BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

(ADJUDICATION ORDER NO: Order/PM/GD/2021-22/13725)

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

In respect of

JESSE TRADING PRIVATE LIMITED

(CIN: U51109MH2010PTC203151)

In the matter of Global Securities Limited

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as **SEBI**) initiated an investigation to ascertain the violation of the provisions of Securities and Exchange Board of India, Act 1992 (hereinafter referred to as the 'SEBI Act') and SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as the 'PFUTP Regulations, 2003') in the scrip of Global Securities Limited (hereinafter referred to as 'the Company/ GSL').**")** for the period between March 16, 2012 to April 30, 2014 (hereinafter referred to as 'Investigation Period/IP') by Jesse Trading Private Limited(hereinafter referred to as "Noticee"), it is alleged that Noticee violated the provision of regulations 3(a), 3(b), 3(c), 3(d) and regulations 4(1), 4(2)(a) and 4(2)(e) of SEBI (**PFUTP Regulations, 2003**). Accordingly, SEBI initiated Adjudication Proceedings against the Noticee for the aforesaid violation of the provisions of PFUTP Regulations, 2003.

APPOINTMENT OF ADJUDICATING OFFICER

2. SEBI vide order dated January 13, 2017 communicated appointment of Shri Nagendraa Parakh as the Adjudicating Officer under Section 15 I of the SEBI

Act, 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules,1995 (hereinafter referred to as "Adjudication Rules") to inquire into and adjudge under the provisions of Section 15HA of the SEBI Act, 1992 for the violation of the provisions of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2) (a) and 4(2) (e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003. Subsequently, upon appointment of the undersigned as AO vide SEBI order dated May 18, 2017, the matter was transferred to the undersigned.

SHOW CAUSE NOTICE

3. A Show Cause Notice ref. SEBI/AO-PM/NK/17888/2017 dated July 31, 2017 (hereafter referred to as **SCN**) was issued to the Noticee in terms of the provisions of rule 4 of the Adjudication Rules, 1995 requiring the Noticee to show cause as to why an inquiry should not be held against it and why penalty, if any, should not be imposed on it under the provision of section 15HA of the SEBI Act, 1992. The allegations in the SCN are as follows:

    a. SEBI initiated an investigation to ascertain the violation, if any, of the provisions of Securities and Exchange Board of India, Act 1992 (hereinafter referred to as the 'SEBI Act') and SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as the 'PFUTP Regulations, 2003') by certain persons/entities, including the Noticee in the scrip of Global Securities Limited (hereinafter referred to as 'the Company/ GSL'). The period of investigation in the matter was from March 16, 2012 to April 30, 2014, (hereinafter referred to as 'investigation period').

    b. It is observed that the trading in the scrip of GSL was suspended by BSE on April 17, 2000 for non-compliance with Clause 16 (provided shorter notice for Book Closure / Record Date) of Listing Agreement and was again suspended on May 02, 2000 for non-payment of Annual listing fees for the period FY 1997-98 to FY 2000-01. Trading in the scrip of GSL resumed on July 30, 2010 after BSE revoked suspension of trading in the scrip. Trading in the scrip has been suspended again w.e.f. January 06, 2015 for surveillance measures. Details of the management (Directors) of GSL during the investigation period were as follows:

Source: MCA website

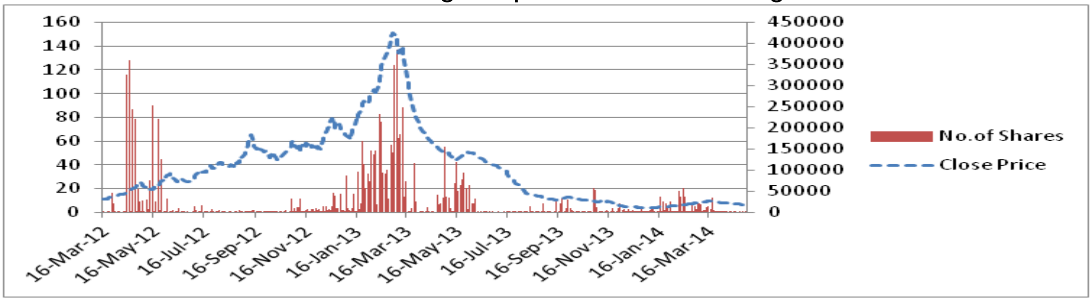
DIN	Name	Director	Appointment Date	Cessation Date
3076660	Mr. Rameshchandra Bhaurao Chavan	Director	16-Mar-11	till date
421839	Mr. Dinkar Bhanuprasad Shrimali	Director	21-Mar-11	till date
6684457	Mr. Ruchir Jayantilal Pandya	Director	23-Sep-14	till date
3066639	Mr. Amit Pradipkumar Shah	Additional Director	13-Aug-13	23-Sep-14
175078	Mr. Umesh Kashinath Gawand	Additional Director	22-Jul-13	10-Sep-13
3146099	Mr. Arvind Goyal Babulal	Additional Director	22-Jul-13	10-Sep-13
3154510	Mr. Satish R Mandowara	Additional Director	22-Jul-13	10-Sep-13
5141194	Mr. Kamlesh Kanaiyalal Joshi	Managing Director	01-Oct-12	13-Aug-13

