to Mr. Mohsin during the period July 11, 2016 to August 03, 2016. Mr. Mohsin utilised these funds to make payment to RML on behalf of Noticee no. 9 for sending bulk SMSes recommending buy in the scrip of STML. In this regard, I note that the SCN has not brought out any facts that indicate that Noticee no. 4 and 6 has transferred funds to Noticee no. 11 which in turn Noticee no. 11 has utilised for funding the bulk SMSes in the present matter. I note that in paragraph 3.17 of SCN following transactions in the bank account of Noticee no. 11 are noted:

    a. That Noticee no. 11 received Rs.10,00,000 from STML on July 11, 2016 and paid to STML Rs. 33,00,000 on July 13 & 14, 2016.

b. That Noticee no. 11 paid Rs.50,00,000 to Noticee no. 2 between July 11, 2016 to July 14, 2016.

c. That Noticee no. 11 paid Rs.70,00,000 to Noticee no. 4 between September 3, 2016 to November 7, 2016.

d. That Noticee no. 11 paid Rs.1,07,00,000 to Noticee no. 6 between October 1, 2016 and October 4, 2016.

I note that none of the above banking transactions display that Noticee no. 4 and 6 through Noticee no. 11 transferred funds to Noticee no. 2. On the contrary, the abovementioned bank transactions display substantial transfer of funds from Noticee no. 11 to Noticee no. 4 and 6. Therefore, in the facts and circumstances of the case, I find that the allegation in the SCN that Noticee no. 4 and 6 transferred funds through Noticee no. 11 to Noticee no. 2 for funding bulk SMSes in the present matter is not tenable.

Allegations relating to trades executed by Noticee nos. 1,2,3,4,5,6,7,10,11 and 12:

44. With respect to the trading in the shares of STML it has been stated in the SCN that the promoters of STML sold 1,98,94,913 shares of STML (i.e. 29.16% of total shareholding of STML), out of which, 79,32,830 shares (39.87% of shares sold) were sold by promoters to other connected entities and the remaining shares were sold to other investors in the market during the period July 5, 2016 to October 10, 2016.

45. Further, the promoters of STML namely Goldleaf, Ajay Gupta, Shikha Gupta, Gautam Gupta and Bhavna Gupta (Noticee no. 3-7), Mr. Gautam Sanjay Khandelwal, Mr. Neeleshkumar Lahoti, Mr. Santosh Gajander Singh, Creative Vision Industries Pvt. Limited and Sindia Investment Group PTE Limited (Noticee no. 1, 2, 10, 11 and 12) traded amongst themselves for 1,28,55,232 shares of STML during the Investigation period/SMS period. The trades by these connected entities coupled with SMSes recommending buy in scrip of STML resulted in creating demand for the gullible investors which in turn resulted in the increase in the price of the scrip. It was observed that during the period analogues

to SMS period, total 2,59,92,550 shares of STML were sold to the gullible investors by aforesaid connected entities as part of the scheme during the period July 28, 2016 to October 21, 2016. The trades executed by the Noticee nos. 1,2,3,4,5,6,7,10,11 and 12 during the IP are given in the following paragraphs.

Trades of Mr. Gautam Sanjay Khandelwal (Noticee no. 1)

46. During the Investigation period, the details of the trade of Noticee no. 1 in the scrip of STML are as under:

Table 17

Client Name	BSE				NSE			
	Gr. Buy	Gr. Buy % to total Mkt Vol	Gr. Sell	Gr. Sell % to total Mkt Vol	Gr. Buy	Gr. Buy % to total Mkt Vol	Gr. Sell	Gr. Sell % to total Mkt Vol
Gautam Sanjay Khadelwal	11,03,875	2.41	2,58,366	0.56	6,17,113	0.57	15,59,397	1.45

The top 10 counterparty details of Noticee no. 1 for his trades on BSE and NSE during the investigation period are as under:

Top 10 Counterparty - Exchange BSE:

Table 18

Buyer Name	Sum of Buy quantity	Seller Name	Sum of Sell quantity	% of Sell Qty. to Buy Qty.	Seller Name	Sum of Sell quantity	Buyer Name	Sum of Buy quantity	% of Buy Qty. to Sell Qty.
Gautam Sanjay Khadelwal	1103875	**Sanjay Gupta**	**238096**	**21.57**	Gautam Sanjay Khadelwal	258366	BP Fintrade Private Limited	72121	27.91
Gautam Sanjay Khadelwal	1103875	**Santosh Gajander Singh**	**149999**	**13.59**	Gautam Sanjay Khadelwal	258366	Mandalapu Viswarajendraprasad	50000	19.35
Gautam Sanjay Khadelwal	1103875	**Ajay Gupta**	**142490**	**12.91**	Gautam Sanjay Khadelwal	258366	BP Comtrade Pvt Ltd	13413	5.19
Gautam Sanjay Khadelwal	1103875	Rajubhai Narang Aarti	75468	6.84	Gautam Sanjay Khadelwal	258366	Priyanka Aggarwal	10000	3.87
Gautam Sanjay Khadelwal	1103875	**Bhavna Gupta**	**68325**	**6.19**	Gautam Sanjay Khadelwal	258366	**Santosh Gajander Singh**	**9225**	**3.57**

Buyer Name	Sum of Buy quantity	Seller Name	Sum of Sell quantity	% of Sell Qty. to Buy Qty.	Seller Name	Sum of Sell quantity	Buyer Name	Sum of Buy quantity	% of Buy Qty. to Sell Qty.
Gautam Sanjay Khadelwal	1103875	Inventure Growth Securities Ltd.	58768	5.32	Gautam Sanjay Khadelwal	258366	Srinivasa Raju Kanamaluri	8901	3.45
Gautam Sanjay Khadelwal	1103875	**Neeleshkumar Radheshyam Lahoti**	43925	3.98	Gautam Sanjay Khadelwal	258366	Chandravadan Rameshchandra Raval	5175	2.00
Gautam Sanjay Khadelwal	1103875	Chandulal Naranji Bambhania	37300	3.38	Gautam Sanjay Khadelwal	258366	Inventure Growth Securities Ltd.	5000	1.94
Gautam Sanjay Khadelwal	1103875	BP Comtrade Pvt Ltd	25284	2.29	Gautam Sanjay Khadelwal	258366	R Sridharan Iyer	5000	1.94
Gautam Sanjay Khadelwal	1103875	Sivakumar Rekha	20000	1.81	Gautam Sanjay Khadelwal	258366	Kunal Girish Rambhia	5000	1.94

*Connected entities indicated in bold

It was observed in the SCN that out of total buy trades of Noticee no. 1 on BSE, 58.23% of the counterparties are connected entities out of which 40.67% of buy trades were with promoter of Noticee no. 8 indicating that Noticee no. 1 acted as buyer for promoters of Noticee no. 8 enabling them to sell their shares. Out of total sell trades of Noticee no. 1, 3.57% of the counterparties are connected entities.

Top 10 Counterparty - Exchange NSE:

Table 19

Buyer Name	Sum of Buy quantity	Seller Name	Sum of Sell quantity	% of Sell Qty. to Buy Qty.	Seller Name	Sum of Sell quantity	Buyer Name	Sum of Buy quantity	% of Buy Qty. to Sell Qty.
Gautam Sanjay Khandelwal	617113	**Santosh Gajander Singh**	**407271**	**66.00**	Noticee no. 1	1559397	**Santosh Gajander Singh**	**58625**	**10.17**
Gautam Sanjay Khandelwal	617113	M Jothimani	30000	4.86	Noticee no. 1	1559397	**Neeleshkumar Radheshyam Lahoti**	**45039**	**2.89**
Gautam Sanjay Khandelwal	617113	SHPL Enterprises Private Limited	10001	1.62	Noticee no. 1	1559397	Surajit Bhowmick	42772	2.74
Gautam Sanjay Khandelwal	617113	Arti Mishra	10000	1.62	Noticee no. 1	1559397	Maya Chaurasiya	37730	2.42

Gautam Sanjay Khandelwal	617113	Likhar Praful	9000	1.46	Noticee no. 1	1559397	Vishal Navinchandra Shah	36000	2.31
Gautam Sanjay Khandelwal	617113	Kishorbhai Diyalbhai Navadiya	8000	1.30	Noticee no. 1	1559397	Parimal Kumar C S	27498	1.76
Gautam Sanjay Khandelwal	617113	**Neeleshkumar Radheshyam Lahoti**	**7959**	**1.29**	Noticee no. 1	1559397	Bp Comtrade Pvt Ltd	27104	1.74
Gautam Sanjay Khandelwal	617113	Rajesh Kumar Gupta	7720	1.25	Noticee no. 1	1559397	P Sridhar	20000	1.28
Gautam Sanjay Khandelwal	617113	Gupta Suraj Kumar	7000	1.13	Noticee no. 1	1559397	Gutta Ramarao	20000	1.28
Gautam Sanjay Khandelwal	617113	Pasala Vamsi Krishna	7000	1.13	Noticee no. 1	1559397	Nitishkumar Akalwadi	20000	1.28

*connected entities indicated in bold

It was observed in the SCN that out of total buy trades of Noticee no. 1 on NSE, 70.86% of the counterparties are connected entities out of which 66% were with one single connected entity Noticee no. 10 indicating the intention of these connected entities to generate volume in the scrip by trading amongst themselves. Out of total sell trades of Noticee no. 1, 13.06% of the counterparties are connected entities.

47. I note that vide dated November 4, 2017, Noticee no. 2 submitted that Noticee no. 1 was his market acquaintance. Further, it was also observed that Noticee no. 2 and Noticee no. 1 are connected to each other as friends on Facebook. It is also observed that the trades of Noticee no. 1 were carried out from period July 16, 2016 to October 17, 2016, i.e. in and around the same period i.e. July 28, 2016 to October 7, 2016, when SMSes recommending buy in STML were sent by Noticee no. 9/ Noticee no. 2.

48. I also note that vide letter dated April 28, 2017, Noticee no. 1 submitted that he has traded in the scrip of STML through his own fund and borrowed funds. It was observed from the bank statement (IDBI Bank Account No. 0601104000042112) of Noticee no. 1 and bank

reply dated September 26, 2017, that Noticee no. 1 had received funds from Jesse Trading Private Limited, Nikita Enterprise Private Limited and Vinit Enterprises. I note that there is nothing available before me that displays that STML or any other Noticee funded the trading of Noticee no.1 I the scrip of STML. Therefore, no adverse inference is drawn as regards the funds used by of Noticee no. 1 for trading.

49. As regards, the trading pattern of Noticee no. 1 in STML scrip at BSE as given in paragraph 46 above, I note that out of total buy trades of Noticee no.1 on BSE, 58.23% of the counterparties are connected entities out of which 40.67% of buy trades were with promoter of Noticee no. 8 i.e., Noticee no. 4 (12.91%), Noticee no. 7 (6.19%) and Mr. Sanjay Gupta (21.57%). In this regard, it is relevant to note that SAT vide order June 04, 2019 had quashed the second interim order and confirmatory order against Mr. Sanjay Gupta and thereafter SEBI vide order dated June 28, 2019 had revoked the impounding order against Mr. Sanjay Gupta and thereafter the proceedings against Mr. Sanjay Gupta were dropped. I note from the order dated June 04, 2019 of Hon'ble SAT that Mr. Sanjay Gupta had displayed that he was not acting as a homogenous group with STML and its promoters including Noticee no. 4 and 6 to manipulate the price of the STML scrip. The fact that Mr. Sanjay Gupta resigned from the board of STML in April, 2013 and acrimonious litigation between him and other directors of STML, namely, disinheriting his son, lodging of FIR by his son against him, defamation suit filed by STML were brought out before Hon'ble SAT. These facts prove that Mr. Sanjay Gupta was not connected to STML and its promoters/directors. Thus, I find that the fact that 21.57% of the total buy trades of Noticee no. 1 on BSE matched with Mr. Sanjay Gupta does not prove that Noticee no.1 was acting in concert with Sanjay Gupta who was a part of the promoter of STML. However, apart from Sanjay Gupta, I note that the substantial buy trades of Noticee no. 1 also matched with two promoters of Noticee no. 8 i.e. Noticee no. 4 (12.91%), Noticee no. 7 (6.19%).

50. As regards, trading pattern of Noticee no. 1 at NSE, I note that 70.86% of the buy trades of Noticee no. 1 matched with Noticee no. 2 (1.29%) and Noticee no. 10 (66%). Moreover, 13.06% of total sell trades of Noticee no. 1 matched with Noticee no 2 and Noticee no. 10.

51. Therefore, in case of Noticee no. 1, a) the connection of Noticee no. 1 with Noticee no. 2 and the role played by Noticee no. 2 in funding the bulk SMSes recommending buy in the scrip of STML; b) the trading behaviour (matching of substantial number of trades with promoters of STML i.e. Noticee no. 4 and 7, leads to a reasonable inference that Noticee no. 1 acted as a homogenous group with Noticee no. 2, STML and it promoters Noticee no. 4 and 7, and these Noticees traded in the scrip of STML amongst themselves to create generate volume in the STML scrip. The trades by these Noticees coupled with SMSes recommending buy in scrip of STML resulted in creating demand for the gullible investors which in turn resulted in the increase in the price of the scrip. Therefore, Noticee no. 1 was a part of the fraudulent scheme where the Noticees offloaded the shares of the Company in the market after creating interest in the scrip through bulk SMSes at the expense of gullible investors. Noticee no. 1 sold 1817763 shares at a weighted average price of Rs. 7.31 shares during the IP.