c. The average per day trading volume in the shares of Global Securities Limited (GSL/ Company) during the investigation period was 22379 shares and the total traded volume was 10809412 shares in 9378 trades over a period of 483 days. The price of the scrip opened at Rs.11/- on March 16, 2012, reached a high of Rs. Rs.156.50 on March 01, 2013 and dipped to a low of Rs.3.66 on January 03, 2014 and closed at Rs.6.34 on April 30, 2014. Further, the investigation period is split in to two patches, the price rise patch and the price fall patch.

Price rise patch (March 16, 2012 to March 01, 2013): During the price rise period, price of the scrip opened at Rs.11/-(March 16, 2012) and closed at Rs.151.20 (March 01, 2013) in 221 days and 5173 trades with total trade volume of 6495522 shares.

Price fall patch (March 02, 2013 to April 30, 2014): During the price fall period, the price of the scrip opened at Rs.148.95 (March 04, 2013) and closed at Rs.6.34 (April 30, 2014) in 262 days and 4205 trades with total trade volume of 4313890 shares.

The Price Volume Chart during the period under investigation is as under:



The scrip was last traded on January 06, 2015 at Rs.3.61. (Source – bseindia.com)

d. It is observed that prior to the preferential allotment of shares the company had 30,03,600 shares. The company on October 23, 2010, made a preferential allotment of 1,19,50,000 physical shares @ Rs. 10/- to nine entities, (8 non-promoters and 1 promoter) connected entities based on common address/common directors (past directors), even though the company in its filing with BSE had claimed that the allottees were not connected. The shareholding of the company pursuant to the above increased to 1,49,53,600 shares. The preferential shares allotted were locked in, for 1 year (up to October 31, 2011) in case of on-promoters entities and for 3 years (up to October 31, 2013) in case of promoters. As per MCA website, it was observed that all preferential Allottees were connected to the company by way of common address/ common directors (past directors)**.** Details of allotment are as given below:

Sr no.	Name	Category	PAN	NO. OF SHARES	LOCK IN UPTO	CERT. NO.	DISTIN. NO
1	Shree Veer Build Care Private Limited	Promoter	AAOCS5056R	1000000	31/10/2013	7126	3003601-4003600
2	Nirav Enterprises Private Limited	Non-Promoter	AAACN5235F	1000000	31/10/2011	7127	4003601-5003600
3	Laxmi Edifice Private Limited	Non-Promoter	AABCL7505K	1500000	31/10/2011	7128	5003601-6503600
4	Lakshya Securities & Credit Holding Limited	Non-Promoter	AAACL7744D	1500000	31/10/2011	7129	6503601-8003600
5	Tripada Infra Private Limited.	Non-Promoter	AAACT9922D	1500000	31/10/2011	7130	8003601-9503600
6	Arcadia Mercantile Capital Limited (now known as Saumya Capital Limited)	Non-Promoter	AAHCA1175A	1500000	31/10/2011	7131	9503601-11003600
7	S J Securities Limited	Non-Promoter	AAICS9627C	1500000	31/10/2011	7132	11003601-12503600
8	Arunima Real Estate Private Limited	Non-Promoter	AAECA5836F	1000000	31/10/2011	7133	12503601-13503600
9	Manibhadra Securities Services Private Limited	Non-Promoter	AAGCM6009A	1450000	31/10/2011	7134	13503601-14953600

Two allottees viz., Shree Veer Build Care Pvt. Ltd. (10 lakh shares) and Laxmi Edifice Pvt. Ltd. (5 lakh shares), have not traded on market and off market during the investigation period.

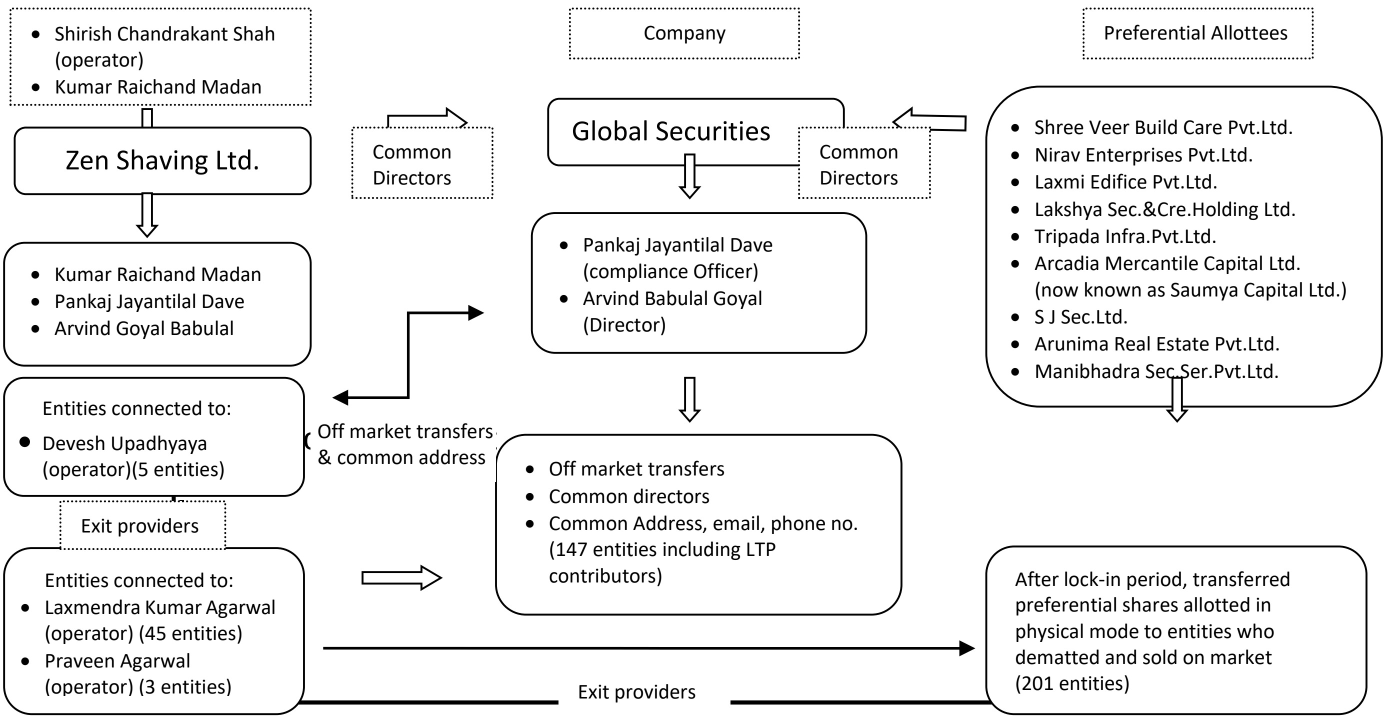
e. Further, It is observed that except for the two allottees viz., Shree Veer Build Care Private Limited (10 lakh shares) and Laxmi Edifice Private Limited (5 lakh shares), the names of rest of the allottees did not appear in the list of shareholders of the company filed with the exchange (BSE) after quarter ending June 2012. Further, it is observed that the aforesaid entities have neither traded on market nor made any off market transactions during the investigation period.

f. During investigation it was observed on the basis of reference received from the Income Tax Department (ITD) that the promoters of some of the 'Penny Stock' companies along with stock brokers and entry operators are involved in illegal business of providing bogus Long Term Capital Gain (LTCG)/ Short Term Capital Losses Tax (STCL) benefits. The Income Tax Department, explained 'entry operators as individuals who control a large number of paper/shell companies (controlled and managed by the operator directly or through dummy directors appointed by the operators) which are used for routing cash for transactions as well as buying and selling shares during the process of price rigging to provide bogus LTCG to the beneficiaries.

g. During investigation it was observed from the reference dated February 10, 2015 received from the Income Tax Department – Ahmedabad, that Mr. Kumar Raichand Madan in his statement recorded on April 09, 2013 before the Income Tax Authority, admitted that he supplied dummy directors and addresses for the companies of Mr. Shirish Chandrakant Shah who is in the business of providing accommodation entries and long term capital gains through share trading business.It was also observed that he was director in many of the companies managed by Mr. Shirish Chandrakant Shah, and Mr. Kumar Raichand Madan was a co-director in Zen Shaving Limited along with Mr. Pankaj Jayantilal Dave & Mr. Arvind Babulal Goyal. Further, both the aforesaid two persons (Mr. Pankaj Jayantilal Dave & Mr. Arvind Babulal