Trades of Mr. Neeleshkumar Lahoti (Noticee no. 2) and Future Fintrade (Noticee no. 9)

52. During the Investigation period, the details of the trade of Noticee no. 2 in the scrip of STML are as under:

Table 20

Client Name	BSE				NSE			
	Gr. Buy	Gr. Buy % to total Mkt Vol	Gr. Sell	Gr. Sell % to total Mkt Vol	Gr. Buy	Gr. Buy % to total Mkt Vol	Gr. Sell	Gr. Sell % to total Mkt Vol
Neeleskumar Radheshyam Lahoti	2037247	4.45	1803808	3.94	3571984	3.32	3805520	3.54

The top 10 counterparty details of Noticee no. 2 for his trades on BSE and NSE during the investigation period are as under:

Top 10 Counterparty - Exchange BSE:

Table 21

Buyer Name	Sum of Buy quantity	Seller Name	Sum of Sell quantity	% of Sell Qty. to Buy Qty.	Seller Name	Sum of Sell quantity	Buyer Name	Sum of Buy quantity	% of Buy Qty. to Sell Qty.
NeeleskumarRadheshyam Lahoti	2037247	**Goldleaf International Pvt. Ltd.**	263113	12.92	Neeleskumar Radheshyam Lahoti	1803808	**Santosh Gajander Singh**	313651	17.39
NeeleskumarRadheshyam Lahoti	2037247	BP Fintrade Private Limited	205695	10.10	Neeleskumar Radheshyam Lahoti	1803808	JMP Securities Pvt Ltd	120601	6.69
NeeleskumarRadheshyam Lahoti	2037247	JMP Securities Pvt Ltd	118155	5.80	Neeleskumar Radheshyam Lahoti	1803808	**Creative Vision Industries Private Limited**	93000	5.16
NeeleskumarRadheshyam Lahoti	2037247	SHPL Enterprises Private Limited	110000	5.40	Neeleskumar Radheshyam Lahoti	1803808	SHPL Enterprises Private Limited	76800	4.26
NeeleskumarRadheshyam Lahoti	2037247	**Sanjay Gupta**	90416	4.44	Neeleskumar Radheshyam Lahoti	1803808	BP Fintrade Private Limited	73735	4.09
NeeleskumarRadheshyam Lahoti	2037247	**Santosh Gajander Singh**	87524	4.30	Neeleskumar Radheshyam Lahoti	1803808	Vraj Enterprises	70000	3.88
NeeleskumarRadheshyam Lahoti	2037247	BP Comtrade Pvt Ltd	60961	2.99	Neeleskumar Radheshyam Lahoti	1803808	Inventure Growth Securities Ltd.	65179	3.61
NeeleskumarRadheshyam Lahoti	2037247	**Bhavna Gupta**	54082	2.66	Neeleskumar Radheshyam Lahoti	1803808	BP Comtrade Pvt Ltd	54493	3.02
NeeleskumarRadheshyam Lahoti	2037247	Umang Agarwal	49002	2.41	Neeleskumar Radheshyam Lahoti	1803808	**Gautam Sanjay Khandelwal**	43925	2.44
NeeleskumarRadheshyam Lahoti	2037247	Pankaj B Kotecha	46898	2.30	Neeleskumar Radheshyam Lahoti	1803808	Suraj Gupta	37097	2.06

*Connected entities indicated in bold

It is observed in the SCN that out of total buy trades of Noticee no. 2 on BSE, 24.30% of the counterparties are connected entities out of which 20.01% of buy trades were with promoter of Noticee no. 8 indicating that Noticee no. 2 acted as buyer for promoters and provided them exit from the scrip of STML. Out of total sell trades of Noticee no. 2, 24.98% of the counterparties are connected entities out of which 17.39% of the trades are with only one entity i.e. Noticee no. 10.

Top 10 Counterparty - Exchange NSE:

Buyer Name	Sum of Buy quantity	Seller Name	Sum of Sell quantity	% of Sell Qty. to Buy Qty.	Seller Name	Sum of Sell quantity	Buyer Name	Sum of Buy quantity	% of Buy Qty. to Sell Qty.
NeeleskumarRadheshyam Lahoti	3571984	**Ajay Gupta**	**368628**	**10.32**	NeeleskumarRadheshyam Lahoti	3805520	**Gupta Bhavna**	**282000**	**7.41**
NeeleskumarRadheshyam Lahoti	3571984	**Sanjay Gupta**	**367405**	**10.29**	NeeleskumarRadheshyam Lahoti	3805520	**Santosh Gajander Singh**	**268632**	**7.06**
NeeleskumarRadheshyam Lahoti	3571984	**Creative Vision Industries Private Limited**	**307548**	**8.61**	NeeleskumarRadheshyam Lahoti	3805520	**Creative Vision Industries Private Limited**	**256838**	**6.75**
NeeleskumarRadheshyam Lahoti	3571984	**Santosh Gajander Singh**	**303849**	**8.51**	NeeleskumarRadheshyam Lahoti	3805520	Shpl Enterprises Private Limited	116779	3.07
NeeleskumarRadheshyam Lahoti	3571984	Rajneesh Sharma	244823	6.85	NeeleskumarRadheshyam Lahoti	3805520	Inventure Growth & Securities Ltd	116466	3.06
NeeleskumarRadheshyam Lahoti	3571984	White Stone Yarns Pvt Ltd.	148831	4.17	NeeleskumarRadheshyam Lahoti	3805520	Bharat Commodities Pvt Ltd	112381	2.95
NeeleskumarRadheshyam Lahoti	3571984	Shpl Enterprises Private Limited.	91226	2.55	NeeleskumarRadheshyam Lahoti	3805520	Ramakant Basudeo Parasrampuria (Huf)	88729	2.33
NeeleskumarRadheshyam Lahoti	3571984	Gangadharesha A S	81173	2.27	NeeleskumarRadheshyam Lahoti	3805520	Vineet Enterprises	82554	2.17
NeeleskumarRadheshyam Lahoti	3571984	Bp Comtrade Pvt Ltd.	52605	1.47	NeeleskumarRadheshyam Lahoti	3805520	Bp Comtrade Pvt Ltd.	63486	1.67
NeeleskumarRadheshyam Lahoti	3571984	**Goldleaf International Pvt. Ltd.**	**50000**	**1.40**	NeeleskumarRadheshyam Lahoti	3805520	Anjani Kumar Singh	47592	1.25

*Connected entities indicated in bold

It is observed in the SCN that out of total buy trades of Noticee no. 2 on NSE, 39.13% of the counterparties are connected entities out of which 22.01% were with promoters of

Noticee no. 8 indicating that Noticee no. 2 has acted as buyer for promoters and provided them exit from the scrip of STML. Further out of total sell trades of Noticee no. 2, 21.22% of the counterparties were connected entities.

53. As regards, the trading pattern of Noticee no. 2 in STML scrip at BSE as given in paragraph 52 above, I note that out of total buy trades of Noticee no.2 on BSE, 24.30% of the counterparties are connected entities out of which 20.01% of buy trades were with promoter of Noticee no. 8 i.e., Noticee no. 3 (12.92%), Noticee no. 7 (2.66%) and Mr. Sanjay Gupta (4.44%). As mentioned in paragraph 49 above, Mr. Sanjay Gupta was not connected to STML and its promoters/directors. Therefore, the buy trades of Noticee no. 2 that matched with Sanjay Gupta fact 4.44% do not indicate that Noticee no. 2 was acting in concert with the promoters of STML and acting as a buyer for them as alleged in the SCN. Apart from Sanjay Gupta, I note that the buy trades of Noticee no. 2 also matched with two promoters of Noticee no. 8 i.e. Noticee no. 3 and Noticee no. 7 and another connected entity i.e. Noticee no. 10. Further out of total sell trades of Noticee no. 2, 24.98% of the counterparties are connected entities out of which 17.39% of the trades are with only one entity i.e. Noticee no. 10.

54. As regards, the trading pattern of Noticee no. 2 in STML scrip at NSE as given in paragraph 52 above, I note that out of total buy trades of Noticee no.2 on NSE, 39.13% of the counterparties are connected entities out of which 22.01 % of buy trades were with promoter of Noticee no. 8 i.e., Noticee no. 3 (1.40%), Noticee no. 10 (4.30%) and Mr. Sanjay Gupta (4.44%). As mentioned in paragraph 49 above, Mr. Sanjay Gupta was not connected to STML and its promoters/directors. Therefore, the buy trades of Noticee no. 2 that matched with Sanjay Gupta fact 4.44% do not indicate that Noticee no. 2 was acting in concert with the promoters of STML and acting as a buyer for them as alleged in the SCN. Apart from Sanjay Gupta, I note that the buy trades of Noticee no. 2 also matched with promoter of STML i.e. Noticee no. 3 and two other connected entities i.e. Noticee no. 10 and 11. Further out of total sell trades of Noticee no. 2, 21.22% of the counterparties are connected entities.

55. Therefore, in case of Noticee no. 2, a) the connection of Noticee no. 2 with STML and its promoters i.e. Noticee no. 4 and 6 and Noticee no. 11; b) the role played by Noticee no. 2 in routing funds from STML to RML for sending bulk SMSes recommending buy in the scrip of STML; b) the trading behaviour (matching of substantial number of trades with promoters of STML i.e. Noticee no. 3 and 7, leads to a reasonable inference that Noticee no. 2 acted as a homogenous group with STML and its promoters Noticee no. 3 and 7 and Noticee no. 10, and these Noticees traded in the scrip of STML amongst themselves to create generate volume in the STML scrip. The trades by these Noticees coupled with SMSes recommending buy in scrip of STML resulted in creating demand for the gullible investors which in turn resulted in the increase in the price of the scrip. Therefore, I find that Noticee no. 2 was part of the fraudulent scheme where the Noticees offloaded shares of the Company in the market after creating interest in the scrip through bulk SMSes at the expense of gullible investors. Noticee no. 2 sold 5609328 shares at the weighted average price of Rs 8.06.

Trades of Promoters/ Promoter-Directors

56. During the Investigation period, the details of the trades of Promoters (P) / Promoter-Directors (P/D) in the scrip of STML are as under:

Table 22

Client Name	BSE				NSE			
	Gr. Buy	Gr. Buy % to total Mkt Vol	Gr. Sell	Gr. Sell % to total Mkt Vol	Gr. Buy	Gr. Buy % to total Mkt Vol	Gr. Sell	Gr. Sell % to total Mkt Vol
Goldleaf International Pvt. Ltd. (P)	0	0.00	350000	0.77	0	0.00	2850000	2.65
Sanjay Gupta (P)	0	0.00	1374118	3.00	0	0.00	3655065	3.40
Ajay Gupta (P/D)	0	0.00	1655097	3.62	0	0.00	2044903	1.90
Shikha Gupta (P)	0	0.00	0	0.00	0	0.00	1355200	1.26
Gautam Gupta (P/D)	0	0.00	419525	0.92	353527	0.32	3009867	2.80
Bhavna Gupta (P)	335000	0.73	1908075	4.17	975000	0.91	2936590	2.73

The top 10 counterparty details of Promoters/Promoter-Directors, who are noticees herein, for their trades on BSE and NSE during the investigation period are as under:

57. **Trades of Noticee no. 3 Goldleaf International Pvt. Ltd. (Goldleaf)**

Top 10 Counterparty - Exchange BSE:

Table 23

Buyer Name	Sum of Buy quantity	Seller Name	Sum of Sell quantity	% of Sell Qty. to Buy Qty.	Seller Name	Sum of Sell quantity	Buyer Name	Sum of Buy quantity	% of Buy Qty. to Sell Qty.
Goldleaf	-	-	-	-	Goldleaf	350000	**Neeleshkumar Radheshyam Lahoti**	**263113**	**75.18**
Goldleaf	-	-	-	-	Goldleaf	350000	**Santosh Gajander Singh**	**41082**	**11.74**
Goldleaf	-	-	-	-	Goldleaf	350000	Anupam Sharma	10000	2.86
Goldleaf	-	-	-	-	Goldleaf	350000	Challa Rajarao	7501	2.14
Goldleaf	-	-	-	-	Goldleaf	350000	BP Comtrade Pvt Ltd	5000	1.43
Goldleaf	-	-	-	-	Goldleaf	350000	JMP Securities Pvt Ltd	5000	1.43
Goldleaf	-	-	-	-	Goldleaf	350000	Damodar Gopaldas Bhattar	5000	1.43
Goldleaf	-	-	-	-	Goldleaf	350000	Arvind Kumar Agnihotri	5000	1.43
Goldleaf	-	-	-	-	Goldleaf	350000	Lina Nathubhai Parikh	4499	1.29
Goldleaf	-	-	-	-	Goldleaf	350000	Ashish Kumar Dixit	2000	0.57

*Connected entities indicated in bold

Top 10 Counterparty - Exchange NSE

Table 24

Buyer Name	Sum of Buy quantity	Seller Name	Sum of Sell quantity	% of Sell Qty. to Buy Qty.	Seller Name	Sum of Sell quantity	Buyer Name	Sum of Buy quantity	% of Buy Qty. to Sell Qty.
Goldleaf	-	-	-	-	Goldleaf	2850000	**Santosh Gajander Singh**	**2089889**	**73.33**
Goldleaf	-	-	-	-	Goldleaf	2850000	JMP Securities Pvt Ltd	200000	7.02

Buyer Name	Sum of Buy quantity	Seller Name	Sum of Sell quantity	% of Sell Qty. to Buy Qty.	Seller Name	Sum of Sell quantity	Buyer Name	Sum of Buy quantity	% of Buy Qty. to Sell Qty.
Goldleaf	-	-	-	-	Goldleaf	2850000	J M Global Equities Pvt Ltd	184235	6.46
Goldleaf	-	-	-	-	Goldleaf	2850000	BP Fintrade Private Limited	100958	3.54
Goldleaf	-	-	-	-	Goldleaf	2850000	**Gautam Gupta**	**71027**	**2.49**
Goldleaf	-	-	-	-	Goldleaf	2850000	**Neeleshkumar Radheshyam Lahoti**	**50000**	**1.75**
Goldleaf	-	-	-	-	Goldleaf	2850000	SHPL Enterprises Private Limited	30000	1.05
Goldleaf	-	-	-	-	Goldleaf	2850000	Inventure Growth & Securities Ltd	25000	0.88
Goldleaf	-	-	-	-	Goldleaf	2850000	Nikon Finlease Pvt Ltd	25000	0.88
Goldleaf	-	-	-	-	Goldleaf	2850000	Prajapati Sudhir U	10500	0.37

*Connected entities indicated in bold

It was observed that Goldleaf, i.e. Noticee no. 3 has traded only as seller and out of its total sell trades on BSE & NSE, 86.91% and 77.58% respectively of the counterparties are other Noticees.

58. **Trades of Ajay Gupta (Noticee no. 4)**

Top 10 Counterparty - Exchange BSE

Table 25

Buyer Name	Sum of Buy quantity	Seller Name	Sum of Sell quantity	% of Sell Qty. to Buy Qty.	Seller Name	Sum of Sell quantity	Buyer Name	Sum of Buy quantity	% of Buy Qty. to Sell Qty.
Ajay Gupta	-	-	-	-	Ajay Gupta	1655097	**Creative Vision Industries Private Limited**	**208546**	**12.60**
Ajay Gupta	-	-	-	-	Ajay Gupta	1655097	**Gautam Sanjay Khandelwal**	**142490**	**8.61**
Ajay Gupta	-	-	-	-	Ajay Gupta	1655097	BP Comtrade Pvt Ltd	92547	5.59

Buyer Name	Sum of Buy quantity	Seller Name	Sum of Sell quantity	% of Sell Qty. to Buy Qty.	Seller Name	Sum of Sell quantity	Buyer Name	Sum of Buy quantity	% of Buy Qty. to Sell Qty.
Ajay Gupta	-	-	-	-	Ajay Gupta	1655097	JMP Securities Pvt Ltd	55709	3.37
Ajay Gupta	-	-	-	-	Ajay Gupta	1655097	BP Fintrade Private Limited	52192	3.15
Ajay Gupta	-	-	-	-	Ajay Gupta	1655097	Bharat Securities Pvt Ltd	41001	2.48
Ajay Gupta	-	-	-	-	Ajay Gupta	1655097	Krishan Sharma	39452	2.38
Ajay Gupta	-	-	-	-	Ajay Gupta	1655097	Chandulal Naranji Bambhania	26225	1.58
Ajay Gupta	-	-	-	-	Ajay Gupta	1655097	Aruna Sen	25274	1.53
Ajay Gupta	-	-	-	-	Ajay Gupta	1655097	**Neeleshkumar Radheshyam Lahoti**	**24312**	**1.47**

*Connected entities indicated in bold

Top 10 Counterparty - Exchange NSE

Table 26

Buyer Name	Sum of Buy quantity	Seller Name	Sum of Sell quantity	% of Sell Qty. to Buy Qty.	Seller Name	Sum of Sell quantity	Buyer Name	Sum of Buy quantity	Buy Qty. to Sell Qty.
Ajay Gupta	-	-	-	-	Ajay Gupta	2044903	**Neeleshkumar Radheshyam Lahoti**	**368628**	**18.03**
Ajay Gupta	-	-	-	-	Ajay Gupta	2044903	Sanjeev Agarwal	45000	2.20
Ajay Gupta	-	-	-	-	Ajay Gupta	2044903	Rajarao Challa	43799	2.14
Ajay Gupta	-	-	-	-	Ajay Gupta	2044903	Sanjeev Agarwal Huf	43318	2.12
Ajay Gupta	-	-	-	-	Ajay Gupta	2044903	**Santosh Gajander Singh**	**37688**	**1.84**
Ajay Gupta	-	-	-	-	Ajay Gupta	2044903	Rohit Agarwal	25350	1.24
Ajay Gupta	-	-	-	-	Ajay Gupta	2044903	Sunita Agarwal	21689	1.06
Ajay Gupta	-	-	-	-	Ajay Gupta	2044903	BP Fintrade Private Limited	21212	1.04
Ajay Gupta	-	-	-	-	Ajay Gupta	2044903	John Davy C	19082	0.93
Ajay Gupta	-	-	-	-	Ajay Gupta	2044903	Unni Narayanan Krishnan	16592	0.81

*Connected entities indicated in bold

It is observed that Noticee no. 4 has traded only as seller and out of his total sell trades on BSE & NSE, 22.68% and 19.87% respectively of the counterparties are other Noticees.

59. **Trades of Shikha Gupta (Noticee no. 5)**

Top 10 Counterparty - Exchange BSE - Noticee no. 5 did not trade on BSE during the investigation period.

Top 10 Counterparty - Exchange NSE

Table 27

Buyer Name	Sum of Buy quantity	Seller Name	Sum of Sell quantity	% of Sell Qty. to Buy Qty.	Seller Name	Sum of Sell quantity	Buyer Name	Sum of Buy quantity	% of Buy Qty. to Sell Qty.
Shikha Gupta	-	-	-	-	Shikha Gupta	1355200	BP Comtrade Pvt Ltd	92853	6.85
Shikha Gupta	-	-	-	-	Shikha Gupta	1355200	Gangadharesha A S	62224	4.59
Shikha Gupta	-	-	-	-	Shikha Gupta	1355200	Arcadia Share & Stock Brokers Pvt. Ltd.	50000	3.69
Shikha Gupta	-	-	-	-	Shikha Gupta	1355200	Jignesh Narshi Vasani	45100	3.33
Shikha Gupta	-	-	-	-	Shikha Gupta	1355200	Tiwary Vijay Kumar	44900	3.31
Shikha Gupta	-	-	-	-	Shikha Gupta	1355200	Inventure Growth & Securities Ltd	35000	2.58
Shikha Gupta	-	-	-	-	Shikha Gupta	1355200	Vishal V	35000	2.58
Shikha Gupta	-	-	-	-	Shikha Gupta	1355200	Kashinath Marde Nilesh	34200	2.52
Shikha Gupta	-	-	-	-	Shikha Gupta	1355200	T S Mohan	25000	1.85
Shikha Gupta	-	-	-	-	Shikha Gupta	1355200	Praveen Kumar Sharma	24000	1.77

It is observed that Noticee no. 5 has traded only as seller and out of her total sell trades on NSE, none of the counterparties are other Noticees.

60. **Trades of Gautam Gupta (Noticee no.6)**

Top 10 Counterparty - Exchange BSE

Table 28

Buyer Name	Sum of Buy quantity	Seller Name	Sum of Sell quantity	% of Sell Qty. to Buy Qty.	Seller Name	Sum of Sell quantity	Buyer Name	Sum of Buy quantity	% of Buy Qty. to Sell Qty.
Gautam Gupta	-	-	-	-	Gautam Gupta	419525	Gopakumar V	55753	13.29
Gautam Gupta	-	-	-	-	Gautam Gupta	419525	Meduri Babu Raj Kiran	32700	7.80
Gautam Gupta	-	-	-	-	Gautam Gupta	419525	Vimal Chand Jain	25592	6.10
Gautam Gupta	-	-	-	-	Gautam Gupta	419525	Kannan Mallika	17413	4.15
Gautam Gupta	-	-	-	-	Gautam Gupta	419525	Bharat Securities Pvt Ltd	14000	3.34
Gautam Gupta	-	-	-	-	Gautam Gupta	419525	Ashok Kumar Huf	12900	3.08
Gautam Gupta	-	-	-	-	Gautam Gupta	419525	BP Comtrade Pvt Ltd	10000	2.38
Gautam Gupta	-	-	-	-	Gautam Gupta	419525	B M Traders	10000	2.38
Gautam Gupta	-	-	-	-	Gautam Gupta	419525	Naman Gupta	10000	2.38
Gautam Gupta	-	-	-	-	Gautam Gupta	419525	Rakesh Kumar Goel	9087	2.17

It is observed that Noticee no. 6 has traded only as seller. Out of total sell trades of Noticee no. 6 on BSE, none of the counterparties are other Noticees.

Top 10 Counterparty - Exchange NSE

Table 29

Buyer Name	Sum of Buy quantity	Seller Name	Sum of Sell quantity	% of Sell Qty. to Buy Qty.	Seller Name	Sum of Sell quantity	Buyer Name	Sum of Buy quantity	% of Buy Qty. to Sell Qty.
Gautam Gupta	353527	**Goldleaf International Pvt. Ltd.**	**71027**	**20.09**	Gautam Gupta	3009867	SHPL Enterprises Private Limited	500899	16.64
Gautam Gupta	353527	JMP Securities Pvt Ltd	53999	15.27	Gautam Gupta	3009867	JMP Securities Pvt Ltd	240499	7.99

Buyer Name	Sum of Buy quantity	Seller Name	Sum of Sell quantity	% of Sell Qty. to Buy Qty.	Seller Name	Sum of Sell quantity	Buyer Name	Sum of Buy quantity	% of Buy Qty. to Sell Qty.
Gautam Gupta	353527	BP Fintrade Private Limited	50000	14.14	Gautam Gupta	3009867	Manchikanti Satya Rangaiah	160000	5.32
Gautam Gupta	353527	SHPL Enterprises Private Limited	39000	11.03	Gautam Gupta	3009867	BP Comtrade Pvt Ltd.	124836	4.15
Gautam Gupta	353527	Dashrathbhai Nathalal Patel	16121	4.56	Gautam Gupta	3009867	Gangadharesha A S	120997	4.02
Gautam Gupta	353527	Prabha Gupta	12500	3.54	Gautam Gupta	3009867	BP Fintrade Private Limited	77985	2.59
Gautam Gupta	353527	B L Sreenivasan	10000	2.83	Gautam Gupta	3009867	Nikon Finlease Pvt Ltd	74402	2.47
Gautam Gupta	353527	Metikela Sanjeeva Kumar	8126	2.30	Gautam Gupta	3009867	Bharat Commodities Pvt Ltd	57127	1.90
Gautam Gupta	353527	Soni Purushottam	5850	1.66	Gautam Gupta	3009867	Maya Chaurasiya	51508	1.71
Gautam Gupta	353527	GRD Securities Pvt. Ltd.	5000	1.41	Gautam Gupta	3009867	Gigy K Chacko	44135	1.47

*Connected entities indicated in bold

It is observed that out of total buy trades of Noticee no. 6 on NSE, 20.09% of the counterparty is another promoter i.e. Noticee no. 3.

61. **Trades of Bhavna Gupta (Noticee no. 7)**

Top 10 Counterparty - Exchange BSE

Table 30

Buyer Name	Sum of Buy quantity	Seller Name	Sum of Sell quantity	% of Sell Qty. to Buy Qty.	Seller Name	Sum of Sell quantity	Buyer Name	Sum of Buy quantity	% of Buy Qty. to Sell Qty.
Bhavna Gupta	335000	**Sanjay Gupta**	**238077**	**71.07**	Bhavna Gupta	1908075	**Santosh Gajander Singh**	**482755**	**25.30**
Bhavna Gupta	335000	Manav Gupta	33000	9.85	Bhavna Gupta	1908075	Ajay Dhirajlal Nathwani	270000	14.15

Buyer Name	Sum of Buy quantity	Seller Name	Sum of Sell quantity	% of Sell Qty. to Buy Qty.	Seller Name	Sum of Sell quantity	Buyer Name	Sum of Buy quantity	% of Buy Qty. to Sell Qty.
Bhavna Gupta	335000	Netra Vijay Rane	25000	7.46	Bhavna Gupta	1908075	**Gautam Sanjay Gupta**	**68325**	**3.58**
Bhavna Gupta	335000	Inventure Growth Securities Ltd.	5000	1.49	Bhavna Gupta	1908075	**Neeleshkumar Radheshyam Lahoti**	**54082**	**2.83**
Bhavna Gupta	335000	Rajnikant Shantilal Doshi	5000	1.49	Bhavna Gupta	1908075	Inventure Growth Securities Ltd.	51199	2.68
Bhavna Gupta	335000	Ghanshyam M Gupta	5000	1.49	Bhavna Gupta	1908075	Rafaliya Alpeshkumar R	30000	1.57
Bhavna Gupta	335000	Ashok Chand Bhansali	3000	0.90	Bhavna Gupta	1908075	Arti Mitesh Ganatra	30000	1.57
Bhavna Gupta	335000	Joginder Singh Kohar	2000	0.60	Bhavna Gupta	1908075	Chimanlal Maneklal Securities Private Limited	23519	1.23
Bhavna Gupta	335000	Mohitkumar Jaysukhbhai Gajera	1100	0.33	Bhavna Gupta	1908075	Jitendrasingh Kundansingh Solanki	17500	0.92
Bhavna Gupta	335000	Mahavir Prasad Gupta	1000	0.30	Bhavna Gupta	1908075	Prachi Ramavat	15300	0.80

*Connected entities indicated in bold

It is observed that out of total buy trades of Noticee no. 7 on BSE, 71.07% of the counterparty is another promoter i.e. Sanjay Gupta. Out of total sell trades of Noticee no. 7, 31.72% of the counterparties are connected entities.

Top 10 Counterparty - Exchange NSE:

Table 31

Buyer Name	Sum of Buy quantity	Seller Name	Sum of Sell quantity	% of Sell Qty. to Buy Qty.	Seller Name	Sum of Sell quantity	Buyer Name	Sum of Buy quantity	% of Buy Qty. to Sell Qty.
Bhavna Gupta	975000	**Sanjay Gupta**	**395786**	**40.59**	Bhavna Gupta	2936590	**Santosh Gajander Singh**	**1083877**	**36.91**
Bhavna Gupta	975000	**Neeleshkumar Radheshyam Lahoti**	**282000**	**28.92**	Bhavna Gupta	2936590	BP Comtrade Pvt Ltd	57443	1.96
Bhavna Gupta	975000	**Santosh Gajander Singh**	**145011**	**14.87**	Bhavna Gupta	2936590	Inventure Growth & Securities Ltd	52726	1.80
Bhavna Gupta	975000	Architbhai R Patel	21400	2.20	Bhavna Gupta	2936590	Thati Siva Krishna	48293	1.65
Bhavna Gupta	975000	Gurpreet Kaur	15000	1.54	Bhavna Gupta	2936590	Varghese Thimothy Eluvathingal	26616	0.91
Bhavna Gupta	975000	Nidhi	15000	1.54	Bhavna Gupta	2936590	Arun Sharma	25700	0.88
Bhavna Gupta	975000	P Venkata Subbaiah	6500	0.67	Bhavna Gupta	2936590	Rupesh Valji Palan	24998	0.85
Bhavna Gupta	975000	P Abilash	6200	0.64	Bhavna Gupta	2936590	Bhailal K Keda	23700	0.81
Bhavna Gupta	975000	Borah Pranjal Protim	5000	0.51	Bhavna Gupta	2936590	Renu Bansilal Birmani	20000	0.68
Bhavna Gupta	975000	Pedada Narasimha Murthy	5000	0.51	Bhavna Gupta	2936590	Sachin Arora	19998	0.68

*Connected entities indicated in bold

It is observed that out of total buy trades on NSE of Noticee no. 7, 84.39% of the counterparties are connected entities and out of which 40.59% of counterparties is another Promoter i.e. Mr. Sanjay Gupta. Out of total sell trades of Noticee no. 7, 36.91% of the counterparties are connected entities. As mentioned in paragraph 49 above, Mr. Sanjay Gupta was not connected to STML and its promoters/directors. Therefore, the trades of Noticee no. 7 that matched with Sanjay Gupta i.e. 40.59% do not indicate that Noticee no.