Goyal) were observed to be connected to GSL as a company secretary and director respectively during the investigation period. Further, both traded in the scrip of GSL and Mr. Pankaj Jayantilal Dave was one of the major contributor to the LTP during Price Rise Patch during the investigation period. Further, Mr. Arvind Babulal Goyal, at present is a director of Incap Financial Services Limited along with Satish R. Mandowara (additional director of GSL during July – September 2013) and Pankaj Jayantilal Dave. Thus, it can be safely concluded that Global Securities Limited is connected /related to Mr. Shirish Chandrakant Shah, operator.

h. It is observed that a total of 1351 entities traded during investigation period in the scrip of GSL of which 402 entities were observed to be connected to various operators namely Mr. Shirish Chandrakanth Shah, Mr. Laxmendra Agarwal, Mr. Praveen Agarwal and Mr. Devesh Upadhyay on the basis of off market transactions, common address, phone number, email id and details available on MCA website such as names of the companies/ directors related to the operators. These entities are hereinafter referred as the connected entities.The above connection is depicted in a diagrammatical form, which is as follows:



i. It was observed that 402 connected entities as mentioned at Para 9 above, have traded in the scrip on 353 days out of total 483 days during the investigation period. Summary of the trades carried out by these connected entities is as follows:

Exchange – BSE

Period	Market volume	Gross Buy by connected entities	Gross Sale by connected entities	Net Trade by connected entities	Gross Buy % to market vol.	Gross Sell % to market vol.
Investigation period (16/03/2012 – 30/04/2014)	10809412	4783090	7919624	-3136534	44.25	73.26
Patch 1 (16/03/2012-01/03/2013)	6495522	3002280	5304760	-2302480	46.22	81.67
Patch 2 (02/03/2013-30/04/2014)	4313890	1780810	2614864	-834054	41.28	60.61

j. Patch 1-Price Rise Patch - 16/03/2012 to 01/03/2013: During this period, the price of the scrip opened at Rs.11/-, reached a high of Rs.156.50 and closed at Rs.151/- i.e., an increase of 1272.72%, with a net LTP of Rs.140.20 and a market positive LTP of Rs.1657.23. During this period, concentration of trades and rise in price of the scrip was particularly observed during the period January 01, 2013 – March 01, 2013. In 44 trading days 37,06,299 shares were traded in 2408 trades and the price of the scrip moved from Rs.65.90 to Rs.151.20 i.e., an increase of 129.44%.

k. During the Price Rise Patch, on the buy side, 97 connected entities were observed to have contributed Rs.331.78 to net LTP (237.32% of market net LTP) out of which 38 connected entities contributed Rs.904.85 to positive LTP (54.60% of market positive LTP) in 683 trades for a total volume of 7,57,507 shares.

l. Top 10 connected entities contributed Rs.284.10 to net LTP (202.63% of market net LTP) and Rs.817.47 to positive LTP

(49.33% of the market positive LTP) in 585 trades for a volume of 6,05,397 shares. Analysis of the trades carried out by connected top 10 LTP contributors on the buy side and their contribution to Positive and Negative LTP during this period is as follows:

Exchange – BSE

Name		Net LTP			Positive LTP			Negative LTP			Zero LTP		% of +ve LTP to market +ve	No of trading days
	PAN	Net LTP	Total Traded Qty	No of trades	Positive LTP	Total Traded Qty	No. of trades	Negative LTP	Total Traded Qty	No. of trades	Total Traded Qty	No. of trades		
PANKAJ JAYANTILAL DAVE	AEPPD0118P	62.8	637586	620	253.07	148894	169	-190.27	121161	132	367531	319	15.27	94
MAHADEV ZILU GAWADE	ALBPG9116H	6.15	247092	451	160.05	74506	126	-153.9	23404	98	149182	227	9.66	60
SAGAR KADAM	CLAPK2809N	50.1	128334	307	133.75	29753	88	-83.65	37300	51	61281	168	8.07	47
DHARMENDRA HARILAL BHOJAK	AFAPB7100D	-4.05	46045	165	73.15	6861	44	-77.2	7560	38	31624	83	4.41	50
SORAB WADIA	ABOPW5107F	60.9	608506	240	68.75	187703	78	-7.85	99355	25	321448	137	4.15	29
PENDYALA VINAY BHUSHAN	BXMPP1272K	40.75	379980	147	45.75	128619	45	-5	41295	19	210066	83	2.76	17
FALGUNIBEN MAHAVIRBHAI GOHIL	ABWPG2137P	28.6	11110	35	29	4230	15	-0.4	250	1	6630	19	1.75	7
JESSE TRADING PVT LTD	AACCJ3651K	11	93065	31	25.65	18228	11	-14.65	6017	3	68820	17	1.55	4
ABHAY DATTATRAY JAVLEKAR	ACVPJ4679B	15.25	2281	11	15.7	228	5	-0.45	10	1	2043	5	0.95	2
VINOD BRIJMOHAN BIYANI	AACPB7721R	12.6	15000	10	12.6	6375	4	0	0	0	8625	6	0.76	1
Top ten total		**284.1**	**2168999**	**2017**	**817.47**	**605397**	**585**	**-533.37**	**336352**	**368**	**1227250**	**1064**	**49.33**	
Connected entities		**331.78**	**3002280**	**2404**	**904.85**	**757507**	**683**	**-573.07**	**419079**	**414**	**1825694**	**1307**	**54.60**	**172**
Market		**140.2**	**6495522**	**5173**	**1657.23**	**1163216**	**1209**	**-1517.43**	**974948**	**1043**	**4357358**	**2921**	**100**	**221**

m. From the above table, it is observed that the top ten entities contributed 49.33% to market positive LTP and 90.34% of the positive LTP contribution by the connected entities.

n. Connected entities by trading among themselves were observed to have contributed Rs.247.88 to positive LTP (14.95% of market positive LTP) in 223 trades for a total volume of 6,49,652 shares. It was observed that major contributor viz., Jay Mahavir Gohil as a seller while trading among connected entities contributed Rs. 29.45 to market positive LTP (1.78% of market positive LTP).

o. It was also observed that in 630 trades, sell orders were placed first and connected entities bought at the sell order price and contributed Rs. 837.97 to positive LTP (50.56% of market positive LTP).

p. It was observed from the order log analysis that top 5 sell trades placed before the buy orders, contributed to positive LTP. These trades were executed between buyers who were connected entities. Details of these trades are as follows:

Exchange – BSE

Date	Seller Name	Connected entities	BUY ORDER_NO	SELL ORDER_NO	Add / update / delete	BUY ORDER TIME	SELL ORDER TIME	TRADE TIME	BUY ORDER QTY	SELL ORDER QTY	BUY ORDER PRICE	LTP AT ORDER ENTRY	BID PRICE RANGE	ASK PRICE RANGE	TOP ASK VOL	TRADE RATE	LTP CONT	LTP %	Low/ high for the day	TRADE QTY
15/11/2012	NANALAL PARSHOTTAM PARIKH	SAGAR KADAM	15000133016704	20000161000207	Add	09:25:08	09:15:02	09:25:08	200	200	62.8	55.55	57.15-62.8	62.8	200	62.8	7.25	13.05	57-62.85	200
3/12/2012	PRANOTI UDAY SHAH	SAGAR KADAM	16000151055139	14000168000290	Add	11:52:53	09:17:17	11:52:53	2	200	58.6	52.05	53.2-58.6	58-58.6	200	58.6	6.55	12.58	53.25-58.6	2
					Add	09:16:16	09:02:33	09:16:16					54.45	54.45-60.15	1112					
2/11/2012	ANAR PRADHYOT KUMAR SHAH	PANKAJ JAYANTILAL DAVE	21000139004659	13000133001836	update		09:16:00		1050	100	60.15	54.45	54.45-60.15	54.45-60.15	1112	60.15	5.7	10.47	50.45-60.15	100
					Add		15:11:19						57 - 60.1	62.85	200					
15/11/2012	NANALAL PARSHOTTAM PARIKH	MAHADEV ZILU GAWADE	15000133211520	20000161173640	update	15:19:32	15:12:42	15:19:32	200	200	62.8	57	57.5-62.8	62.8	200	62.8	5.8	10.18	57-62.85	200
7/8/2012	M VIJAYA LALITHA	PANKAJ JAYANTILAL DAVE	13000042100746	12000046094399	Add	13:55:48	13:54:27	13:55:48	100	100	43.65	39.65	39.65-43.65	43.65	100	43.65	4	10.09	39.6-43.65	100

q. From the above table, it is observed that the sell orders were coming first at prices higher than LTP, then the connected entities were placing buy orders at such prices thereby absorbing the sell orders. Thus, on the buy side, the connected entities were contributing to the price rise with their buy orders even though the fundamentals of the company were not supporting the price of the scrip and thereby establishing prices higher than the last traded price. The 38 connected entities who had contributed to the price rise with their buy orders are connected to the operator. In view of the repeated nature of such trades by the connected entities, their culpability in increasing the price of the scrip is thus established.