7 was acting in concert with Sanjay Gupta who is a part of the promoter group of STML. Apart from Sanjay Gupta, I note that the buy trades of Noticee no. 7 also matched with two connected entities i.e. Noticee no. 2 (28.92%) and 10 (14.87%).

62. From the above it is observed that Promoters/Promoter-Directors have sold 1,98,94,913 shares of STML (29.16% of total shareholding) during the investigation period and reduced their shareholding from 3,97,29,631 shares in STML (58.23% of total shareholding) to 1,98,34,718 (29.07% of total shareholding) shares in STML. It is also observed that out of the total sold shares i.e.1,98,94,913 shares, 79,32,830 shares (39.87% of sold shares) were sold by promoters/promoters-directors to connected entities other than promoters.

63. As regards, the trading pattern of promoters/promoters-directors of Noticcee. No. 8 who are Noticees herein i.e. No. 3 to 7 in STML scrip as given in para 56-61 above, I find that the promoters of STML sold 1,98,94,913 shares of STML (i.e. 29.16% of total shareholding of STML), out of which, 79,32,830 shares (39.87% of shares sold) were sold by promoters to other connected entities and the remaining shares were sold to other investors in the market during the period July 5, 2016 to October 10, 2016. The trades by these promoters coupled with the SMSes recommending buy in scrip of STML resulted in creating demand for the gullible investors which in turn resulted in the increase in the price of the scrip. . Therefore, I find that Noticee no. 3-7 were part of the fraudulent scheme where the Noticees offloaded shares of the Company in the market after creating interest in the scrip through bulk SMSes at the expense of gullible investors. Noticee nos. 3-7 have offloaded 16529257 shares during the Investigation Period.

64. **<u>Trades of Santosh Gajander Singh (Noticee no. 10)</u>**

During the Investigation period, the details of the trades of Noticee no. 10 in the scrip of STML are as under:

Table 32

Client Name	BSE				NSE			
	Gr. Buy	Gr. Buy % to total Mkt Vol	Gr. Sell	Gr. Sell % to total Mkt Vol	Gr. Buy	Gr. Buy % to total Mkt Vol	Gr. Sell	Gr. Sell % to total Mkt Vol
Santosh Gajander Singh	7733442	16.89	7972769	17.42	17234811	16.01	17037431	15.83

The top 10 counterparty details of Noticee no. 10 for his trades on BSE and NSE during the investigation period are as under:

Top 10 Counterparty - Exchange BSE

Table 33

Buyer Name	Sum of Buy quantity	Seller Name	Sum of Sell quantity	% of Sell Qty. to Buy Qty.	Seller Name	Sum of Sell quantity	Buyer Name	Sum of Buy quantity	% of Buy Qty. to Sell Qty.
Santosh Gajander Singh	7733442	Bp Fintrade Private Limited	1172466	15.16	Santosh Gajander Singh	7972769	BP Fintrade Private Limited	856011	10.74
Santosh Gajander Singh	7733442	SHPL Enterprises Private Limited	750916	9.71	Santosh Gajander Singh	7972769	SHPL Enterprises Private Limited	685485	8.60
Santosh Gajander Singh	7733442	**Bhavna Gupta**	482755	6.24	Santosh Gajander Singh	7972769	**Creative Vision Industries Private Limited**	519616	6.52
Santosh Gajander Singh	7733442	Rajneesh Sharma	374458	4.84	Santosh Gajander Singh	7972769	Bharat Securities Pvt Ltd	294804	3.70
Santosh Gajander Singh	7733442	**Neeleshkumar Radheshyam Lahoti**	313651	4.06	Santosh Gajander Singh	7972769	Bp Comtrade Pvt Ltd	233222	2.93
Santosh Gajander Singh	7733442	Inventure Growth Securities Ltd.	310396	4.01	Santosh Gajander Singh	7972769	JMP Securities Pvt Ltd	219743	2.76

Buyer Name	Sum of Buy quantity	Seller Name	Sum of Sell quantity	% of Sell Qty. to Buy Qty.	Seller Name	Sum of Sell quantity	Buyer Name	Sum of Buy quantity	% of Buy Qty. to Sell Qty.
Santosh Gajander Singh	7733442	Jmp Securities Pvt Ltd	309787	4.01	Santosh Gajander Singh	7972769	Challa Rajarao	169427	2.13
Santosh Gajander Singh	7733442	**Sanjay Gupta**	294213	3.80	Santosh Gajander Singh	7972769	Inventure Growth Securities Ltd.	167518	2.10
Santosh Gajander Singh	7733442	Challa Rajarao	191608	2.48	Santosh Gajander Singh	7972769	Nikon Finlease Pvt Ltd	152627	1.91
Santosh Gajander Singh	7733442	Bharat Securities Pvt Ltd	173088	2.24	Santosh Gajander Singh	7972769	**Gautam Sanjay Khandelwal**	149999	1.88

*Connected entities indicated in bold

It is observed that out of total buy trades of Noticee no. 10 on BSE, 14.10% of the counterparties are connected entities out of which 10.05% of buy trades were with promoter of STML including Sanjay Gupta. Out of total sell trades of Noticee no. 10, 8.40% of the counterparties are connected entities.

Top 10 Counterparty - Exchange NSE

Table 34

Buyer Name	Sum of Buy quantity	Seller Name	Sum of Sell quantity	Sell Qty. to Buy Qty.	Seller Name	Sum of Sell quantity	Buyer Name	Sum of Buy quantity	Buy Qty. to Sell Qty.
Santosh Gajander Singh	17234811	**Goldleaf International Pvt. Ltd.**	2089889	12.13	Santosh Gajander Singh	17037431	SHPL Enterprises Private Limited	1038339	6.09
Santosh Gajander Singh	17234811	**Sanjay Gupta**	1527148	8.86	Santosh Gajander Singh	17037431	J M Global Equities Pvt Ltd	936087	5.49
Santosh Gajander Singh	17234811	**Gupta Bhavna**	1083877	6.29	Santosh Gajander Singh	17037431	BP Fintrade Private Limited	728248	4.27

Buyer Name	Sum of Buy quantity	Seller Name	Sum of Sell quantity	Sell Qty. to Buy Qty.	Seller Name	Sum of Sell quantity	Buyer Name	Sum of Buy quantity	Buy Qty. to Sell Qty.
Santosh Gajander Singh	17234811	JMP Securities Pvt Ltd	685282	3.98	Santosh Gajander Singh	17037431	**Creative Vision Industries Private Limited**	606967	3.56
Santosh Gajander Singh	17234811	BP Fintrade Private Limited	660886	3.84	Santosh Gajander Singh	17037431	**Gautam Sanjay Khandelwal**	407271	2.39
Santosh Gajander Singh	17234811	SHPL Enterprises Private Limited	660650	3.83	Santosh Gajander Singh	17037431	Inventure Growth & Securities Ltd	379429	2.23
Santosh Gajander Singh	17234811	J M Global Equities Pvt Ltd	646094	3.75	Santosh Gajander Singh	17037431	JMP Securities Pvt Ltd	332970	1.95
Santosh Gajander Singh	17234811	Rajneesh Sharma	468252	2.72	Santosh Gajander Singh	17037431	**Neelesh Radheshyam Lahoti**	303849	1.78
Santosh Gajander Singh	17234811	Inventure Growth & Securities Ltd	423279	2.46	Santosh Gajander Singh	17037431	BP Comtrade Pvt Ltd	263491	1.55
Santosh Gajander Singh	17234811	Bp Comtrade Pvt Ltd	413665	2.40	Santosh Gajander Singh	17037431	Bharat Commodities Pvt Ltd	200166	1.18

*Connected entities indicated in bold

It is observed that out of total buy trades of Noticee no. 10 on NSE, 27.28% of the counterparties are connected entities and all are promoters including Sanjay Gupta. Out of total sell trades of Noticee no. 10, 7.74% of the counterparties are connected entities.

65. As mentioned in paragraph 49 above, Mr. Sanjay Gupta was not connected to STML and its promoters/directors. Therefore, the trades of Noticee no. 10 that matched with Sanjay Gupta i.e. 3.80% at BSE and 8.86% at NSE do not indicate that Noticee no. 10 was acting in concert with Sanjay Gupta who is a part of the promoter group of STML. Apart from

Sanjay Gupta, I note that the trades of Noticee no. 10 also matched with five connected entities i.e. Noticee no.1, 2, 3, 7 and 11.

66. Investeria Financial Services Pvt. Limited (Investeria), the broker of Noticee no. 10, vide its email dated August 14, 2018, provided the KYC document including account opening form of Noticee no. 10. From the KYC document, it was observed that Noticee no. 10 was introduced to Investeria by Ms. Madhu Lahoti, wife of Noticee no. 2. It was also observed that the mobile number (9867996996) provided as the contact number of Ms. Madhu Lahoti belongs to Noticee no. 2.

67. Further, from the ledger statement provided by Investeria vide email dated August 21, 2018, it is also observed that Noticee no. 10 traded only from May 27, 2016 to September 28, 2016, i.e. during the investigation period.

68. CDSL and NSDL vide their emails dated August 21, 2018, provided the demat transaction statement of Noticee no. 10 for FY 2016-17. From the statement, it was observed that 57,42,042 shares of STML were credited in his account which was 95.74% of the total shares credited in his account indicating that almost the entire trading of Noticee no. 10 was only in the scrip of STML during the investigation period.

69. From the trade log of BSE and NSE in the scrip of STML during the investigation period, it is also observed that Noticee no. 10 was the highest volume generator i.e. 16.89% and 17.42% in the scrip of STML respectively on both the exchanges.

70. Therefore, in case of Noticee no. 10, a) the connection of Noticee no. 10 with Noticee no. 2; b) the role played by Noticee no. 2 in routing funds from STML to RML for sending bulk SMSes recommending buy in the scrip of STML; b) the trading behaviour (highest volume generator i.e. 16.89% and 17.42% in the scrip of STML respectively on both the exchanges and matching of trades with promoters of STML and other Noticees), leads to a reasonable inference that Noticee no. 10 acted as a homogenous group with STML and it promoters,

and these Noticees traded in the scrip of STML amongst themselves to create generate volume in the STML scrip. The trades by these Noticees coupled with SMSes recommending buy in scrip of STML resulted in creating demand for the gullible investors which in turn resulted in the increase in the price of the scrip. Therefore, I find that Noticee no. 10 was part of the fraudulent scheme where the Noticees offloaded shares of the Company in the market after creating interest in the scrip through bulk SMS at the expense of gullible investors. Noticee no. 10 offloaded 25010200 shares in the market at weighted average price of Rs. 8.96/-.

71. **Role of Creative Vision Industries Ltd. (Noticee no. 11)**

During the Investigation period, the details of the trade of Noticee no. 11 in the scrip of STML are as under:

Table 35

Client Name	BSE				NSE			
	Gr. Buy	Gr. Buy % to total Mkt Vol	Gr. Sell	Gr. Sell % to total Mkt Vol	Gr. Buy	Gr. Buy % to total Mkt Vol	Gr. Sell	Gr. Sell % to total Mkt Vol
Creative Vision Industries Ltd.	1361415	2.97	804143	1.76	1325000	1.23	5265699	4.89

The top 10 counterparty details of Noticee no. 10 for its trades on BSE and NSE during the investigation period are as under:

Top 10 Counterparty - Exchange BSE

Table 36

Buyer Name	Sum of Buy quantity	Seller Name	Sum of Sell quantity	% of Sell Qty. to Buy Qty.	Seller Name	Sum of Sell quantity	Buyer Name	Sum of Buy quantity	% of Buy Qty. to Sell Qty.
Creative Vision Industries Ltd.	1361415	**Santosh Gajander Singh**	**519616**	**38.17**	Creative Vision Industries Ltd.	804143	Ramakant Basudeo Parasrampuria Huf	50000	6.22
Creative Vision Industries Ltd.	1361415	**Ajay Gupta**	**208546**	**15.32**	Creative Vision Industries Ltd.	804143	Inventure Growth Securities Ltd.	44993	5.60
Creative Vision Industries Ltd.	1361415	Rajneesh Sharma	200000	14.69	Creative Vision Industries Ltd.	804143	Manav Gupta	32590	4.05
Creative Vision Industries Ltd.	1361415	**Sanjay Gupta**	**164455**	**12.08**	Creative Vision Industries Ltd.	804143	Arti Mishra	22483	2.80
Creative Vision Industries Ltd.	1361415	**Neeleshkumar Radheshyam Lahoti**	**93000**	**6.83**	Creative Vision Industries Ltd.	804143	Rajinder Singh Thakur	20000	2.49
Creative Vision Industries Ltd.	1361415	Inventure Growth Securities Ltd.	59161	4.35	Creative Vision Industries Ltd.	804143	Mayank Rajendrasinh Pawar	20000	2.49
Creative Vision Industries Ltd.	1361415	BP Comtrade Pvt Ltd	37010	2.72	Creative Vision Industries Ltd.	804143	Chirag Harsukhbhai Nananiya	15710	1.95
Creative Vision Industries Ltd.	1361415	Nikon Finlease Pvt Ltd	15000	1.10	Creative Vision Industries Ltd.	804143	Akshay Khagenkumar Dhalgara	12005	1.49
Creative Vision Industries Ltd.	1361415	Sonal Nirav Shah	7207	0.53	Creative Vision Industries Ltd.	804143	Beraram Madaram Choudhry	10800	1.34

Buyer Name	Sum of Buy quantity	Seller Name	Sum of Sell quantity	% of Sell Qty. to Buy Qty.	Seller Name	Sum of Sell quantity	Buyer Name	Sum of Buy quantity	% of Buy Qty. to Sell Qty.
Creative Vision Industries Ltd.	1361415	Amit Sahita Finance Private Limited	7000	0.51	Creative Vision Industries Ltd.	804143	Rohan Mittal	10800	1.34

*Connected entities indicated in bold

It was observed that out of total buy trades of Noticee no. 11 on BSE, 72.40% of the counterparties are connected entities out of which 27.40% of buy trades were with promoters of the STML including Sanjay Gupta. Out of total sell trades of Noticee no. 11, none of the counterparties are connected entities.

Top 10 Counterparty - Exchange NSE

Table 37

Buyer Name	Sum of Buy quantity	Seller Name	Sum of Sell quantity	% of Sell Qty. to Buy Qty.	Seller Name	Sum of Sell quantity	Buyer Name	Sum of Buy quantity	% of Buy Qty. to Sell Qty.
Creative Vision Industries Ltd.	1325000	**Noticee no. 10 Gajander Singh**	**606967**	**45.81**	Creative Vision Industries Ltd.	5265699	**Neeleshkumar Radheshyam Lahoti**	**307548**	**5.84**
Creative Vision Industries Ltd.	1325000	**Sanjay Gupta**	**336310**	**25.38**	Creative Vision Industries Ltd.	5265699	Tina Agarwal Ladsaria	195819	3.72
Creative Vision Industries Ltd.	1325000	**Neeleshkumar Radheshyam Lahoti**	**256838**	**19.38**	Creative Vision Industries Ltd.	5265699	**Santosh Gajander Singh**	**192088**	**3.65**
Creative Vision Industries Ltd.	1325000	Inventure Growth & Securities Ltd	72930	5.50	Creative Vision Industries Ltd.	5265699	Ramakant Basudeo Parasrampuria (Huf)	127402	2.42

Buyer Name	Sum of Buy quantity	Seller Name	Sum of Sell quantity	% of Sell Qty. to Buy Qty.	Seller Name	Sum of Sell quantity	Buyer Name	Sum of Buy quantity	% of Buy Qty. to Sell Qty.
Creative Vision Industries Ltd.	1325000	T Vishnu Vardhan Reddy	25305	1.91	Creative Vision Industries Ltd.	5265699	Bp Comtrade Pvt Ltd	94525	1.80
Creative Vision Industries Ltd.	1325000	Rajeshkannan S	7700	0.58	Creative Vision Industries Ltd.	5265699	Rajarao Challa	77638	1.47
Creative Vision Industries Ltd.	1325000	Ankita Agarwal	5000	0.38	Creative Vision Industries Ltd.	5265699	Satish Sachhidanand Dalal	74802	1.42
Creative Vision Industries Ltd.	1325000	Ujagar Singh Naul	4544	0.34	Creative Vision Industries Ltd.	5265699	Karan Singh	69950	1.33
Creative Vision Industries Ltd.	1325000	Raj Rani Narang	4000	0.30	Creative Vision Industries Ltd.	5265699	Dnyana Anand Patil	49500	0.94
Creative Vision Industries Ltd.	1325000	Pramila Ramesh Talmohite	1600	0.12	Creative Vision Industries Ltd.	5265699	Jose Charles Cheeramkuzhi	48487	0.92

*Connected entities indicated in bold

It is observed that out of total buy trades of Noticee no. 11 on NSE, 90.58% of the counterparties are connected entities out of which 25.38% of buy trades were with promoters of STML including Sanjay Gupta. Out of total sell trades of Noticee no. 11, 9.49% of the counterparties were connected entities.

72. As mentioned in paragraph 49 above, Mr. Sanajy Gupta was not connected to STML and its promoters/directors. Therefore, the trades of Noticee no. 11 that matched with Sanjay Gupta i.e. 12.08% at BSE and 25.38% at NSE do not indicate that Noticee no. 11 was acting in concert with Sanajy Gupta who is a part of the promoter group of STML. Apart

from Sanjay Gupta, I note that the trades of Noticee no. 11 also matched with 3 connected entities i.e. Noticee no.10, 2, and 4.

73. Therefore, in case of Noticee no. 11, a) the connection of Noticee no. 11 with Noticee no. 2 and STML and its promoters .i.e. Noticee no. 4 and 6; b) the role played by Noticee no. 2 in routing funds from STML to RML for sending bulk SMSes recommending buy in the scrip of STML; b) the trading behaviour (matching of substantial number trades in the scrip of STML with other Noticees including promoters of STML), leads to a reasonable inference that Noticee no. 11 acted as a homogenous group with other Noticees including STML and it promoters, and these Noticees traded in the scrip of STML amongst themselves to create generate volume in the STML scrip. The trades by these Noticees coupled with SMSes recommending buy in scrip of STML resulted in creating demand for the gullible investors which in turn resulted in the increase in the price of the scrip. Therefore, I find that Noticee no. 11 was part of the fraudulent scheme where the Noticees offloaded shares of the Company in the market after creating interest in the scrip through bulk SMS at the expense of gullible investors. Noticee 11 offloaded 6069842 shares at weighted average price of Rs. 7.56/-.

74. **Role of SINDIA Investment Group PTE Ltd. (Noticee no. 12):**

During the Investigation period, the details of the trades of Noticee no. 12 in the scrip of STML are as under:

Table 38

Client Name	BSE				NSE			
	Gr. Buy	Gr. Buy % to total Mkt Vol	Gr. Sell	Gr. Sell % to total Mkt Vol	Gr. Buy	Gr. Buy % to total Mkt Vol	Gr. Sell	Gr. Sell % to total Mkt Vol
SINDIA Investment Group PTE Ltd.	0	0.00	173224	0.38	0	0.00	4855110	4.51

The top 10 counterparty details of Noticee no. 12 for its trades on BSE and NSE during the investigation period are as under:

Top 10 Counterparty - Exchange BSE

Table 39

Buyer Name	Sum of Buy quantity	Seller Name	Sum of Sell quantity	% of Sell Qty. to Buy Qty.	Seller Name	Sum of Sell quantity	Buyer Name	Sum of Buy quantity	% of Buy Qty. to Sell Qty.
SINDIA Investment Group PTE Ltd.	-	-	-	-	SINDIA Investment Group PTE Ltd.	173224	Madhuri Yashavant Vichare	14000	8.08
SINDIA Investment Group PTE Ltd.	-	-	-	-	SINDIA Investment Group PTE Ltd.	173224	Muralidhar Vinjamur	10000	5.77
SINDIA Investment Group PTE Ltd.	-	-	-	-	SINDIA Investment Group PTE Ltd.	173224	Noor Mohammad Shamsuddin Momin	8495	4.90
SINDIA Investment Group PTE Ltd.	-	-	-	-	SINDIA Investment Group PTE Ltd.	173224	Vikas Gupta	6000	3.46
SINDIA Investment Group PTE Ltd.	-	-	-	-	SINDIA Investment Group PTE Ltd.	173224	**Neeleshkumar Radheshyam Lahoti**	**5000**	**2.89**
SINDIA Investment Group PTE Ltd.	-	-	-	-	SINDIA Investment Group PTE Ltd.	173224	H S Mahanthesha	5000	2.89
SINDIA Investment Group PTE Ltd.	-	-	-	-	SINDIA Investment Group PTE Ltd.	173224	Krishna Kumar Suhane	5000	2.89
SINDIA Investment Group PTE Ltd.	-	-	-	-	SINDIA Investment Group PTE Ltd.	173224	Sankha Deep Sengupta	5000	2.89
SINDIA Investment	-	-	-	-	SINDIA Investment	173224	Chandra Mohan Ray	4500	2.60

Buyer Name	Sum of Buy quantity	Seller Name	Sum of Sell quantity	% of Sell Qty. to Buy Qty.	Seller Name	Sum of Sell quantity	Buyer Name	Sum of Buy quantity	% of Buy Qty. to Sell Qty.
Group PTE Ltd.					Group PTE Ltd.				
SINDIA Investment Group PTE Ltd.	-	-	-	-	SINDIA Investment Group PTE Ltd.	173224	Vishal Singh	4309	2.49

*Connected entities indicated in bold

Top 10 Counterparty - Exchange NSE

Table 40

er Name	of Buy quantity	er Name	of Sell quantity	Sell Qty. to Buy Qty.	er Name	of Sell quantity	er Name	of Buy quantity	of Buy Qty. to Sell Qty.
SINDIA Investment Group PTE Ltd.	-	-	-	-	SINDIA Investment Group PTE Ltd.	4855110	BP Comtrade Pvt Ltd	311277	6.41
SINDIA Investment Group PTE Ltd.	-	-	-	-	SINDIA Investment Group PTE Ltd.	4855110	Ramakant Basudeo Parasrampuria (Huf)	233886	4.82
SINDIA Investment Group PTE Ltd.	-	-	-	-	SINDIA Investment Group PTE Ltd.	4855110	Arcadia Share & Stock Brokers Pvt. Ltd.	225000	4.63
SINDIA Investment Group PTE Ltd.	-	-	-	-	SINDIA Investment Group PTE Ltd.	4855110	Inventure Growth & Securities Ltd	143196	2.95
SINDIA Investment Group PTE Ltd.	-	-	-	-	SINDIA Investment Group PTE Ltd.	4855110	Chetan Rasiklal Shah	79561	1.64
SINDIA Investment Group PTE Ltd.	-	-	-	-	SINDIA Investment Group PTE Ltd.	4855110	Ajay Singla	65147	1.34
SINDIA Investment	-	-	-	-	SINDIA Investment	4855110	Multiplier S And S Adv Pvt Ltd	60000	1.24

er Name	of Buy quantity	er Name	of Sell quantity	Sell Qty. to Buy Qty.	er Name	of Sell quantity	er Name	of Buy quantity	of Buy Qty. to Sell Qty.
Group PTE Ltd.					Group PTE Ltd.				
SINDIA Investment Group PTE Ltd.	-	-	-	-	SINDIA Investment Group PTE Ltd.	4855110	Surajit Bhowmick	57128	1.18
SINDIA Investment Group PTE Ltd.	-	-	-	-	SINDIA Investment Group PTE Ltd.	4855110	Roy Palash	50000	1.03
SINDIA Investment Group PTE Ltd.	-	-	-	-	SINDIA Investment Group PTE Ltd.	4855110	Ankit Trade & Investment Private Limited	48321	1.00

It is observed that, Noticee no. 12 carried out only sell trades on BSE & NSE during the investigation period and out of total sell trades of Noticee no. 12 on BSE, 2.89% of counterparties was connected entity i.e. Noticee no. 2.

75. From the KYC and account opening form of Noticee no. 12 provided by Dealmoney Securities Pvt. Limited (Formerly Destimoney Securities Pvt. Limited) vide email dated September 24, 2018, the following are observed about Noticee no. 12:

    a. Noticee no. 12 is a Singapore based company and is a single Director company (Director name Yeo Lee Yuen who is holding all the 3 shares of the company).

    b. Mr. Robin Vijan, an employee of STML and Mr. Harjinder Singh, Director of Noticee no. 10 signed as the witness in the account opening form of Noticee no. 12 with Destimoney Securities Pvt. Limited.

    c. With their aforesaid email, Destimoney Securities Pvt. Ltd. sent copy of an investment agreement entered into by Noticee no. 12 with STML on February 2,

2011 to invest in the equity shares of STML. Following were the major terms and conditions of the agreement:

- Noticee no. 12 to invest USD 32.65 lacs in STML and that investment to be utilized for expansion plans of STML.
- The shares allotted to Noticee no. 12 shall not be entitled to transfer/sale except to Noticee no. 4 and Sanjay Gupta – Promoters Directors of STML. The shares allotted to Noticee no. 12 can be transferred/sold to others only with the prior and written permission of Noticee no. 4 and Sanjay Gupta.
- It was agreed that Noticee no. 4 and Sanjay Gupta – Promoters Directors of STML shall buy- back the shares allotted to Noticee no. 12 at the price eligible as allowed by the laws of land at the time of buy back. The timing of buy back will be decided by Noticee no. 4 and Sanjay Gupta.

76. Noticee no. 12 was allotted 70,00,000 equity shares of STML on February 12, 2011, at a price of Rs.16.5 i.e. amounting to Rs.11.55 crore. (Board meeting disclosure on BSE and PIT disclosure on NSE).

77. From the analysis of the Balance Sheet of Noticee no. 12 for the Year 2011, 2012, and 2013 (attached with KYC documents), it was observed that Noticee no. 12 had made investment in STML from an interest free loan. It is also observed that the networth of Noticee no. 12 for the financial year 2011, 2012 and 2013 and 2014 was negative and it has accumulated losses for all these years. From the analysis of shareholding pattern disclosed on stock exchanges it is observed that Noticee no. 12 has sold all its shares of STML in the financial year 2016-17.

78. It is further observed that Noticee no. 12 had transferred 30,00,000 shares of STML to Notice no. 11 on April 29, 2016 through off-market transfer. Noticee no. 12 also offloaded substantial shares of STML during the SMS/Investigation period.

79. Therefore, in case of Noticee no. 12, a) the connection of Noticee no. 12 with STML; b) the trading behaviour (matching of trades in the scrip of STML with other Noticee), leads to a reasonable inference that Noticee no. 12 acted as a homogenous group with other Noticees including STML and it promoters, and these Noticees traded in the scrip of STML amongst themselves to create generate volume in the STML scrip. The trades by these Noticees coupled with SMSes recommending buy in scrip of STML resulted in creating demand for the gullible investors which in turn resulted in the increase in the price of the scrip. Therefore, I find that Noticee no. 12 was part of the fraudulent scheme where the Noticees offloaded shares of the Company in the market after creating interest in the scrip through bulk SMS at the expense of gullible investors. Noticee no. 12 offloaded 5028334 shares at weighted average price of Rs 7.65/-.'