r. During the Price Rise Patch, the scrip price moved from Rs.11/- to Rs.156.50 and there were no material corporate announcements by the company which supported the price rise. Further, the company had very poor financials and weak fundamentals, which should, in the normal course, have adverse impact on the price of the scrip. Thus, the sharp rise in the scrip price of GSL was not supported by its fundamentals or any other corporate development.

s. During the Price Rise Patch, it was observed that out of 221 trading days, the connected entities traded for 172 days i.e.,77.82% of the total trading days. During this period, the connected entities bought 30.02 lakh shares which is 46.22% of the market volume and contributed 54.60% to market positive LTP in 683 trades, created artificial demand and interest, thereby inducing innocent investors to trade in the scrip.

t. As stated earlier, 402 entities were observed to be connected to the operators whose primary objective was to inflate the price. It cannot be mere coincidence that the majority of the shares sold were bought by the connected entities, particularly when the price rise was not supported by the fundamentals and financial track record of the company.

u. In any market, supply not matched by similar demand leads to price fall. During the Price Rise Patch, the connected entities created an artificial price rise by absorbing whatever sell orders that were available in the market which was at a price higher than LTP which is evident from net LTP of connected entities that is much higher than net LTP of market. Thus, these entities created misleading appearance of price movement and attracted other investors which resulted in further price rise. The connected entities by increasing the scrip price, created artificial demand and interest, thereby inducing other investors to trade in the scrip. Once the price reached the desired level, the connected entities started exiting at a higher price and thereby booked profits.

v. Patch 2 - Price Fall Patch – 02/03/2013 to 30/04/2014: During this period, the price of the scrip opened at Rs.148.95, reached a low of Rs.3.66 and closed at Rs.6.34 i.e., a fall of 95.74% with a net LTP of Rs.-144.86 and market negative LTP of Rs.-513.99. During this period, concentration of trades and fall in price of the scrip was particularly observed during the period March 04, 2013 to March 28,

2013. In 18 trading days 4313890 shares were traded in 929 trades and the price of the scrip moved from Rs.148.95 to Rs.79.85 i.e., a fall of 46.4%.

w. On the sell side, 163 connected entities were observed to have contributed Rs.24.12 to net LTP and 72 entities contributed Rs.-144.88 to negative LTP (28.19% of market negative LTP).

x. Top 10 connected entities contributed Rs.-72 to negative LTP (i.e.,14.01% of market negative LTP). Analysis of the trades carried out by the connected top 10 LTP contributors on the sell side and their contribution to Positive and Negative LTP during this period is as follows:

Exchange – BSE

Name	PAN	Net LTP			Positive LTP			Negative LTP			Zero LTP		% of -ve LTP to market -ve	No of trading days
		Net LTP	Total Traded Qty	No of trades	Positive LTP	Total Traded Qty	No. of trades	Negative LTP	Total Traded Qty	No. of trades	Total Traded Qty	No. of trades		
APNE INFRASTRUCTURE PVT LTD	AAHCA0151E	-2.05	121471	311	10.9	8559	7	-12.95	30151	4	82761	300	2.52	11
AMIT JITENDRA THAKKAR	AEBPT6520K	-8	11500	19	0.8	1	1	-8.8	2843	5	8656	13	1.71	5
MADHUBHAI GOHIL HEMABEN	ABWPG2138C	-8.1	15000	16	0	0	0	-8.1	550	2	14450	14	1.58	1
VIJAYARANGAM YOGANAND	AASPY3447R	-7.95	5025	2	0	0	0	-7.95	5025	2	0	0	1.55	1
SUN FLOWER CAPITAL SERVICES PV	AAECS6066K	-6.65	3500	13	0.1	3000	1	-6.75	200	6	300	6	1.31	6
PREETI WADHWANI	ALPPG1338K	-6	56	4	0	0	0	-6	5	1	51	3	1.17	1
AMITA DEVI KOOLWAL	ANWPK6207G	-5.8	52	3	0	0	0	-5.8	44	2	8	1	1.13	2
MUKESH AGARWAL (HUF)	AAMHM1987Q	-5.6	10000	5	0	0	0	-5.6	1377	3	8623	2	1.09	1
KETAN MANHARLAL THAKKAR	AAVPT1199G	-5.25	1000	4	0	0	0	-5.25	25	1	975	3	1.02	1
PATEL KINJALBEN NIRAJBHAI	BZDPP4538B	-4.8	5000	7	0	0	0	-4.8	146	2	4854	5	0.93	2
Top ten total		**-60.2**	**172604**	**384**	**11.8**	**11560**	**9**	**-72**	**40366**	**28**	**120678**	**347**	**14.01**	
Connected entities		**24.12**	**2614864**	**1904**	**169**	**490111**	**152**	**-144.88**	**365455**	**166**	**1759298**	**1586**	**28.19**	**123**
Market		**-144.86**	**4313890**	**4205**	**369.13**	**677934**	**390**	**-513.99**	**538696**	**494**	**3097260**	**3321**	**100.00**	**262**

y. During investigation, it is observed that outstanding shares as on October 22, 2010 prior to the preferential allotment of the company was 30,03,600 shares of which the promoter group (9 entities) were holding 8,75,300 shares (29.14%), another 19 entities were holding 13,77,600 shares (45.86%) and the remaining 7,50,700 shares (25%) were held by others. It is observed that on October 23, 2010, GSL issued 55 lakh shares in physical on preferential basis to four entities (viz. Nirav Enterprises Private Limited, Laxmi Edifice Private Limited, Lakshya Securities & Credit Holding Limited and Tripada Infrastructure Private Limited) against unsecured loans by them to

GSL and 64.50 lakh physical shares @Rs.10 to the remaining 5 entities as mentioned in table to Para 5. It is observed that the preferential Allottees were connected to each other as opposed to the contention of GSL.

z. It is observed that the company had rejected 127 requests for dematerialization of 11,67,000 shares during the investigation period. It is further observed that only 20,09,900 (13.44%) shares were in demat form out of total 1,49,53,600 shares outstanding for the quarter ending September 2012. It is alleged that the company by not allowing genuine investors to demat their shares, deliberately created a shortage of float of shares in the market.

aa. It is observed that as on June 10, 2013 a total of 1,20,97,400 shares (i.e., 20,09,900 shares + 1,00,87,500 shares) were in dematerialized form.

bb. It is observed that during the investigation period 1,08,09,412 shares were traded by 1351 entities. Out of the 1351 entities who traded during the investigation period, 353 entities net sold 52,16,094 shares (48.25% of the market volume) on market. Out of these, 201 entities were observed to be entities who dematerialized shares that were originally issued to the allottees and then sold 38,78,469 shares on market for a total value of Rs.43,36,81,542.70.

cc. Upon verification of the address by BSE, It was observed that the company did not exist at the given address (as per the BSE records, MCA records and the company’s website as well) at Ahmedabad and Kolkata. Further, the company has not responded to the summons issued during the investigation. It was also observed that the website was maintained by the company just for the name shake since the same was not a functional website containing basic information about the company such as details of its business, financial information, shareholding pattern, contact information etc.

dd. It is also observed that GSL did not file quarterly shareholding for the quarter ending June 2013 and September 2013 as required under the listing agreement. It is also observed that except for the financial years 2009-10 & 2010-11, the company has not submitted any annual reports to the stock exchange.

ee. It is observed that the preferential shares were issued in physical mode to entities which were connected to each other and to the company as well. Further, some of the allottees were issued shares in lieu of unsecured loan received by the company. These physical shares were further transferred to various entities who dematerialized the shares and offloaded in the market at inflated price.

ff. It is further observed that the entities connected to the company/ operators were actively involved in manipulating the price of the scrip. The connected entities by increasing the scrip price, created artificial demand, interest and earning opportunity, thereby inducing other investors to trade in the scrip and fall into the trap. Once the price reached the desired level, the connected entities exited at the higher price booking profit for themselves and causing loss to other investors.

gg. From the LTP analysis carried out during both Price Rise Patch and Price Fall Patch and the observations made at para 11 to 22 above, it is established that entities relating to the company/ operators were major contributors to LTP in the Price Rise Patch and contributed substantially to the price rise of the scrip by entering into transactions at prices higher than the last traded price. By carrying out such trades repeatedly, the connected entities established prices higher than last traded price to increase the price of the scrip during the Price Rise Patch. Further, it was also seen that fundamentals of the company were not supporting the price of the scrip during the Price Rise Patch. Such trades cannot be just a mere coincidence and has amounted to manipulation of the price of the scrip.

hh. It is alleged that the Noticees were actively instrumental in increasing the prices of the scrip along with the company and in connivance with the operators and their connected entities who exited on market/ off market after dematerializing the shares. Further, the company created shortage of shares available for trading by rejecting large number of demat requests of genuine investors so that the Noticees can inflate the price of the scrip by absorbing the available sell orders.