80. In view of the above, I find that the promoters of STML i.e. Noticee no. 3-7 along with other Noticees i.e. Mr. Gautam Sanjay Khandelwal, Mr. Neeleshkumar Lahoti, Mr. Santosh Gajander Singh, Creative Vision Industries Pvt. Limited and Sindia Investment Group PTE Limited (Noticee no. 1, 2, 10, 11 & 12) traded amongst themselves for 1,28,55,232 shares of STML during the Investigation period/SMS period. The trades by these Noticees coupled with SMSes recommending buy in scrip of STML resulted in creating demand for the gullible investors which in turn resulted in the increase in the price of the scrip.

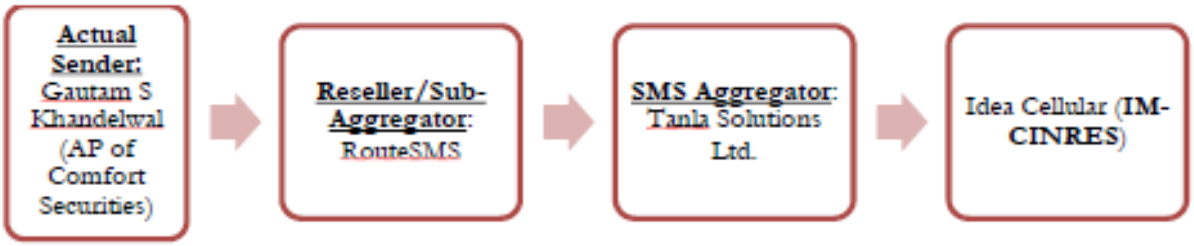
81. I note that Noticee no. 1,2,8,9,10,11 and 12 have not submitted reply to the SCN. Noticee nos. 3,4,5,6 and 7 (replying noticees) have not contested the details of trades executed by them in the scrip of STML in their replies to the SCN. The contentions of the replying noticees are dealt in the following paragraphs.

82. The replying Noticees have pointed out that the timelines and details of SMS sent by one Mr. Gautam Sanjay Khandelwal through RouteSMS (now known as RML) using the Idea Cellular IM-CINRES ID mentioned in first interim order is same as the details of SMSes sent by in second interim order passed against 10 entities. Thus, the conclusion drawn that the SMSes were sent during the investigation period was for and on behalf of the promoters

of STML is wrong. In this regard, I note that the contents of bulk SMSes and snapshot of timelines for sending SMSes given in the first interim order and the second interim order for the period August 30, 2016 to September 29, 2016 are the same. It is noted that in the first interim order it was prima facie found that Noticee no.1 (Gautam Sanjay Khandelwal sent buy recommendations over SMS through the id IM-CINRES. The first interim order observed that IM-CINRES was registered with Idea Cellular Telecom Service provider. Tanla Solutions Limited (hereinafter referred to as "Tanla"), an SMS Aggregator service provider, was used to send the Bulk SMS from the number IM-CINRES. Tanla submitted that the person who had subscribed for the Bulk SMS service was Noticee no. 1 and in support of its submission provided a Letter dated 30th August, 2016 signed by Noticee no. 1 on behalf of Comfort Securities Ltd, a registered stock broker, seeking Bulk SMS using, inter alia, the ID - CINRES. Tanla also provided the Certificate of registration of Noticee no. 1 as BSE registered Authorized Person to the trading member Comfort Securities Ltd. BSE.

The flowchart indicating the process of sending Bulk SMS through different parties involved at different stages in the instant case is depicted as follows in the first interim order:

Chart 2



83. From the above, I note that details of SMSes sent are mentioned in the first interim order while identifying Noticee no.1 as the sender of the bulk SMSes. Whereas in the second interim order the same timelines and details of SMSes sent are mentioned while identifying STML as the sender of the bulk SMSes. The second interim order provides that Noticee no. 2 and Mr. Mohsin channelized funds from STML to RouteSMS (now known as RML) for sending bulk SMSes. I further note that in the first interim order, the prima facie finding that

Noticee no. 1 sent the bulk SMSes is based on the fact that a letter dated August 30, 2016 signed by Noticee no. 1 on behalf of Comfort Securities Ltd was submitted to RouteSMS (now known as RML) for sending bulk SMSes. Upon further enquiry, it was revealed that the said letter was forged and was submitted by Noticee no. 2 to RouteSMS (now known as RML) for misrepresenting that the end client who was sending the bulk SMSes is Comfort Securities Ltd as Noticee no. 1 who signed the letter dated August 30, 2016 was the Authorised Person of Comfort Securities Ltd. These facts have also been mentioned in the second interim order in para 28 which provides that STML routed funds through Noticee no. 2 and its front entity Noticee no. 9 to RouteSMS (now known as RML) for sending bulk SMSses. In this regard, it is relevant to mention the observations in the SCN regarding the role of Noticee no. 1 in sending the bulk SMSes:

a. Noticee no. 9 (front entity of Noticee no. 2) registered various sender IDs including sender ID CINRES for sending bulk SMS through RML. For sender ID CINRES, Noticee no. 2 submitted a letter dated August 30, 2016 addressed to RouteSMS (now known as RML) which was signed by Noticee no. 1 as Compliance officer of Comfort Securities Limited on its letter head. Along with the said letter, a copy of Authorised Person Certificate of Noticee no. 1 affiliated to Comfort Securities Limited, issued by Bombay Stock Exchange (BSE) was also submitted.

b. Comfort Securities Ltd. vide email dated July 06, 2017 stated that the letterhead on which the said letter was submitted to RML was not that of Comfort Securities Ltd. and that he was never their employee at any point of time. Vide letter dated April 28, 2017, Noticee no. 1 also submitted that he was affiliated with M/s. Comfort Securities Limited as an Authorised Person (AP) and he has no other relation whatsoever with Comfort Securities Limited. With respect to his AP certificate, Noticee no. 1 submitted that it resides with Comfort Securities Limited and he has not provided the same to anyone. Noticee no. 1 also submitted that the signature on the letter dated August 30, 2016 submitted to RouteSMS was not his and that he is also not the compliance officer of Comfort Securities Limited. Comfort Securities

Limited submitted a copy of the letter filed by Noticee no. 1 with Malad Police Station on May 4, 2017, informing police that someone has forged his signature on the letter head of Comfort Securities Limited and submitted his AP certificate to RML.

84. It was, thus, observed in the SCN that the letter dated August 30, 2016 submitted by Noticee no. 2 to RML was a forged letter with an objective to misrepresent to RML that the end client who would be sending the bulk SMSes is Comfort Securities Ltd. which was not the case in reality. Thus it is noted that after passing the first interim order, investigation revealed that the letter dated August 30, 2016 signed by Noticee no.1 which formed the basis of the prima facie findings in the first interim order that Noticee no.1 sent the bulk SMSes for recommending buy in the scrip of STML is forged. The facts that led to the prima facie finding that Noticee No.1 was the actual sender of bulk SMSes recommending buy in the scrip of STML were investigated after passing of first interim order and it was found that the bulk SMSes were actually sent through the funds channelized from STML.

85. In view of the above, I find that the contention of the Noticees that the allegation of sending bulk SMSes recommending buy in the scrip of STML on the promoters of STML is wrong because the details of Bulk SMSes in the first interim order (against Noticee no. 1) is exactly the same as the details of bulk SMSes mentioned in the second interim order (against 10 entities including Noticee nos. 2,3,45,6 and 9) is not sustainable.

86. Noticee no. 4 and 6 submitted that allegation that they indulged in the activity of circulation of SMS to "pump up the volume in the scrip" to sell their shares is misleading and false, since there was perpetual volume in the shares of the company. In this regard, I note that Tables 5 and 6 of the SCN clearly brings out the impact of SMSes on the price and volume of STML scrip at BSE and NSE during the IP which covers the period during which SMSes recommending buy in the scrip of STML were circulated i.e. July 28, 2016 to October 7, 2016 hereinafter referred to as SMS period). The said tables are reproduced at paragraph 13.5 above. From the said tables, it is noticed that the volume of trading in the STML scrip was much lower prior to the SMS period than during and after the SMS period. It is noted

that the average daily volume in the scrip of STML in the period prior to the SMS period, at BSE was 15,229 shares which increased to 4,48,806 shares during the Investigation Period and decreased to 2,40,562 shares during the three months after the investigation period. Further, it is noted from the price movement data in the scrip that the scrip opened at the price of Rs. 3.33 on June 01, 2016. It touched an intraday high of Rs. 11.14 on September 06, 2016 during the SMS period and closed at Rs. 5 on October 30, 2016. Similarly, at NSE, the average daily volume in the scrip of STML in the period prior to the SMS period, was 34,745 shares which increased to 10,44,905 shares during the Investigation Period and reduced to 5,96,873 shares during the three months after the investigation period. From the price movement data at NSE, it is noted that the STML scrip opened at the price of Rs. 3.20 on June 01, 2016. It touched an intraday high of Rs. 11.20 on September 06, 2016 during the SMS period and closed at Rs.4.95 on October 30, 2016. Thus, it is observed that there is significant jump in the price and volume of STML at BSE and NSE during the SMS period. In view of the above, the contention of the Noticee that there was perpetual volume in the STML scrip and thus, the allegation of circulating SMSes for pumping up the volume in the scrip and selling their shares is misleading and false, is not acceptable.

87. The replying Noticees also submitted that STML being turned into a sick industrial company in accordance with the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 required funds for its revival/rehabilitation. Noticees also submitted that the funds received from sale of their shares before during and after SMS period were infused in the business of STML. Further, the Noticees have already lost their entire funds which were infused in the business of STML, as the Company is under liquidation. Had the Noticees intended to gain out of sale of shares, he would have not pumped in funds in the Company. Noticee no. 5 (Shikha Gupta) also submitted that she has lost her entire funds so invested in the Company i.e. Rs.1,05,46,952/- as the Company is under liquidation. Noticee no. 7 (Bhavan Gupta) submitted that the sale of shares was effected to get the funds for her marriage and for meeting day to day working capital requirements of the Company. As regards, the submission of the replying Noticees that

funds received by the Noticees on sale of shares was utilized for the benefit of the company, I note that the charge in the SCN is that Noticees manipulated price of STML STML and offloaded the shares in the market at the increased price, therefore, I find that the end utilization of the proceeds of sale of shares are not relevant when the sellers were purportedly involved in manipulation of the price and volume of the scrip.

88. The replying Noticees also submitted that as per ad interim ex-parte Order, a wrong conclusion was drawn that the average daily volume in the scrip during SMS period & post SMS period was increased due to sending of SMS from Idea Cellular against which the allegations have been made, whereas the SMSes sent through Reliance & MTNL were accepted. The Noticees by making reference to second interim order has contended that as SMSes circulated through one telecom service provider i.e. Idea Cellular Ltd. has been taken into consideration wherein impugned SMSes were circulated through three service providers, it appears that the SMSes sent through other two service providers were not manipulative. In this regard, I note that the following is observed in paragraph 14 of the second interim order regarding the Telecom Service Providers used for sending SMSes recommending buy in the scrip of STML:

> "SMSs relating to buy recommendations in the scrip of STML were sent using three Telecom Service Providers ("TSP") namely, Reliance Communications, MTNL and Idea Cellular. As a part of the preliminary examination SEBI found out the ultimate sender of SMSs / person at whose behest the SMSs were sent using the services provided by Idea Cellular. SEBI also found the connection of these entities with the persons (including promoters / directors of STML) who traded in the scrip of STML during the examination period. The same is discussed in subsequent paragraphs. In case of SMSs sent through TSP - Reliance and TSP -MTNL, the connection of actual sender of SMS with promoters/directors of STML could not be established during the preliminary examination, and therefore, the same have not been considered for the purpose of this order."

Therefore, the contention of the replying Noticees that the SMSes sent through Reliance and MTNL were accepted in the second interim order is not tenable. Moreover, I note that Noticees have not only been found to be instrumental in sending SMSes but they have

also been found to have manipulated the price of STML scrip by trading in the scrip and have also benefited by offloading the shares at the increased prices. Therefore, the involvement of the Noticees in the fraudulent scheme of circulating SMSes through ideal cellular is writ large and satisfies all the ingredients of provisions of PFUTP Regulations alleged against them. Thus, if other SMSes have not been taken into consideration because no connection could be found with the senders of SMSes in this case, does not advance the case of the Noticees.

89. The replying noticees also submitted that a high price of 13.23/ - was observed in the STML scrip around six months prior to the beginning of the examination period, on 11th January, 2016, which was higher than the high price during the examination period, being Rs.11.14/- on 6th September, 2016. The Noticees 4 and 6 submitted that they sold the STML shares at average sell price of Rs.9.82 whereas the price of the scrip went as high as Rs.11.14 on September 06,2016 and was much higher and at Rs.13.30, six months prior to SMS period. Noticee no. 3 also submitted that it sold 32,00,000 shares at average sell price of Rs.9.41 whereas the price of the scrip went as high as Rs.11.14 on September 06, 2016 and was much higher and at Rs.13.30, six months prior to SMS period. Thus, there was no motive or reason or indulging in the act of pumping up the price of STML scrip by the replying noticees. Therefore, it is wrongly concluded that the price of STML scrip is higher during investigation period as the price was higher before & after the investigation period. In this regard, I find that the fact that STML scrip was trading at a high price 6 months prior to the Investigation Period cannot be used to show that there was no motive on part of the noticees to pump up the price of the STML scrip. In fact, what is relevant in the present case is that the price of STML scrip was much lower i.e. Rs. 3.33 on June 01, 2016, the first day of investigation period before the circulation of bulk SMSes as compared to its price 6 months prior to investigation period which is a good reason for the promoters of STML to pump up the price of the Company's share and secure a profitable exit. Therefore, the price rise of STML shares from Rs 3.33 on June 01, 2016 to the intra-day high price of Rs 11.14 reached on September 06, 2016 was due to the manipulation of the Noticees.