ii. In view of the above discussions, it is alleged that the Noticees were active participants in the scheme devised by the company, operator and connected entities wherein by rejecting investors requests for transfer/ dematerialization of shares reduced the supply of shares in the market and transferred shares allotted to the preferential allottees to others who offloaded those in the market at the inflated prices manipulated by the Noticees. This scheme has been carried out to book illegitimate profits/losses for generation of bogus LTCG/ STCL which is corroborating the observations made in the references forwarded by Income Tax.

jj. In view of the above, it is therefore alleged that the Noticee's actions have led to the violation of the provisions of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2) (a) and 4(2) (e) of SEBI (PFUTP) Regulations 2003.

4. It is pertinent to note that, in the context of the alleged manipulation in the scrip of Global, in exercise the powers conferred under Sections 11, 11(4) and 11B of the SEBI Act, 1992, an order dated September 08, 2020 has already been passed by SEBI against certain persons/entities, including the Noticee, wherein SEBI had restrained the Noticee from accessing the securities market in any manner. The Noticee was also prohibited from buying, selling or otherwise dealing in the securities, directly or indirectly, or being associated

with the securities market in any manner, whatsoever, for a period of six (6) months from the date of said order.

5. I find that the Show Cause Notice dated July 31, 2017, which was issued to the Noticee had returned undelivered. Subsequently**,** during the course of the proceedings, the status of the Noticee was ascertained from the Ministry of Corporate Affairs (MCA) website. It was observed that the name of the Noticee has been struck off from the list of companies by the Office of Registrar of Companies, Mumbai (RoC) as on September 12, 2018. As per the Public Notice (Form No. STK-7), which was downloaded from the MCA website, a list of 11735 companies were attached as per the Notification issued by RoC, in terms of sub-section (5) of section 248 of the Companies Act, 2013 and rule 9 of the Companies (Removal of Names of companies from the Register of Companies) Rules , 2016. I find that the name of the Noticee was mentioned in the said list (at Sl.no. 4540 under CIN: U51109MH2010PTC203151. The Notification downloaded from the Ministry of Corporate Affairs (MCA), Government of India, (www.mca.gov.in) website inter alia, mentioned the following:

   "…..Notice is hereby published that pursuant to sub-section (5) of Section 248 of the Companies Act, 2013 the names of the Companies as per list attached as Annexure "A" have this day i.e.11 th day of September, 2018 been struck off from the register of the companies and the said companies are dissolved."

6. It is an established fact that when a company's name is struck-off from the RoC list and the company is also dissolved, then it is a non-existing company and the adjudication proceedings against the non-existing company is thus nullity. In this context, I would like to draw reference to a judgment of the Hon'ble Delhi High Court in the case of Commissioner of Income Tax (CIT) vs Vived Marketing Services (P) Ltd., ITA NO. 273/2009 dated September 17, 2009 in which it was held that - *"When the Assessing Officer passed the order of assessment against the respondent company, it had already been dissolved*

and struck off the register of the Registrar of companies under Section 560 of the Companies Act. In these circumstances, the Tribunal rightly held that there could not have been any assessment order passed against the company which was not in existence as on that date in the eyes of law it had already been dissolved. We are of the opinion that the view taken by the Tribunal is perfectly valid and in accordance with law."

7. Further, Black's Law Dictionary explains 'dissolution' as termination or winding up. It further clarifies that the dissolution of a corporation is the termination of its legal existence. Strike off essentially means removing the name of the company from the Register maintained by the Registrar of Companies. It is like closure of the company and the company will not be in existence after being struck- off and cannot perform any operations.

8. Therefore, in view of the facts and circumstances noted in the preceding paragraphs and also the fact that the Noticee's name has been struck-off from the RoC list and also 'dissolved' as on September 12, 2018 as per the RoC notification, I conclude that the present adjudication proceedings initiated against the Noticee vide SCN dated July 31, 2017 cannot be proceeded with.

<u>ORDER</u>

9. In view of the above observations/findings and in exercise of the powers conferred upon me under section 15-I of the SEBI Act, 1992 read with rule 5 of the Adjudication Rules, 1995, I hereby dispose of the Adjudication Proceedings initiated against the Noticee viz. Jesse Trading Private Limited. vide SCN dated July 31, 2017.

10. In terms of the provisions of rule 6 of the Adjudication Rules, 1995, copy of this order is being sent to the Noticee and also to the Securities and Exchange Board of India.

Place: Mumbai **Prasanta Mahapatra**

Date: October 20, 2021 **Adjudicating Officer**