90. Noticee no. 4 and 6 also submitted that during the course of sale of shares, the Noticees had also purchased 3,53,527 shares at an average price of Rs.9.21 per share. In this regard, I note that the *modus operandi* of the noticees as provided in the SCN includes creation of demand of STML scrip for gullible investors by trading amongst themselves and sending bulk SMSes recommending buy in the script of STML. Thus, the fact that Noticee no. 4 and 6 indulged in purchase of the STML shares strengthens the allegation in the SCN that they created volume by trading amongst themselves.

91. The replying noticees also submitted that as per Section 11(4)(e) of the SEBI Act, the power of SEBI to attach the bank account or other accounts of any person involved in violation of any of the provisions SEBI Act, 1992 or the rules or the regulations made there under, is subject to the check and balance of making an application for approval of such attachment to a First Class Judicial Magistrate. While passing the impounding order, SEBI has not obtained any such approval, leave alone seeking the approval necessary for attaching bank accounts or other accounts. Therefore, the direction is wholly without jurisdiction, beyond the powers of SEBI and not in consonance with the provisions of SEBI Act. Further, the proviso to Section 11(4)(e) of SEBI Act, 1992 said section makes it clear that SEBI has no power to attach bank accounts or other accounts, which are not actually involved in the alleged violation. In this regard, I note that the impounding order against Noticee nos. 1, 2, 3,4, 5, 6, 7, 11,12 is passed by SEBI in exercise of its power under section 11(4)(d) SEBI Act, 1992 which deals with power of SEBI to impound and retain the proceeds or securities in respect of any transaction which is under investigation and not under section 11(4)(e) of SEBI Act, 1992. Further, vide the impounding order, SEBI has directed the relevant noticees to credit the total amount of gains made along with interest, to an interest bearing account and all the other directions including the direction to banks and depositories to ensure that no debits are made in respect of bank accounts and demat accounts held by the noticees are applicable only till the amount of gains made are deposited in the escrow account. Moreover, debits for amounts available in the bank account of the noticees in excess of the amount to be impounded are allowed. Since the impounding order is only with respect to the gains made by the relevant noticees and allows

debits of excess amount available in the bank account of the noticees, I find that the impounding order is not in the nature of attachment which requires confirmation from Special Court under section 11(4)(e) of SEBI Act, 1992 and the contention of the noticees that SEBI has no power to attach bank accounts or other accounts, which are not actually involved in the alleged violation SEBI Act, 1992 is not tenable in the present case.

92. Noticee no. 7 has submitted that there has been no business relationship of the Noticee with STML or other Entities named in the SCN and the Noticee was also not managing the day to day affairs of the Company. As regards, the relationship of Noticee 7 with STML and other Noticees, I note that STML is a family owned business wherein two promoters of the company i.e. Ajay Gupta and Gautam Gupta are also seated on the board of directors of STML. Moreover, the majority of the Individual promoters of the company belong to one family as Noticee no. 7 (Bhavna Gupta) is the daughter of Noticee no. 5 (Shikha Gupta) who is wife of Noticee no. 4 (Ajay Gupta). As per reply dated December 12, 2021, I note that Noticee no. 4 and 6 reside at the same residence which gives rise to the presumption that the two noticees are related. In view of the above, I find that the promoters of STML were in control of the business of the Company and day to day affairs of the Company during the period when bulk SMSs recommending buy in the scrip of STML were circulated. Further the connection of STML with the remaining noticees mentioned in the SCN is clearly brought at Table 7 of the SCN. Therefore, the contention of the Noticee no. 7 that she has no business relationship with STML and other noticees named in the SCN is not tenable.

93. I note that Noticees have also submitted that SEBI provided inspection of documents vide SEBI letter dated 29.05.2019 before passing of Impounding Order. During the inspection they inspected 1-14 files and obtained 2100 pages of documents and 9 CDs out of which two CDs were found not readable. Noticee no. 5 submitted that she received the corrected CDs on July 19, 2019 and Noticee no. 7 submitted that she has not received the corrected CDs. In this regard, I note that Noticee no. 7 is the daughter of Noticee no. 5 and both are represented by the same authorised representative. Further, during the hearing, Noticee

no. 7 did not raise any grievance regarding non-readability of 2 CDs provided during the inspection in the matter and made submissions on the basis of reply submitted by it.

94. Noticee nos. 5 and 7 have also submitted that their case is not distinguishable from the case of Mr. Sanjay Gupta with respect to whom Hon'ble SAT vide order dated September 13, 2021 has quashed the second interim order and the proceedings against the said entity have been dropped. The facts relating to the role of Mr. Sanjay Gupta in the present case as mentioned in SAT order dated June 04, 2019 are reproduced below:

" 8. There is no doubt that there is a prima-facie finding of distribution of funds from the account of STML to various entities for the purpose of sending SMSs recommending to buy the scrips of STML. There is further a prima-facie finding that the bulk SMSs led to manipulation in the scrips of STML which action was fraudulent under the provisions of the PFUTP Regulations.

9. However, the appellant has been linked to these fraudulent transactions on account of being allegedly a joint holder in the STML's bank account. This is based on a bank statement obtained by the respondent from UCO Bank for the period from January 1, 2016 to June 1, 2016. The WTM on the basis of this bank statement had issued an ex-parte interim order. No finding has been given by the WTM on the letter dated January 2, 2018 issued by the UCO Bank stating that the account of STML was not a joint account and that the appellant had resigned as a director in 2013 and since then had not issued any cheque on behalf of STML. The WTM for reason best known has not considered the certificate issued by the bank and chose to ignore this vital piece of evidence.

10. Under the Banking Regulation Act, 1949, for opening an account of a Company, amongst other documents, a resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on behalf of the Company is required to be filed. A Company is a legal entity and can only act through its Board of Directors or through one or more juridical persons. In the instant case, no such steps have been taken by the WTM to find out who are the authorized signatories who can transact on behalf of STML. No steps have been taken by the WTM to find out as to whether a joint account with a Company can be opened in a Bank or not. No steps were taken by the WTM to check the Bank account opening form or the resolution of the Board of Directors to satisfy itself as to what kind of an account was opened by STML. In the instant case, prima-facie, we find that the bank statement is as a result of a system flaw of the Bank's computer program. Normally, the bank prepares its own software. Various categories are shown viz, Primary holders, first joint account holder and so on. In the instant case, there may not have been a column for an "authorized signatory" and accordingly, the name of the appellant was shown as a joint

holder. Such facts should have been ascertained by the WTM instead of mechanically treating a bank statement as the gospel truth.

11. The WTM has also not considered the fact that the appellant had resigned in the year 2013 which resignation was accepted by the Company and forwarded to the ROC in Form 32. There is not even a discussion in the impugned order with regard to the resignation of the appellant from the Company. There is no discussion or finding that the appellant was still a director of the Company or was responsible of the affairs of the Company in some manner or the other.

12. Further, the appellant has clearly brought out the acrimonious litigation between the appellant and other directors of STML, namely, disinheriting his son, lodging of FIR by his son against him, defamation suit filed by STML against him, etc. Nothing has been discussed by the WTM with regard to the effect of this litigation.

13. In order to attribute fraudulent malpractices to the appellant, it was essential to atleast give a prima-facie finding that there was a causal link between the appellant and other entities including STML which indulged in the manipulation of the price of the scrips of STML through bulk SMSs. We find, that in the instant case, when the appellant has come forward with a specific case that he had resigned in 2013 and was not part of the management of STML during the time when bulk SMSs were sent supported by two letters of the Bank, coupled with the fact that there was a litigation going on between the appellant and his son and brother who were directors of the Company, it was the bounden duty of the WTM to deal with this aspect and atleast give a prima-facie finding on the basis of an in depth analysis of the evidence that there was a causal linkage of the appellant with the manipulative increase in the price of the shares of the company through bulk SMSs. The WTM has conveniently overlooked these evidences which on the face of it is glaring and could not be overlooked in a casual manner.

14. The fact that the appellant sold a substantial portion of his holdings during the increase of the price of the scrip cannot by itself lead to a conclusion of the appellant indulged in any manipulative or fraudulent practice which would come under PFUTP Regulations unless there was further evidence to show that the appellant was acting in concert as a homogenous group with other entities. No such observation or prima-facie evidence has been given by the WTM.

15. We are, consequently, of the opinion that the impugned order in so far as it relates to the appellant cannot be sustained."

95. In view of the above facts mentioned in the SAT order dated June 04, 2019, I find that the case of Noticee no. 5 and 7 is distinguishable from the case of Mr. Sanjay Gupta due to the following:

a. Mr. Sanjay Gupta had displayed that he was not acting in concert as a homogenous group with other entities mentioned in the first interim order for manipulating the price of STML scrip by giving details of acrimonious litigation between him and other directors of STML, namely, disinheriting his son Gautam Gupta (Notice no. 6), lodging of FIR by his son against him, defamation suit filed by STML against him, etc. In the present case Noticee no. 5 (Shikha Gupta) and Noticee no. 7 (Bhavna Gupta) both are related to the Promoter and Managing Director of STML i.e. Noticee no. 4 (Aja Gupta) which indicates that they acted as a homogenous group with the promoters/directors of STML and other noticees connected with STML for manipulating the price of STML scrip.

b. I note that Mr. Sanjay Gupta has also displayed that he was not associated with the management of the Company as he resigned from the directorship of the Company on April 19, 2013. In the present case, Noticee no. 5 (Shikha Gupta) as the wife of the Managing Director of the Company i.e. Noticee no. 4 (Ajay Gupta) and Noticee no. 7 as the daughter of Noticee no. 4 are connected to STML both due to their relationship with the Managing Director of the Company and their promoter shareholding in STML. In case of Mr. Sanjay Gupta, due to the litigation with the directors of STML and his resignation from the board of STML, it is clear that he had no relationship with STML except for his shareholding in the company which he admittedly maintained to retain a minimum 10% of total shareholding of STML for the purpose wrestling control of STML in future.

96. In the present case, the Noticee no. 5 and 7 have not displayed any circumstances similar to the case of Mr. Sanjay Gupta such as litigation between them and the promoter/directors of STML to indicate that they were not acting as a homogenous group with them to manipulate the scrip of the Company. The SAT in its order dated June 04, 2019 has held

that the fact that Mr. Sanjay Gupta sold a substantial portion of his holdings during the increase of the price of the scrip cannot by itself lead to a conclusion that he indulged in any manipulative or fraudulent practice which would come under PFUTP Regulations unless there was further evidence to show that Mr. Sanjay Gupta was acting in concert as a homogenous group with other entities. In the present case, Noticee no. 5 sold shares during the IP and made gains amounting to Rs. 62,74,576/- and Noticee no. 7 both bought and sold substantial shares during the IP and made gains amounting to Rs. 1,43,27,019.80 /-. The said facts along with the connection of Noticee no. 5 and 7 with Noticee no. 4 who is the Managing Director and Promoter of STML and the fund transfers from the account of STML for sending bulk SMSes are sufficient to show that Noticee no. 5 and 7 were acting in concert with STML, Noticee no. 4 and other Noticees for manipulating the price of the scrip. Therefore, the contention of Noticee no. 5 and 7 that their case is not distinguishable from that of Mr. Sanjay Gupta is not tenable.

97. Noticees 5 and 7 have also contended that the bank account of STML from which funds were transferred for sending bulk SMSes recommending buy in the scrip of STML was not a joint account with the promoters of the Company. In this regard, I note that the fact that the bank account of STML used for transferring funds for sending bulk SMSes was not a joint account with the promoters of the Company does not absolve the promoters from the liability of manipulating the price of STML scrip by trading in the scrip of STML and participating in the scheme where the Noticees offloaded shares of the Company in the market after creating interest in the scrip through bulk SMSes at the expense of gullible investors.

98. Noticee no. 5 has also contended that she has not been part of the whole scheme alleged in the SCN as she is neither a part of these trades which led to volume creation in the scrip of STML and nor her trades have been with any of the connected entities. Noticee no. 5 also contended that she sold shares after the SMS period during 5.10.2016 to 31.10.2017. In this regard, I note that as per the SCN the bulk SMSes recommending buy in the scrip of STML were circulated during July 28, 2016 to October 07, 2016, therefore the contention of Noticee

no. 5 that she sold shares after the period during which SMSes were cirucalted is not tenable. I further note that Noticee no. 5 is the promoter of STML. She is also the wife of Managing Director of the Company who also happens to be the promoter of the Company. Thus in case of Noticee no. 5, (a) the connection of Noticee no. 5 with STML and its Managing Director i.e. Noticee no. 4; b) the trading behaviour (selling shares during the SMS period), leads to a reasonable inference that Noticee no. 5 acted as a homogenous group with the promoters/directors of STML and other Noticees connected with STML for manipulating the price of STML scrip.

99. In view of the above discussions, I note that Noticee no. 1-12 were connected to each other as detailed in the table in para 10 above and these Noticees traded amongst themselves to create volume in the shares of STML, while an interest had been created in the scrip by sending bulk SMS. The details of their trading is available at para 46-79 above. Further, the Promoter-Directors of STML namely Mr. Ajay Gupta and Mr. Gautam Gupta (Noticee no. 4 & 6) transferred funds through STML to Noticee no. 2 who in turn transferred funds to Mr. Mohsin during the period July 11, 2016 to August 03, 2016. Noticee No. 4 and 6 also transferred funds through to Mr. Mohsin during the period August 23, 2016 to September 3, 2016. Mr. Mohsin after receiving funds from Noticee no. 2 and STML, made payment to RML from his bank account, on behalf of Noticee no. 9, for sending bulk SMSes during the period July 28, 2016 to October 07, 2016. Further, Noticee no. 1,2,3,4,5,6,7,10,11 and 12 manipulated the price of the scrip and offloaded 6006472 shares of STML in the secondary market during the IP. Therefore, I find that no.1 to 12 have violated Section 12A (a), (b), (c) of SEBI Act, 1992, Regulations 3(a),(b),(c),(d), 4(1), 4(2)(a) and (e) of PFUTP Regulations. And Noticee No. 2,4,6,8 and 9 have also violated Regulation 4(2)(f),(r) of PFUTP Regulations by sending bulk SMSes which planted misleading news inducing purchase of STML shares.

100. As per the findings in this order, Noticee nos. 1-12, were part of scheme and artifice to offload shares of STML in the secondary market by planting unsolicited and misleading advice recommending purchase of shares of the Company to induce unsuspecting gullible

investors to purchase shares. I note that Noticee no. 1,2,3,4,5,6,7, 10, 11 and 12 offloaded 6006472 shares of STML in the secondary market during the IP. Therefore, illegal gains made by these Noticees, in violation of the securities laws, if any, needs to be disgorged.

101. I note that in the calculation of ill-gotten gains, for Noticees whose buy quantity of shares is less than the sell quantity, the opening price of shares on first day of IP is considered as the price of excess shares held by such Noticees. For the shares bought and sold during the IP, I note that the weighted average buy and sell price of STML shares has been taken for the purpose of calculation of ill-gotten gains. In view of the fraudulent nature of the trades undertaken by these Noticees in the scrip of STML, as discussed in preceding paragraphs, I find that they are liable to disgorge the illegal gains, as mentioned in the table below. As regards, Noticee no. 1, 2, 11 and 12 who are not promoters of STML, I also find that in the absence of any fund trail with respect to these gains being routed back to the promoters of STML, it would be fair if the disgorgement amount is collected from the these Noticees who actually made the sales. In this regard, I refer to the order of the Hon'ble SAT in Gagan Rastogi Vs SEBI (Appeal No. 91 of 2015 decided on July 12, 2019) wherein Hon'ble SAT observed as follows:

> "……..18. We agree with the submission (as well as the judgments relied on by the appellants) that equitable remedy demands that disgorgement has to be made from the point of unjust enrichment or where the chickens come to roost. ….
>
> The choice is clearly that of the authority to pursue and disgorge an illegal gain from any point of a chain, if such a chain exists. Tracing to the last point of the chain is an exercise in futility and is not needed. When the proof of unjust enrichment is right before the eyes of an authority chasing the mirage of further transfers itself cannot be supported……..."

102. With regard to the ill-gotten gains made by the Noticee no. 1,2,3,4,5,6,7,11 and 12, SCN alleges as follows:

> "Total 10 noticees traded in scrip of STML during the investigation period and the methodology for calculation of unlawful gain, the gain/loss made by the notices are as under:-

Sl No	Client Name	Client PAN	Profit/Loss (Rs.) *
1	Gautam Sanjay Khandelwal	AZWPK6632R	22,04,782.65
2	Neeleshkumar Radheshyam Lahoti	ABJPL7269A	6,17,486.83
3	Goldleaf International Pvt. Ltd.	AABCG6705E	1,85,28,000.00
4	Ajay Gupta	ABMPG0822F	1,60,58,000.00
5	Shikha Gupta	ABWPG3108Q	62,74,576.00
6	Gautam Gupta	AKQPG8560R	2,35,27,154.89
7	Bhavna Gupta	AVAPG1219J	1,43,27,019.80
8	Creative Vision Industries Ltd.	AAFCC1046G	1,65,51,639.77
9	SINDIA Investment Group PTE Ltd.	AAPCS2634E	2,23,76,086.30
10	Santosh Gajander Singh	DAQPS5163B	-30,04,258.17

** The following methodology is used for calculating ill-gotten gain –*

In case where buy quantity is less than the sell quantity, the profit/loss shall be calculated as under.

(Qty of shares sold during IP X Wt. Avg sell price) – [(Qty of shares bought during IP X Wt. Avg buy price) + (Qty of excess shares X opening price of shares on first day of IP)]"

103. I note that regarding the unlawful gains made by the Noticee no. 1,2,3,4,5,6,7,11 and 12, impounding order passed in the matter, observes as follows:

"Further, as any alleged unlawful gains are liable to be disgorged with interest (computed at the rate of 12% simple interest per annum)the same needs to calculated for the purpose of determining the amount of proceeds which are required to be impounded. Consequently, the amount of interest is calculated and provided in the table below, the period for interest calculation having been considered from November 1, 2016 (i.e. the first day from the end of investigation period) to February 26, 2019:

Sl No	Client Name	Client PAN	Profit (in Rs.)	Simple Interest @12% (Rs.)	Total Amount (Rs.)
1.	Gautam Sanjay Khandelwal	AZWPK6632R	22,04,783	6,13,956	28,18,739
2.	Neeleshkumar Radheshyam Lahoti	ABJPL7269A	6,17,487	1,71,949	7,89,436
3.	Creative Vision Industries Ltd.	AAFCC1046G	1,65,51,640	46,09,065	2,11,60,705
4.	Goldleaf International Pvt. Ltd.	AABCG6705E	1,85,28,000	51,59,413	2,36,87,413
5.	Sanjay Gupta	ABMPG0822F	2,21,28,405	61,62,003	2,82,90,408

Sl No	Client Name	Client PAN	Profit (in Rs.)	Simple Interest @12% (Rs.)	Total Amount (Rs.)
6.	Ajay Gupta	ABMPG0822F	1,60,58,000	44,71,603	2,05,29,603
7.	Shikha Gupta	ABWPG3108Q	62,74,576	17,47,255	80,21,831
8.	Gautam Gupta	AKQPG8560R	2,35,27,155	65,51,507	3,00,78,662
9.	Bhavna Gupta	AVAPG1219J	1,43,27,020	39,89,584	1,83,16,604
10.	SINDIA Investment Group PTE Ltd.	AAPCS2634E	2,23,76,086	62,30,974	2,86,07,060
Total			14,25,93,152	3,97,07,309	18,23,00,461

* Interest computed in column 4 is on the respective amounts shown in column 3 @12% from 01.11.2016 onwards. In case of insufficiency of funds in the accounts of the individual noticees or if the Noticees wish to transfer funds to the Escrow account as stated in para 10 (a), then interest may be computed on amount in column 3 @12% from 01.11.2016 till the date of actual payment into the account or the transfer."

104. The replying Noticees have contended that methodology adopted for calculating ill-gotten and unlawful gains is illegal. The replying Noticees have contended that actual purchase and sell price of shares have not been taken into account while calculating the ill-gotten gains made. In this regard, I note that the SCN and the impounding order takes weighted average price for calculating the unlawful gains. Noticee contends that actual price of sale and purchase of shares should be taken into account instead of the weighted average price. I find that whether actual price is taken or weighted average price is taken the ultimate amount of total buy price and sell price remains the same and accordingly the amount of ill-gotten gains also remains the same. Therefore, the contention raised by the Noticee does not have any merit. These Noticees have also contended that cost of excess shares (where buy quantity is less than the sell quantity) cannot be computed by taking price of shares as existing on the first day of IP. In this regard, I note that in case of excess shares, acquisition cost has been computed by taking the price prevailing as on the first day of IP for the reason that the actual cost of acquisition of shares was not available. In the present proceedings though the Noticees have contended that actual cost of acquisition in respect of these excess shares should have been taken, however, they have not submitted or produced any document to show as to what the actual acquisition and/or

subscription price was. I note that cost of acquisition of shares is a fact which is especially within the knowledge of the Noticees and in case these Noticees desire that the determination in the present proceedings regarding such cost should be as they believe then they are obliged to produce evidence in support thereof, which these Noticees have failed to do. In such a situation, it is reasonable on the part of SCN, to take some reasonable price i.e. price of shares of STML on the first day of IP as has been done in the present case. This price is reasonable for the reason that it has been taken on the premise that if Noticees had to buy these shares at the time when there was no manipulation then the opening price on the first day of IP is the most reasonable price which can be termed as not manipulated to take into account for computing the price of excess shares.

105. I note from the submissions of the replying Noticees that Corporate Insolvency Resolution Process (CIRP) was initiated with respect to the Company i.e. Noticee no. 8. The petition for initiating CIRP was admitted by Hon'ble NCLT, Chandigarh vide order dated September 29, 2017 and moratorium was declared in terms of Section 14 of IBC. Thereafter, vide order dated August 08, 2018, Hon'ble NCLT, Chandigarh has directed liquidation of the Company. I note that in terms of Section 33(5) of IBC, no suit or other legal proceedings shall be instituted against the corporate debtor. The present proceedings against Noticee no. 8 are barred by section 33(5) of IBC and cannot be proceeded with.

106. I further note that Noticee no. 4 and 6 are under the Insolvency Resolution Process. SEBI has received a letter on June 02, 2022 from the Resolution Professional of Noticee no. 4 and 6 informing that Noticee no. 4 and 6 have filed application dated May 29, 2022 to initiate the insolvency resolution process under Section 94(1) of IBC read with Rule 6(1) of Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules, 2019. The Resolution Professional has also informed that as per Section 96(1) of IBC, (a) an interim moratorium shall commence on the date of the application in relation to all the debts and shall cease to have effect on the date of admission of such application (b) during the interim-moratorium period—

(i) any legal action or proceeding pending in respect of any debt shall be deemed to have been stayed; and;

(ii) the creditors of the debtor shall not initiate any legal action or proceedings in respect of any debt.

107. In terms of Section 101 of IBC, when the application is admitted by the Adjudicating Authority under Section 100 of IBC, a moratorium shall commence in relation to all the debts of personal guarantor and shall cease to have effect at the end of the period of one hundred and eighty days beginning with the date of admission of the application or on the date the Adjudicating Authority passes an order on the repayment plan, whichever is earlier. In the present case, there is nothing available before me to show that the application of Noticee no. 4 and 6 under section 94(1) of IBC has been admitted by the Adjudicating Authority. Therefore, I find that interim moratorium is continuing with respect to Noticee no. 4 and 6 in relation to all the debts from the date of the application i.e. May 29, 2022. The interim moratorium/ prohibition under IBC is on the pending suits or proceedings which are mainly in the nature of recovery of money from the personal guarantor which may further adversely affect financial position of personal guarantor in resolution process. There is no prohibition under Section 96 of IBC from proceeding against the personal guarantor in respect of things other than debts. The proceeding in the present case has been initiated under Section 11B of the SEBI Act, 1992 against Noticee no. 4 and 6, the erstwhile directors of Noticee no. 8. The proceedings under Section 11B of SEBI Act, 1992 against Noticee nos. 4 and 6 which proposes debarment and disgorgement of ill-gotten gains upon conclusion of the proceedings, which will be possible mainly after the determination of the violation or liability of Noticee no.4 and 6 and not in respect of debt, can be pursued. The liability so determined with respect to Noticee no. 4 and 6 by the present proceedings under Section 11B of SEBI Act, 1992 will only be crystallized and the consequent disgorgement and directions may be liable to be enforced or imposed subject to the relevant provisions of the IBC, as applicable, depending upon the outcome of the Insolvency Resolution Process. The direction to be issued and/or disgorgement to be directed (or consequent demand notice or recovery, etc.) after

consummation of these proceedings will be given effect to depending on the outcome of resolution process.

108. In view of all the aforesaid facts and circumstance, I find that appropriate directions under Section 11 and 11B of SEBI Act, 1992 for disgorgement of unlawful gains and for debarment of the Noticees from the securities market are required to be issued. I note that Noticee no. 1, 2, 3, 4, 5, 6 and 9 continue to debarred by virtue of first and second interim order. I further note that SCN does not allege that any investor has suffered loss on account of violations committed by the Noticees.

Directions:

109. In view of the above, I, in exercise of the powers conferred upon me under Sections 11(1), 11(4) and 11B read with Section 19 of the Securities and Exchange Board of India Act, 1992, hereby issue the following directions:

(i) Noticee nos.1,2,3,4,5,6,7,9,10,11 and 12, are restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing insecurities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of six years. During the period of restraint, the existing holding, including units of mutual funds of the Noticees shall remain frozen. The period of debarment already undergone by the noticees in terms of the first and second interim orders in the matter shall be set-off against the periods of debarment ordered above.

(ii) Noticee nos. 1, 2, 3, 4, 5, 6, 7 ,11 and 12 are hereby directed to disgorge the respective illegal gains made by them alongwith interest (given in Table 4 at Para 9 of impounding order dated March 05, 2019 and reproduced at para 103, above), as was directed to be impounded in para 10 of the impounding order, alongwith further interest of 12 per cent per annum from the date of impounding order till the date of actual payment within a period of 45 days from the date of service of this order. In case, these Noticees fail to pay the

disgorgement amount alongwith interest within 45 days, they shall remain restrained from accessing the securities market and prohibited from buying, selling or otherwise dealing in the securities market, till the date of actual payment of their respective disgorgement amount alongwith. However, such continued debarment shall not discharge these Noticees, from their liability to pay the disgorgement amount with interest, which may be recovered by SEBI in accordance with Section 28A of the SEBI Act, 1992 and which with respect to Noticee no. 4 and 6 in view of para 106 and 107 above shall be subject to the outcome of resolution process under IBC.

(iii) The Noticees shall remit the disgorgement amount to Investor Protection and Education Fund (IPEF) referred to in Section 11(5) of the SEBI Act, 1992. An intimation regarding the payment of said disgorgement amount directed to be paid herein, shall be sent to "Division of Regulatory Action – IV, Enforcement Department, Securities and Exchange Board of India, SEBI Bhavan II, Plot no. C-7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai -400 051".

(iv) Proceedings against Noticee no. 8 which is under liquidation are disposed of in view of the observations made in para 105 above.

(v) In view of the aforesaid directions, the applications dated November 07, 2021 of Noticee no. 5 and 7 are disposed of.

110. The direction given in this order does not preclude the investors to pursue the other legal remedies available to them under any other law, against the Noticees for any loss suffered by them because of violations found to have been committed by the Noticees in the present order, before any appropriate forum of competent jurisdiction.

111. The order comes into force with immediate effect.

112. A copy of this order shall be served on all recognized Stock Exchanges, Commodity Derivatives Exchanges, Registrars and Transfer Agents and depositories to ensure compliance with above directions.

Sd-

Date: July 06, 2022 **ANANTA BARUA**

Place: Mumbai **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA