BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO: Order/KS/AE/2021-22/11686-11706]

UNDER SECTION15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995 AND UNDER SECTION 23-I OF SECURITIES CONTRACTS (REGULATION) ACT, 1956 READ WITH RULE 5 OF SECURITIES CONTRACTS (REGULATION) (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 2005

In respect of:

Noticee No.	**Noticee Name**	**PAN**
1	M/s Gromo Trade & Consultancy Ltd.	AAACK1804B
2	Mr. Dheeraj Shah (Promoter, Managing Director)	ARWPS1458D
3	Ms. Sheetal Dheeraj Shah (Director)	BPFPS4170G
4	Mr. Pradeep Dhanuka	AACPD0526C
5	Mr. Jayprakash Dhanraj Bohra	AACPB3214B
6	Mr. Wakil Rajbhar	AOSPR9100E
7	Ms. Sapna Ramdas Jatwal	APNPJ7211C
8	Mr. Girish Rajkumar Goel	BDLPG2634K
9	Mr. Vijay Mahavir Tibrewal	ACZPT5384R
10	Ms. Chandadevi Agrawal	ABGPA4839A
11	Mr.Vipul Amratlal Doshi	AEEPD3118A
12	M/s Samskara Sales Agency P Ltd	AATCS7717A
13	Ms. Kavita Vijay Tibrewal	ADHPT3452F
14	Mr. Girdhari Kumar Agrawal	AAGPA5881R
15	M/s Ram Bhopal Agarwal Sons HUF	AADHR1835H
16	Mr. Dayanand Agarwal	ACWPA3195Q
17	Mr. Pankajkumar Jugalkishor Parmar	ATYPP6409M
18	Mr. Sabirbhai Sattarbhai Bhathiyara	AUCPB9000F
19	Mr. Shirin Sabirbhai Bhatiyara	BGIPB9055R
20	Mr. Chandrapalsinh Mohansinh Rathod	AZGPR9023D
21	Mr. Narendrasinh Surendrasinh Rathod	AGSPR9856P

(hereinafter collectively referred to as Noticees)

In the matter of Gromo Trade & Consultancy Limited

BACKGROUND

1. Securities and Exchange Board of India ("SEBI") conducted an investigation into the dealings in the scrip of Gromo Trade & Consultancy Limited (Earlier known as Kamalakshi Finance Corporation Ltd) (hereinafter referred to as "GTCL/Gromo/company") on BSE Limited ("BSE") on witnessing a massive rise in the price of the scrip.

2. GTCL was incorporated on January 15, 1973 in the name of 'Kamalakshi Finance Corporation Private Limited'. Subsequently, the company converted into public limited company as 'Kamalakshi Finance Corporation Limited' with the objects of finance, investment and share tradingon December 11, 1973. The name of the company has been changed to present name, i.e. 'M/s Gromo Trade &Consultancy Limited' on March 26, 2015with the object of consultancy and advisory services in the field of management, IT, technical, industrial, personnel and labour, legal and taxation, financial, commercial and investment, capital markets, etc. The registered office of the company is situated at '13/411, Crystal Plaza, New Link Road, opp. to Infinity Mall, Andheri (West), Mumbai- 400053'

3. As on September 30, 2013, KFCL had a share capital of Rs. 5,00,000 comprising 50,000 equity shares of Rs. 10 each. It was observed that KFCL made 3 preferential allotments, i.e., 82,90,000 equity shares to 42 entities at the price of Rs. 12 per share in November 09, 2013; 1,48,50,000 equity shares to 49 entities at the price of Rs. 13 per share on February 17, 2014 and; 52,00,000 equity shares to 46 entities at the price of Rs. 25 per share on June 24, 2014, thereby allotting 2,83,40, 000 equity shares in total to 137 persons/entities.

4. It was observed that during the period from January 15, 2014 to December 26, 2014, the price of the scrip of GTCL rose from Rs.10.20 to Rs.489.00, i.e. an increase by approximately 48 times in 150 trading days. The sharp rise in the price of the scrip of GTCL during the said period was not supported by fundamentals of GTCL and its financials or any other factor. Investigations were carried out by SEBI in the scrip of KFCL for the period January 15, 2014 to February 20, 2015 (hereinafter referred to as '**Investigation Period/ IP**') to ascertain the violations, if any of the provisions of SEBI Act, 1992 and SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities

Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**") and provisions of the Listing Agreement read with Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as **'SCRA'**).

5. Based on the investigation it was observed that Gromo (Noticee 1), its non-independent directors namely Mr. Dheeraj Babulal Shah (Noticee 2) and Ms. Sheetal Dheeraj Shah (Noticee 3) were part of manipulative scheme and were in connivance with a group of entities ("Kamalakshi group") consisting of Jayprakash Dhanraj Bohra, Chandadevi Agrawal, Giridhari Kumar Agarwal, Ankit Mahendra Kachhara, Vipul Amratlal Doshi, Yogesh Vitthal Jadhav, Samskara Sales Agency P. Ltd, Gulmohar Dealcom P. Ltd, Wakil Rajbhar, Sapna Ramdas Jatwal, Girish Rajkumar Goel, Vijay Mahavir Tibrewal and Kavita Vijay Tibrewal who had indulged in price manipulation of the scrip and thereby created false and misleading appearance of trading. The Last Traded Price (LTP) Analysis was carried during the IP in 2 patches viz. a) PATCH –I (15/01/2014 to 27/01/2015) –Price Rise from Rs. 10.20 to Rs.656.00, and b) PATCH-II –(28/01/2015 20/02/2015) Price Fall from Rs. 650.00 to Rs. 480.00.

6. It was observed that during Patch –I (price rise), M/s. Ram Bhopal Agarwal Sons HUF (Karta-Mr. Dayanand Agarwal) has indulged in price manipulation by repeatedly placing buy orders at negligible quantities at prices higher than LTP and increased the price of the scrip and thereby created false or misleading appearance of trading in scrip. During Patch –I (price rise), Ten Kamalakshi group entities (6 buying entities and 4 selling entities) by trading among themselves had contributed to gross market positive LTP of Rs. 101.35 (13.13% of gross market positive LTP), thereby increased the price of the scrip which amounts to an act of manipulation of price of the security. The above four selling entities, in addition to the trading among the group and also repeatedly placing sell orders in negligible quantities (1 to 10 shares) at prices higher than LTP contributing to gross market positive LTP of Rs. 236.15 (i.e. 30.59% of gross market positive LTP). Further, one Mr. Pradeep Dhanuka by placing sell orders in the trading accounts of three selling entities was also party to the fraud of manipulating price of the scrip. Further, one Mr. Pradeep Dhanuka by placing sell orders in the trading accounts of three selling entities was also party to the fraud of manipulating price of the scrip. During Patch –I (price rise), Group A

entities consisting of Pankajkumar Jugalkishor Parmar, Sabirbhai Sattarbhai Bhathiyara, Shirin Sabirbhai Bhatiyara,Chandrapalsinh Mohansinh Rathod and Narendrasinh Surendrasinh Rathod (Group 'A') indulged in price manipulation by contributing 9.22% of gross market positive LTP (i.e. 10.10% of net market LTP). These entities were placing buy orders in low volumes by taking turns, together contributed for the price rise in the scrip. It was also observed that, five Group 'A' entities had placed orders in low volumes during the patch -1 by taking turns which shows that there was no intention for economic benefit by trading in the scrip but to create false and misleading appearance of trading in the scrip by placing orders at prices higher than LTP.

7. Further it was alleged that Noticee 1 - GROMO has not utilized the preferential issue proceeds either for capital expenditure/Funding long term working capital requirements/ Marketing Setting up of offices abroad/ for other corporate purposes, as stated in the notices to the general meetings wherein preferential allotments of shares was approved, instead used it for share trading, extending loans & advances and creation of fixed deposits. Further, BSE vide email dated August 10, 2017 has replied that Noticee 1 has not submitted any information as required under clause 43 of the erstwhile Listing agreement. Thus, it was observed that Noticee 1 has not disclosed to BSE indicating variation between projected and actual utilisation of funds through preferential allotments

8. In view of the above, Noticee 1 was alleged to have violated Regulations 3(a), (b), (c), (d), 4(1), 4(2) (a) & (e) of PFUTP Regulations, and Section 21 of SCRA read with clause 43 of Listing Agreement. Further, Noticee 2 to 21 were alleged to have violated Regulations 3(a), (b), (c), (d), 4(1), 4(2) (a) & (e) of PFUTP Regulations.

APPOINTMENT OF ADJUDICATING OFFICER

9. The undersigned was appointed as the Adjudicating Officer vide communiqués dated March 26, 2018 to conduct adjudication proceedings in the manner specified under Rule 4 of SEBI(Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as **"SEBI Adjudication Rules"**) and Rule 4 of Securities Contract (Regulation) (Procedure for Holding Inquiry and

Imposing Penalties) Rules, 2005 (hereinafter referred to as **'SCR Adjudication Rules'**) for the abovementioned violations alleged to have been committed by the Noticees.

SHOW CAUSE NOTICE, REPLY AND HEARING

10. A common Show Cause Notice dated May 30, 2018 (hereinafter referred to as '**SCN'**) was issued to the Noticees under Rule 4 of the SEBI Adjudication Rules and Rule 4 of the SCR Adjudication Rules to show cause as to why an inquiry be not held against the Noticees and penalty be not imposed under Section 15HA of SEBI Act, 1992 and Section 23E of SCRA, as applicable, for the violation alleged to have been committed by the Noticees.

11. The following violations were alleged in the SCN to have been committed by the Noticees:

    a. Securities and Exchange Board of India (hereinafter referred to as **'SEBI'**) vide communiques dated November 24, 2017 (**Annexure 1.1**) and March 26, 2018 (**Annexure 1.2**) appointed the undersigned as the Adjudicating Officer under Section 15-I of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act'**) read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules,1995 (hereinafter referred to as **'SEBI Adjudication Rules'**) and Rule 3 of Securities Contract (Regulation) (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 2005 (hereinafter referred to as **'SCRA Adjudication Rules'**) to inquire into and adjudge the following violations alleged to have been committed by below mentioned entities in respect of their trading/ dealings in the scrip of Kamalakshi Finance Corporation Limited (hereinafter referred to as '**KFCL**'):

    b. KFCL (now known as **Gromo Trade & Consultancy Limited**) was incorporated on January 15, 1973 in the name of 'Kamalakshi Finance Corporation Private Limited'. Subsequently, the company converted into public limited company as 'Kamalakshi Finance Corporation Limited' with the objects of finance, investment and share tradingon December 11, 1973. The name of the company has been changed to present name, i.e.,'M/s Gromo Trade &Consultancy Limited'on March 26, 2015with the object of consultancy and advisory services in the field of management, IT, technical, industrial, personnel and labour, legal and taxation, financial, commercial and investment, capital markets, etc. The registered office of the company is situated at '13/411, Crystal Plaza, New Link Road, opp. to Infinity Mall, Andheri (West), Mumbai- 400053.

    c. As on September 30, 2013, KFCL had a share capital of Rs. 5,00,000 comprising 50,000 equity shares of Rs. 10 each. It was observed that KFCL made 3 preferential allotments, i.e., 82,90,000 equity shares to 42 entities at the price of

Rs. 12 per share in November 09, 2013; 1,48,50,000 equity shares to 49 entities at the price of Rs. 13 per share on February 17, 2014 and; 52,00,000 equity shares to 46 entities at the price of Rs. 25 per share on June 24, 2014, thereby allotting 2,83,40, 000 equity shares in total to 137 persons/entities.

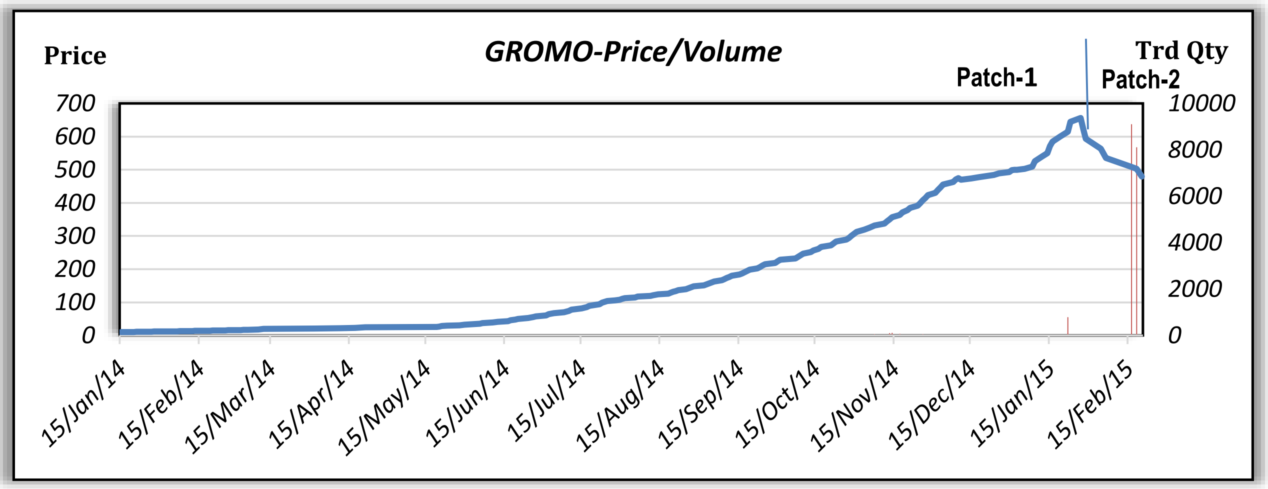
d. It was observed that the price of the scrip of KFCL rose from Rs. 10.20 to Rs. 489 in 150 trading days. Investigations were carried out by SEBI in the scrip of KFCL for the period January 15, 2014 to February 20, 2015 (hereinafter referred to as '**Investigation Period/ IP**').The entire price movement in the scrip of KFCL during the investigation period was examined in the following patches:

i. Patch 1 (Price rise): January 15, 2014 to January 27, 2015

ii. Patch 2 (Price fall): January 28, 2015 to February 20, 2015

Period	***Dates***	***Share FV – Rs. 10***	***Opening Price/ Volume on the first day of the period***	***High Price/Volume during the period***	***Low price/volume during the period***	***Closing price volume on last day of the period***	***Avg. No of shares traded during the period***
Before Investigation Period	***(17/04/2012 – 14/01/2014)***	***Price***	*No trading took place during April 17, 2012 and January 14, 2014 after revocation of suspension of trading, i.e., April 17, 2014*				
		Volume					
During Investigation Period	***(15/01/2014 – 27/01/2015)*** ***(Patch – I)***	***Price***	*Rs. 10.20*	*Rs. 656.00 (27/01/15)*	*Rs.10.20 (15/01/14)*	*Rs.656.20*	*14*
		Volume	*01*	*785 (22/01/15)*	*01 (on 12 days)*	*5*	
	(28/01/2015 – 20/02/2015) ***(Patch –II)***	***Price***	*` 650.00*	*Rs.650.00 (28/01/15)*	*Rs. 480.00 (20/02/15)*	*` 480.00*	*2,469*
		Volume	*11*	*9,107 (16/02/15)*	*01 04 & 20/02/15)*	*1*	

The PV chart of KFCL on BSE during IP is as under:



(a) During the patch-1 of the investigation period, the price of the scrip rose from Rs. 10.20 to Rs. 656, i.e., an increase of 6331% (nearly 64 times) in 165 trading days whereas the total traded volume was only 2,233 shares as against total of 2,83,90,000 subscribed shares . Despite such an insignificant volume, the price rise observed was very significant. During the investigation period, no major corporate announcements were made by KFCL except declaration of financial results, meetings of board of directors, outcome of board meetings and change of registered office. Thus, it was observed that there were no major corporate announcements which could support the price rise. (Copy of corporate announcements are placed at **Annexure- 2**). It was observed that a group of entities connected amongst each other and also connected to KFCL/ GROMO, along with certain suspected entities had contributed to the price rise in the scrip. Following inter-se relationship is alleged among the said entities:

(b) KYC/UCC details, Off-market transfers, Common directorships, MCA database, Bank account statements, Bank Account opening forms, etc. were analyzed during investigation in order to find out the connection among the entities and/ with company which contributed to price rise/ price fall during the investigation period.

(c) On analyzing bank statement of GROMO having bank account in Axis Bank with account no: 913020047778158 (Copy placed at **annexure- 3.1**)for the period October 22, 2013 and January 05, 2015, it was observed GROMO inter-alia has received/transferred funds to Rupak developers P. Ltd and Surface Finance P. Ltd.

(d) On analyzing bank statement of M/s. Rupak Developers P. Ltd. ('Rupak') having bank account in Axis Bank with account no: 415010200002349 for the period October 01, 2013 to February 20, 2015 (Copy placed at **annexure- 3.2**), it was observed that Rupak had received / transferred funds from / to various entities including Romy Realty P. Ltd, GROMO, Surface Finance, Chandadevi Agarwal and VRP Financial Services P. Ltd.

(e) On analyzing bank statement of M/s. Romy Realty P. Ltd ('Romy') having bank account in Axis Bank with account no. 415010200002417 for the period October 01, 2013 to February 20, 2015 (Copy placed at **annexure- 3.3**), it was observed that Romy had received / transferred funds from / to various entities including VRP Financial Services P. Ltd, Rupak Developers Pvt. Ltd and Surface Finance P. Ltd.

(f) It was observed that Mr. Pradeep Dhanuka was director in M/s. Rupak (for the period June 11, 2007 – December 02, 2014) and M/s. VRP Financial (for the period June 30, 2001– till the end of IP). Further, observed that Ms. Nidhi Dhanuka (wife of Mr. Pradeep Dhanuka) was director in M/s. Romy Realty P. Ltd (for the period June 12, 2007 and December 02, 2014) and M/s. VRP Financial (for the period June 01, 2002- till the end of IP)(Copy of extract from MCA is placed at **annexure- 3.4**).

(g) From the above paras (b) to (e), it can be seen that entities namely GROMO, Rupak, Romy, VRP Financial, Surface Finance and Mr. Pradeep Dhanuka are connected.

(h) Mr. Pradeep Dhanuka in his statement dated June 28, 2017 (Copy of statement of Mr. Pradeep Dhanuka is placed at **annexure- 3.5**) recorded before Investigating Authority *inter-alia* stated that Kamalakshi Group entities namely Mr. Wakil Rajbhar, Mr. Girish Goel and Ms. Sapna Jatwal were his ex-employees and he had placed orders in the aforementioned trading accounts in the scrip GROMO only on the standing instructions of Mr. Girraj Agrawal. However, he has not provided any documentary evidence in support of the allegations made against Mr. Girraj Agrawal.

It was observed that entities namely M/s. Yash Securities, M/s. Sidhi Vinayak Portfolio, M/s. Shree Shyam Portfolio, M/s. Anmol Finance company had received/transferred funds from/to the sellers namely Mr. Wakil Rajbhar/ Ms. Sapna Jaywal/ Mr. Girish Goel during Patch-I of the Investigation Period. Details observed from the bank account opening forms (Copies placed at **annexure- 3.6**)of the aforementioned entities with IDBI Bank is tabulated as follows

S no	Name	Account no. (IDBI)	Name of the Proprietor	Details of Introducer	Nominee	Email id
1	M/s. Yash Securities	536102000002745	Ms. Tisha Rane	M/s. Chirag Securities (Prop. Sharad Roy)	Tushar Rane (Spouse)	tisharane@yahoo.com
2	M/s. Sidhi Vinayak Portfolio	536102000002769	Mr. Tushar Rane	M/s. Chirag Securities (Prop. Sharad Roy)	Tisha rane (Spouse)	tushar_tisha@rediffmai l. com
3	M/s. Shree Shyam Portfolio	536102000002738	Mr. Sharwankumar H Agarwal	M/s. Chirag Securities (Prop. Sharad Roy)	Rajudevi S Agarwal (Spouse)	sanchit_dhanuka@ yahoo.com
4	M/s. Anmol Finance company	536102000001762	Mr. Rajesh Dambre	M/s. Shreeshivshakti Alluminum	Reshma (spouse)	pradeep_dhanuka11@ rediffmail.com

(i) From the above, it can be seen that Ms. Tisha Rane and Mr. Tushar Rane are wife and husband, M/s. Yash Securities and M/s. Sidhi Vinayak Portfolio are connected. From the KYCs received from brokers, email id viz. sanchit_dhanuka@yahoo.com belongs to Sanchit Pradeep Dhanuka (Son of Pradeep Dhanuka) and pradeep_dhanuka11@rediffmail.combelongs to Pradeep Dhanuka (Copy of KYC of Sanchit Dhanuka and Pradeep Dhanuka is placed at **annexure-3.7**).

(j) It was observed that Tushar Rane was director in the following companies wherein Pradeep Dhanuka was also a director:

S no	Company Name	Period
	X Tradecom Ltd.	September 27, 2012 – March 24, 2015
	n Ventures Ltd.	August 18, 2011 – March 24, 2015
	/ Services Ltd.	September 05, 2012 – March 24, 2015

(Copy of extract from MCA is placed at **annexure- 3.8**)

(k) On analyzing bank statement of M/s. Yash Securities having bank account in IDBI Bank with account no. 536102000002745 for the period October 01, 2013 to February 20, 2015 (Copy placed at **annexure- 4.1**),it was observed that Yash Securities had received / transferred funds from / to various entities including M/s. Siddhi Vinayak Portfolio, M/s. Anmol Finance Company, M/s. Shree Shyam Portfolio, M/s. Wakil Rajbhar, M/s. Sapna Jatwal, Mr. Girish R Goel and Ms. Beena Vijay Agarwal.

(l) On analyzing bank statement of M/s. Siddhi Vinayak Portfolio ('Siddhi Vinayak') having bank account in IDBI Bank with account no. 536102000002769 for the period October 01, 2013 to February 20, 2015 (Copy placed at **annexure- 4.2**), it was observed that Siddhi Vinayak had received / transferred funds from / to various entities including M/s. Yash Securities, M/s. Anmol Finance Company, M/s. Shree Shyam Portfolio, M/s. Wakil Rajbhar, M/s. Sapna Jatwal, Mr. Girish R Goel and Ms. Beena Vijay Agarwal.

(m) On analyzing bank statement of M/s. Shree Shyam Portfolio ('Shyam Portfolio') having bank account in IDBI Bank with account no. 536102000002738 for the period October 01, 2013 to February 20, 2015(Copy placed at **annexure- 4.3**), it was observed that Shyam Portfolio had received / transferred funds from / to various entities including M/s. Yash Securities, M/s. Siddhi Vinayak Portfolio, M/s. Anmol Finance Company, M/s. Sapna Jatwal and Mr. Girish R Goel.

(n) On analyzing bank statement of M/s. Anmol Finance company ('Anmol Finance') having bank account in IDBI Bank with account no. 536102000001762 (Copy placed at **annexure- 4.4**),it was observed that Anmol Finance had received / transferred funds from / to various entities including M/s. Yash Securities, M/s. Siddhi Vinayak Portfolio, M/s. Shree Shyam Portfolio, M/s. Wakil Rajbhar, M/s. Sapna Jatwal, Mr. Girish R Goel and Ms. Beena Vijay Agarwal.

(o) In view of the above, entities namely M/s. Yash Securities, M/s. Siddhi Vinayak Portfolio, M/s. Anmol Finance Company, M/s. Shree Shyam Portfolio, M/s. Wakil Rajbhar, M/s. Sapna Jatwal, Mr. Girish R Goel, Ms. Beena Vijay Agarwal, Mr. Girraj Agrawal, Mr. Pradeep Dhanuka are connected and so are connected to GROMO.

(p) Entities namely Ms. Beena Vijay Agarwal Romy Realty P. Ltd has common address with Romy and Surface Finance viz. F/15, Lokmanya Shopping Centre, Shivaji Chawk, Station Road, Bhayander (West), Thane – 401101.

(q) The list of suspected entities along with the connection details is as follows

S no	NAME	PAN	CONNECTION
KAMALAKSHI GROUP			
1	Jayprakash Dhanraj Bohra	AACPB3214B	Has dealt in off market with GROMO in the scrip the scrip of Ojas Asset Reconstruction Company Ltd (now known as Toyam Industries Ltd.). Bohra transferred funds (Bank acc no: 008427100010346, Bank Of India) to GROMO and Esaar (I) Ltd.wherein Dheeraj Shah (MD of GROMO) is a director. GROMO had also received/ transferred funds to Esaar (I) Ltd. . Mr. Bohra has dealt in off market with Romy Realty P. Ltd in the scrip Tilak Ventures Ltd. on December 05, 2012. Ms. Ndihi Pradeep Dhanuka was a director in Romy Realty P. Ltd during the period June 12, 2007 and December 02, 2014. Ms. Ndihi Pradeep Dhanuka is spouse of Mr. Pradeep Dhanuka. Hence, Mr. Bohra is connected to GROMO and Mr. Pradeep Dhanuka *(Copy of bank account statement and demat account statement are placed at **annexure-5.1**)*
2	Wakil Rajbhar	AOSPR9100E	Has dealt in off market in the following scrips with the following entities: Rupak Developers P. Ltd - Confidence Finance and Trading Ltd. (10/02/14) Surface Finance P. Ltd - Tilak Ventures Ltd. (18/02/2014) & Moryo Industries Ltd. (27/02/2014) Garth Mercantile P. Ltd - Moryo Industries Ltd. (27/03/2014) Received/ Transferred funds from/to the entities: Yash Securities, Sidhi Vinayak Portfolio, Anmol Finance Company *(Copy of bank account statements and demat account statement are placed at **annexure-5.2**)*
3	Sapna Ramdas Jatwal	APNPJ7211C	Has dealt in off market in the following scrips with the following entities: Rupak Developers P. Ltd - Confidence Finance and Trading Ltd., Proaim Enterprises Ltd. (10/02/14) Surface Finance P. Ltd - Tilak Ventures Ltd.(18/02/2014), Moryo Industries Ltd. (27/02/2014) Olympia Multi Trading P. Ltd - Moryo Industries Ltd. (03/03/2014) Romy Realty P. Ltd – Moryo Industries Ltd. (27/06/2014) Received/ Transferred funds from/to the entities: Yash Securities, Sidhi Vinayak Portfolio, Anmol Finance Company, Shree Shyam Portfolio, Girish Goel *(Copy of bank account statement and demat account statement of Sapna are placed at **annexure-5.3**)*
4	Girish Rajkumar Goel	BDLPG2634K	Has dealt in off market in the following scrips with the following entities: Garth Mercantile P. Ltd – Moryo Indutries Ltd. (06/03/2014) Surface Finance P. Ltd - Proaim Enterprises Ltd. (24/01/2014) Rupak Developers P. Ltd - Proaim Enterprises Ltd. (10/02/2014) Received/ Transferred funds from/to the entities: Yash Securities, Sidhi Vinayak Portfolio, Anmol Finance Company, Shree Shyam Portfolio, Spana Jatwal. *(Copy of bank account statement and demat account statement of Girish are placed at **annexure-5.4**)*
5	Chandadevi Agrawal	ABGPA4839A	Entities at S no: 5 is the spouse of entity at S no. 6 and are having same address, phone number and email id. Entity no: 5 had dealt in off-market with Rupak Developers P. Ltd (which is connected to GROMO) in the scrip of Ojas Asset Reconstruction Company Ltd. (now known as Toyam Industries
6	Girdhari Kumar	AAGPA5881R	

S no	NAME	PAN	CONNECTION
	Agrawal		Ltd). *(Copy of KYC and demat account statement of Chandadevi are placed at* ***annexure- 5.5****)*
7	Vipul Amratlal Doshi	AEEPD3118A	In the scrip of Tilak Finance Limited, the entity has dealt in Off market with Romy Realty Pvt. Ltd who is related to GROMO. *(Copy of demat account statement of Vipul Doshi is placed at* ***annexure- 5.6****)*
8	Yogesh Vitthal Jadhav	AKHPJ5994R	M/s. Yogesh Vitthal Jadhav is director of Ms/ .Samaskara Sales Agency Ltd. It was observed that Samskara Sales Agency Pvt. Ltd has received / transferred funds from/to M/s. Gulmohar Dealcom Pvt. Ltd. Entity at S no: 11 is having common phone number with Samaskara Sales Agency, Yogesh Vitthal Jadhav and Narsh Suresh Gaurav (Director of GROMO). M/s. Jalram Finvest Ltd. has received / transferred funds from/to M/s .Samaskara Sales Agency Ltd & M/s. Gulmohar Dealcom Pvt. Ltd. M/s. Jalram Finvest Ltd. has received / transferred funds from/to M/s. Romy Realty Ltd. which is connected to GROMO. *(Copy of bank account statements and KYCs are placed at* ***annexure- 5.7*** *)*
9	Samskara Sales Agency P Ltd	AATCS7717A	
10	Gulmohar Dealcom P Ltd	AADCG9091K	
11	Shashikant Krishna Shirsat	BMFPS8816L	
12	Vijay Mahavir Tibrewal	ACZPT5384R	Kavita Vijay Tebriwal is spouse of Vijay Tebriwal and Both are having same common address and orders are placed by Vijay Tebriwal. In the scrip of Risa International Ltd, Vijay Mahavir Tibrewal has dealt in off-market transaction with one entity, Neeta R Chandak, Panjkaj Agarwal. Neeta R Chandak has dealt in off market with M/s. Olympia Multitrading P. Ltd in the scrip of Tilak Finance Ltd. Olympia Multitrading P. Ltd is related to Romy Realty Ltd as they have common director, Vijay Kumar Nandlal Agarwal. Romy Realty is related to GROMO. Further, Olympia Multitrading P. Ltd has also dealt in off market with Rupak Developers P. Ltd in the scrip of Ojas Asset Reconstruction Company Ltd. and Rupak Developers P. Ltd is connected to GROMO. Pankaj Agarwal has dealt in off market with M/s. Romy Realty P. Ltd in the scrip of NCL Research And Financial Services Ltd. *(Copy of KYC of Vijay Tibrewal and demat account statements of Vijay tibrewal, Neeta R Chandak, Olympia Multi-trading P. Ltd, Pankaj Agarwal are placed at* ***annexure-5.8*** *)*
13	Kavita Vijay Tibrewal	ADHPT3452F	
14	Beena Vijay Agarwal	AJFPA8335C	Beena Agrawal is having common address with M/s. Surface Finance P. Ltd, Romy Realty P. Ltd which are connected to GROMO. Vijay kumar Nandlal Agarwal (Spouse of Beena Agarwal) is/was director in Romy Realty P. Ltd and M/s. Surface Finance P. Ltd. which are connected to GROMO. *(Copy of KYC and annual returns of Surface & Romy are placed at* ***annexure-5.9****)*
Group A			
15	Jugalkishor Ramchandra Parmar	ASIPP9432F	Entities at S no: 15 and 16 are having common address. Pankajkumar J Parmar is son of Jugalkishor Parmar. Entities at S no: 17 & 18 are having common address, email id and phone number. Shirin Sabirbhai Bhathiyara is wife of Sabirbhai Bhathiyara. On analysis of bank statement of Pankajkumar Parmar (S no: 16), fund transfer observed with Shirin Sabirbhai Bhathiyara. Entities at S no: 19 & 20 are having common phone number. Entity at S no: 19 is Facebook friend of entity at S no: 16 (*Copies of KYC are placed at* ***annexure- 5.10****)*
16	Pankajkumar Jugalkishor Parmar	ATYPP6409M	
17	Sabirbhai Sattarbhai Bhathiyara	AUCPB9000F	
18	Shirin Sabirbhai Bhatiyara	BGIPB9055R	
19	Chandrapalsinh Mohansinh Rathod	AZGPR9023D	
20	Narendrasinh Surendrasinh Rathod	AGSPR9856P	

Analysis of Last Traded Price (LTP) in the scrip of KFCL:

e. LTP analysis was carried out to ascertain whether any entities manipulated the price of the scrip of KFCL in contravention of the provision of PFUTP Regulations (Copy of tradelog and orderlog is placed at **annexure -6**). The analysis of LTP was carried out to check for any manipulation in price from its previously traded price. The investigation period of KFCL covers two patches as brought out earlier. The details of the patch-1 are given below:

f. **Patch 1- Price rise patch from January 15, 2014 to January 28, 2015:** During this patch, the price of the scrip opened at Rs. 10.20 on January 15, 2014 which was lowest during investigation period and rose to a high of Rs. 656 and closed at Rs. 656 on January 27, 2015 with a net LTP of Rs. 645.80 and a market positive LTP of Rs. 777.35 with a total traded volume of 2,233 shares. It is alleged that during patch-1, the following top ten entities contributed Rs. 450.45 to net LTP and positive market LTP (i.e., 58.35% to positive market LTP) as below:

S No	Buyer Name	All Trades			LTP Diff.>0			LTP Diff.< 0			LTP Diff.=0		% of +ve LTP to Total Market +ve LTP
		Net LTP (Rs.)	Sum of QTY	No. of trades	Pos LTP (Rs.)	QTY Traded	No. of Trades	Neg LTP (Rs.)	QTY Traded	No. of Trades	QTY Traded	No of Trades	
1	Ram Bhopal Agarwal Sons HUF	240.70	94	24	240.70	68	21	0	0	0	26	3	31.18
2	Vijay Mahavir Tibrewal	34.05	82	7	34.05	77	6	0	0	0	5	1	4.41
3	Pankajkumar Jugalkishor Parmar	28.95	52	8	28.95	52	8	0	0	0	0	0	3.75
4	Vipul Rajendrabhai Gandhi	26.75	38	9	26.75	34	8	0	0	0	4	1	3.47
5	Anisa Alnasir Gilani	24.00	39	10	24.00	39	10	0	0	0	0	0	3.11
6	Chandadevi Agrawal	22.50	71	14	22.50	52	9	0	0	0	19	5	2.91
7	Kavita Vijay Tibrewal	20.75	34	4	20.75	34	4	0	0	0	0	0	2.69
8	Vipul Amratlal Doshi	18.55	28	5	18.55	18	4	0	0	0	10	1	2.40
9	Tushar Agrawal	17.20	6	2	17.20	6	2	0	0	0	0	0	2.23
10	Manoj Shrirampal Kashyap	17.00	10	1	17.00	10	1	0	0	0	0	0	2.20
	TOP 10	**450.45**	**454**	**84**	**450.45**	**390**	**73**	**0.00**	**0**	**0**	**64**	**11**	**58.35**
	OTHERS	**195.35**	**1,779**	**173**	**321.60**	**687**	**100**	**-126.25**	**182**	**18**	**907**	**54**	**41.65**
	GRAND TOTAL	**645.80**	**2,233**	**257**	**772.05**	**1,077**	**173**	**-126.25**	**182**	**18**	**974**	**66**	**100.00**

g. From the above table, it is alleged that the Noticee no. 15 - Ram Bhopal Agarwal Sons HUF (Karta: Noticee No. 16 - Mr. Dayanand Agarwal) individually has contributed more than 5% to LTP.

h. The Noticee no. 15 - Ram Bhopal Agarwal Sons HUF has allegedly purchased 94 shares contributing to net LTP and positive LTP of Rs. 240.70 in 24 trades. On analysis of 24 trades, it was observed that for 8 trades with aggregate trade quantity of 55 shares, buy orders were placed first contributing to a net and positive LTP of Rs. 121.6 (i.e. 18.82% of net LTP and 15.75% of gross positive LTP). Out of these 8 trades, buy orders for 5 trades were placed for negligible quantities viz. 2, 2,1,1,1 at prices higher than LTP. Further, it was also observed that except the first two trades, all buy orders were placed considerable time after opening of trading session and there was not even a single sell order in the trading session.

Order date	Buy Order No.	Order time	Buy order Qty	Buy order rate (Rs.)	Top 5 Ask Price Available (Range) (Rs.)	Top 5 Ask Vol. Available (Total)	Counterparty Name	Trade Time	Trade price (Rs.)	Trd QTY	LTP variation (Rs.)
25/11/2014	1416886200004052000	09:00:00.374612	30	399.80	NA	NA	Yogesh Vitthal Jadhav	13:34:25.065971	399.80	5	7.80
26/11/2014	1416972600002133000	09:01:04.746697	30	407.75	NA	NA	Jayprakash Dhanraj Bohra	11:48:17.568852	407.75	30	7.95
26/11/2014	141697260000213300	12:38:19.291	25	407.75	NA	NA	Chandrapalsinh	13:14:08.414	407.75	5	0.00

Order date	Buy Order No.	Order time	Buy order Qty	Buy order rate (Rs.)	Top 5 Ask Price Available (Range) (Rs.)	Top 5 Ask Vol. Available (Total)	Counterparty Name	Trade Time	Trade price (Rs.)	Trd QTY	LTP variation (Rs.)
	3	228					Mohansinh Rathod	047			
28/11/2014	1417145400001311001	12:44:04.349280	2	415.00	NA	NA	Rakeshkumar Jha	13:15:13.050628	423.30	2	8.30
	Buyer updated order	12:44:14.868001	2	423.30	NA	NA					
02/12/2014	1417491000001309000	11:26:21.483097	2	430.00	NA	NA	Gulmohar Dealcom P. Ltd	11:28:43.771061	438.60	1	8.60
	Buyer updated order	11:26:32.296354	2	438.6	NA	NA					
09/01/2015	1420774200001256000	09:27:42.000839	1	534.45	NA	NA	Jayprakash Dhanraj Bohra	09:36:45.552041	534.45	1	25.45
19/01/2015	1421638200001319004	12:36:51.996109	1	611.50	NA	NA	Chandrapalsin Mohansinh Rathod	12:37:39.046025	614.25	1	2.75
	updated	12:37:02.282447	1	614.25	NA	NA					
23/01/2015	1421983800001298005	12:03:59.104997	1	645.75	NA	NA	Dani Reddy Satti	13:19:40.432075	645.75	1	60.75

i. Out of 24 trades entered into by Noticee no. 15, buy orders were placed before the sell orders in case of eight trades. In respect of the remaining sixteen trades with aggregate trade quantity of thirty-nine shares, the Noticee no. 15 has placed buy orders at the prevailing sell order rate in case of fourteen trades. It was observed that despite availability of sell orders for large quantity of shares, the Noticee no. 15 has repeatedly placed buy orders for negligible quantity which allegedly shows the intention of the Noticee no. 15 to execute trades at higher rate and thereby contributing to positive LTP. A summary of few of the aforementioned trades is tabulated below:

Order date	Buy Order No.	Order time	Buy order qty	Buy order rate (Rs.)	Top 5 Ask Price Available (Range) (Rs.)	Top 5 Ask Vol. Available (Total)	Counterparty Name	Trade Time	Trade price (Rs.)	Trd QTY	LTP variation
08-12-2014	1418009400001306009	15:19:39.129294	1	463.25	463.9-463.25	420	Nitin Rungta	15:19:39.129294	463.25	1	17.35
09-12-2014	1418095800001295004	13:08:33.744703	1	470.50	471-470.95	431	Jugalkishor Parmar	13:08:33.744703	470.50	1	7.25
15-12-2014	1418614200001207003	15:17:53.063348	1	474.00	475-479.4	47	Jignesh Shah	15:17:53.063348	474.00	1	4.00
18-12-2014	1418873400001199005	15:01:49.995951	1	478.00	483-478	67	Virender Tigga	15:01:49.995951	478.00	1	4.00
24-12-2014	1419391800001248001	09:50:08.589690	1	484.00	484	9	Virender Tigga	09:50:08.58969	484.00	1	6.00
26-12-2014	1419564600001277501	11:40:39.334860	1	489.00	489	8	Virender Tigga	11:40:39.33486	489.00	1	5.00
30-12-2014	1419910200001256002	12:09:18.065529	1	493.50	494-493.5	17	Hitendra Modi	12:09:18.065529	493.50	1	4.50
31-12-2014	1419996600001226004	13:35:51.669680	1	498.90	499-498.9	40	Hasmukbhai Gohil	13:35:51.66968	498.90	1	5.40
08-01-2015	1420687800001224001	10:22:19.506644	1	509.00	509	7	Virender Tigga	10:22:19.506644	509.00	1	6.05
15-01-2015	1421292600001306004	13:06:33.031690	1	570.80	573-570.79	20	Sabirbhai Bhathiyara	13:06:33.03169	570.80	1	20.80
16-01-2015	1421379000001221001	09:36:28.426543	1	585.00	585	100	Sabarmati Farm P. Ltd	09:36:28.426543	585.00	1	14.20
22-01-2015	1421897400001082030	14:25:20.851385	10	615.00	615	900	Beena Vijay Agrawal	14:25:20.851385	615.00	10	5.00
23-01-2015	1421983800001298004	12:03:48.094570	1	585.00	585	2	Chand Babu	12:03:48.09457	585.00	1	0.00

j. From the above tables at paras 9 & 10, it is alleged that the Noticee No. 15 Ram Bhopal Agarwal Sons HUF (Karta: Noticee No. 16 Mr. Dayanand Agarwal) has repeatedly placed buy orders for small quantities even though sell orders for large quantities were available. The Noticee No. 15 Ram Bhopal Agarwal Sons HUF has allegedly increased the price of the scrip by repeatedly placing buy orders at negligible quantities at prices higher than LTP and thereby contributing to 31.18% of gross positive LTP. Further, the fundamentals of the company were poor and no material corporate announcements were observed during the investigation period. Hence, it is alleged that trading/dealing in the scrip by the Noticee No. 15 Ram Bhopal Agarwal Sons HUF was done with a manipulative intent/pattern to increase the price of the scrip and thereby created false or misleading appearance of trading in scrip.

<u>LTP Contribution by Kamalakshi Group:</u>

k. It was observed that the following Kamalakshi group entities had allegedly contributed to net positive LTP of Rs.140.45 (i.e. 22% of net market LTP) and gross market positive LTP of Rs.147.05 (19% of gross market positive LTP) as below:

		All Trades			LTP Diff.>0			LTP Diff.< 0			LTP Diff.=0		% of +ve LTP to Total Market +ve LTP
S No	Buyer Name	Net LTP (Rs.)	Sum of QTY	No. of trades	Pos LTP (Rs.)	QTY Traded	No.of Trades	Neg LTP (Rs.)	QTY Traded	No.of Trades	QTY Traded	No.of Trades	
1	Vijay Mahavir Tibrewal	34.05	82	7	34.05	77	6	0.00	0	0	5	1	4.41
2	Chandadevi Agrawal	22.50	71	14	22.50	52	9	0.00	0	0	19	5	2.91
3	Kavita Vijay Tibrewal	20.75	34	4	20.75	34	4	0.00	0	0	0	0	2.69
4	Vipul Amratlal Doshi	18.55	28	5	18.55	18	4	0.00	0	0	10	1	2.40
5	Samskara Sales Agency P. Ltd	16.90	35	2	16.90	30	1	0.00	0	0	5	1	2.19
6	Girdhari Kumar Agrawal	8.65	15	4	8.65	10	3	0.00	0	0	5	1	1.12
7	Gulmohar Dealcom P. Ltd	7.00	1	1	7.00	1	1	0.00	0	0	0	0	0.91
8	Shashikant Krishna Shirsat	6.75	1	1	6.75	1	1	0.00	0	0	0	0	0.87
9	Yogesh Vitthal Jadhav	5.30	37	3	11.90	23	2	-6.60	14	1	0	0	1.54
	TOTAL	**140.45**	**304**	**41**	**147.05**	**246**	**31**	**-6.60**	**14**	**1**	**44**	**9**	**19.05**

l. The details of LTP contribution by Kamalakshi group by trading among themselves during patch-I is presented below:

	Name of the Seller												Total		
	Girish Rajkumar Goel			Jayprakash Bohra			Sapna Ramdas Jatwal			Wakil Rajbhar					
Name of the Buyer	Pos LTP (Rs.)	No of trades	Trd Qty	Pos LTP (Rs.)	No of trades	Trd Qty	Pos LTP (Rs.)	No of trades	Trd Qty	Pos LTP (Rs.)	No of trades	Trd Qty	Pos LTP (Rs.)	No. of trades	Trd qty
Chandadevi Agrawal				12.15	5	31	7.65	3	11				19.80	8	42
Girdhari Kumar Agrawal	5.70	2	7				2.95	1	3				8.65	3	10
Kavita Vijay Tibrewal				5.30	1	10				10.55	2	10	15.85	3	20
Samskara Sales Agency P. Ltd				16.90	1	30							16.90	1	30
Vijay Mahavir Tibrewal				21.60	4	42							21.60	4	42
Vipul Amratlal Doshi										18.55	4	18	18.55	4	18
Total	**5.70**	**2**	**7**	**55.95**	**11**	**113**	**10.60**	**4**	**14**	**29.10**	**6**	**28**	**101.35**	**23**	**162**

It is alleged from the above table that Kamalakshi group entities had contributed to net positive LTP of Rs. 140.45 (i.e. 22% of net market LTP) and gross market positive LTP of Rs. 147.05 (19% of gross market positive LTP). Trades of the 10 entities referred to in the above table are placed at annexure- 7.1

m. From the above tables at paras 11 & 12, it is alleged that Kamalakshi group has contributed Rs. 147.05 to gross positive LTP (i.e.,19.05% of gross market positive LTP) as buyers. It is also alleged that Kamalakshi group by trading themselves has contributed Rs. 101.35 to gross positive LTP (i.e., 13.13% of gross market positive LTP) which was 68.92% of gross positive LTP contributed as buyers. Therefore, it is alleged that entities from 1 to 6 from the above table at para 11 above by trading among with the entities at the table at para 12 above, have contributed to significant positive LTP and thereby artificially increased the price of the scrip to the extent of Rs.101.35 which constitutes 13.13% of gross market price rise which suggests a manipulative scheme for creating a false and misleading appearance of trading in the scrip. It is also alleged that the Noticee no. 4 - Mr. Pradeep Dhanuka has placed sell orders on behalf of Noticee no. 8 - Mr. Girish Rajkumar Goel, Noticee no. 7 -Ms. Sapna Ramdas Jatwal and Noticee no. 6 – Mr. Wakil Rajbhar. In view of the same, it is alleged that the Noticee no. 4 - Mr. Pradeep Dhanuka has acted as a party to the price manipulation of the scrip.

<u>LTP Contribution as sellers by Kamalakshi group:</u>

n. It is alleged that Kamalakshi group entities contributed to gross positive LTP by placing sell orders in small quantities in addition to contribution to positive LTP by trading among themselves. It was observed that Kamalakshi group entities namely Jayprakash Dhanraj Bohra, Wakil Rajbhar, Girish Rajkumar Goel, Sapna Ramdas Jatwal and Beena Vijay Agrawal had sold shares (didn't buy) during patch - I. Details of positive net LTP contribution of Kamalakshi group as sellers is tabulated below:

S no	Seller Name	All Trades			LTP Diff.>0			LTP Diff.< 0			LTP Diff.=0		% of +ve LTP to Total Market +ve LTP
		Net LTP (Rs.)	QTY Traded	No. of trades	LTP Impact (Rs.)	QTY Traded	No. of Trades	LTP Impact (Rs.)	QTY Traded	No. of Trades	QTY Traded	No .of Trades	
1	Jayprakash Dhanraj Bohra	189.60	1050	64	208.30	417	38	-18.70	63	4	570	22	26.98
2	Wakil Rajbhar	138.50	273	81	138.50	251	75	0.00	0	0	19	5	17.94
3	Girish Rajkumar Goel	26.20	31	8	26.20	31	8	0.00	0	0	0	0	3.39
4	Sapna Ramdas Jatwal	23.40	54	14	23.40	34	8	0.00	0	0	20	6	3.03
5	Beena Vijay Agrawal	10.00	259	6	10.00	110	2	0.00	0	0	149	4	1.30
	TOTAL	**387.70**	**1667**	**173.00**	**406.40**	**843**	**131**	**-18.70**	**63**	**4**	**758**	**37**	**52.64**

It can be observed from the above table that entities from S no: 01 to 05 contributed Rs. 406.40 to positive LTP (i.e. 52.64% of gross market positive LTP).

o. It was observed that the following had placed sell orders in negligible quantities and therefore the details of sell orders placed by the aforementioned entities excluding the trades with Kamalakshi group entities were analyzed and tabulated below:

S no	Name of the Seller	No of trades (LTP	Trd qty	Positive LTP (Rs.)	% of gross mark.	Sell order Qty range (1 to 5)				Sell order Qty range (6 to 10)				Sell order Qty range (1 to 10)			
						No of	Trd qty	Pos LTP	% of gros	No of	Trd	Pos LTP	% of gros	No of	Trd Qty	Pos LTP	% of gros

		>0)			+ve LTP	trades		(Rs.)	s mark. +ve LTP	trades	Qty	(Rs.)	s mark. +ve LTP	trades		(Rs.)	s mark. +ve LTP
1	Jayprakash Dhanraj Bohra	27	304	152.35	19.73	12	54	57.35	7.43	9	83	36.10	4.68	21	137	93.45	12.10
2	Wakil Rajbhar	69	223	109.40	14.17	69	223	109.40	14.17	0	0	0.00	0.00	69	223	109.40	14.17
3	Girish Rajkumar Goel	6	24	20.50	2.66	6	24	20.50	2.66	0	0	0.00	0.00	6	24	20.50	2.66
4	Sapna Ramdas Jatwal	4	20	12.80	1.66	3	14	9.10	1.18	1	6	3.70	0.48	4	20	12.80	1.66
	Grand Total	**106**	**571**	**295.05**	**38.22**	**90**	**315**	**196.35**	**25.43**	**10**	**89**	**39.8**	**5.16**	100	**404**	**236.15**	**30.59**

(a) It is alleged from the above table that the Noticee No. 5 - Jayprakash Dhanraj Bohra has contributed to positive LTP of Rs. 152.35 (i.e., 19.73% of gross market positive LTP) in 27 trades. Out of 27 trades that contributed to positive LTP, for 21 trades sell orders were placed in the quantity range of 1 to 10 shares contributing Rs. 93.45 to gross positive market LTP (i.e.12.10%). It is therefore alleged that the Noticee No. 5 - Jayprakash Dhanraj Bohra had repeatedly placed sell orders in negligible quantities (1 to 10 shares) at prices higher than LTP contributing to LTP of Rs. 93.45 (i.e., 61.34% of Mr. Bohra's gross market positive LTP contribution as seller with other entities) and thereby contributing to price rise of the scrip.

(b) It is also alleged that the Noticee no. 6 – Mr. Wakil Rajbhar has contributed to positive LTP of Rs. 109.40 (i.e., 14.17% of gross market positive LTP) in 69 trades. It was observed that for all 69 trades sell orders were placed in the quantity range of 1 to 5 shares contributing Rs.109.40 to gross positive market LTP. It is therefore alleged that the Noticee no. 6 – Mr. Wakil Rajbhar had repeatedly placed sell orders in negligible quantities (1 to 5 shares) at prices higher than LTP contributing to LTP of Rs.109.40 (i.e., 100% of Mr. Wakil's gross market positive LTP contribution as seller with other entities) and thereby contributing to price rise of the scrip.

(c) It is further alleged that the Noticee no. 8 – Mr. Girish Rajkumar Goel has contributed to positive LTP of Rs. 20.50 (i.e., 2.66% of gross market positive LTP) in 24 trades. It was observed that for all 24 trades sell orders were placed in the quantity range of 1 to 5 shares contributing Rs. 20.50 to gross positive market LTP. It is therefore alleged that the Noticee no. 8 – Mr. Girish Rajkumar Goel had repeatedly placed sell orders in negligible quantities (1 to 5 shares) at prices higher than LTP contributing to LTP of Rs. 20.50 (i.e., 100% of Mr. Girish's gross market positive LTP contribution as seller with other entities) and thereby contributing to price rise of the scrip.

(d) It is also alleged that the Noticee no. 7 – Ms. Sapna Ramdas Jatwal has contributed to positive LTP of Rs. 12.80 (i..e., 1.66% of gross market positive LTP) in 4 trades. It was observed that for all 4 trades sell orders were placed in the quantity range of 1 to 10 shares contributing Rs. 12.80 to gross positive market LTP. It is therefore alleged that the Noticee no. 7 – Ms. Sapna Ramdas Jatwal had repeatedly placed sell orders in negligible quantities (1 to 5 shares) at prices higher than LTP contributing to LTP of Rs. 12.80 (i.e.100% of Sapna's gross market positive LTP contribution as seller with other entities) and thereby contributing to price rise of the scrip

(e) Further, the above four entities are connected. As stated earlier, the Noticee no. 4 – Mr. Pradeep Dhanuka was placing orders on behalf of the three entities having similar trading (sale) pattern like sale of shares in small quantities, despite large number of buy orders were available in the trading system and more number of shares were held by them, which allegedly indicates that the orders were placed for the purpose of manipulating the scrip price thereby creating false or misleading appearance of trading in the scrip.

LTP contribution by GROUP 'A' entities:

p. Out of six entities constituting Group 'A', Mr. Jugalkishor Ramchandra Parmar has contributed to negative LTP and the remaining 5 entities has contributed to net positive LTP. Details of LTP contribution by five Group 'A' entities during Patch-I is as follows:

		All Trades			LTP Diff.>0			LTP Diff.< 0			LTP Diff.=0		
S No	Buyer Name	Net LTP (Rs.)	Sum of QTY	No. of trades	Pos LTP (Rs.)	QTY Traded	No. of Trades	Neg LTP (Rs.)	QTY Traded	No. of Trades	QTY Traded	No. of Trades	% of +ve LTP to Total Market +ve LTP
1	Pankajkumar Jugalkishor Parmar	28.95	52	8	28.95	52	8	0.00	0	0	0	0	3.75
2	Sabirbhai Sattarbhai Bhathiyara	15.40	36	7	15.40	24	4	0.00	0	0	12	3	2.00
3	Chandrapalsinh Mohansinh Rathod	13.75	55	6	19.75	10	2	-6.00	15	1	30	3	2.56
4	Narendrasinh Surendrasinh Rathod	6.60	8	1	6.60	8	1	0.00	0	0	0	0	0.86
5	Shirin Sabirbhai Bhatiyara	0.50	11	1	0.50	11	1	0.00	0	0	0	0	0.07
	GROUP A TOTAL	**65.20**	**162**	**23**	**71.20**	**105**	**16**	**-6.00**	**15**	**1**	**42**	**6**	**9.22**

q. It is observed from the above table that entities from S No: 1 to 5 contributed to net LTP of Rs. 65.20 (i.e. % 10.10% of net market LTP) and gross market positive LTP of Rs. 71.20 (9.22% of gross market positive LTP) during this patch.

r. Trades of the entities that contributed to gross positive market LTP have been further analyzed to check for indulgence of any manipulative trading pattern and trades of the entities are analyzed as under:

S no	Trade Date	Buyer	Seller	Trade ID	Buy Order Time	Sell Order Time	Buy Ord rate (Rs.)	Sell Ord rate (Rs.)	Buy Ord Qty	Sell Ord Qty	Trade Time	Trade rate (Rs.)	Traded Qty	LTP rate (Rs.)
1	08/09/2014	Pankajkumar Jugalkishor Parmar	Wakil Rajbhar	1	12:26:06	14:18:24	166.55	166.55	20	4	14:18:24	166.55	4	3.25
2	09/09/2014	Pankajkumar Jugalkishor Parmar	Girish Rajkumar Goel	1	10:15:39	15:05:12	169.85	169.85	20	4	15:05:12	169.85	4	3.30
3	10/09/2014	Pankajkumar Jugalkishor Parmar	Girish Rajkumar Goel	1	10:16:09	14:30:18	169.85	173.20	20	3	14:30:18	173.20	3	3.35
4	12/09/2014	Pankajkumar Jugalkishor Parmar	Jayprakash Dhanraj Bohra	1	10:50:20	12:24:06	180.10	180.10	20	10	12:24:06	180.10	10	3.50
5	15/09/2014	Pankajkumar Jugalkishor Parmar	Jayprakash Dhanraj Bohra	1	10:58:41	13:02:53	183.70	183.70	10	10	13:02:53	183.70	10	3.60
6	16/09/2014	Sabirbhai Sattarbhai Bhathiyara	Wakil Rajbhar	1	10:55:00	14:40:35	187.35	187.35	10	5	14:40:35	187.35	5	3.65
7	17/09/2014	Pankajkumar Jugalkishor Parmar	Sapna Ramdas Jatwal	1	10:24:10	14:14:51	191.05	191.05	10	6	14:14:51	191.05	6	3.70
8	18/09/2014	Sabirbhai Sattarbhai Bhathiyara	Sapna Ramdas Jatwal	1	10:27:34	15:06:44	194.85	194.80	10	5	15:06:44	194.85	5	3.80
9	19/09/2014	Sabirbhai Sattarbhai Bhathiyara	Jayprakash Dhanraj Bohra	1	10:03:53	14:18:47	198.70	198.70	10	10	14:18:47	198.70	10	3.85
		Updated			10:04:01				20				20	

S no	Trade Date	Buyer	Seller	Trade ID	Buy Order Time	Sell Order Time	Buy Ord rate (Rs.)	Sell Ord rate (Rs.)	Buy Ord Qty	Sell Ord Qty	Trade Time	Trade rate (Rs.)	Traded Qty	LTP rate (Rs.)
10	23/09/2014	Pankajkumar Jugalkishor Parmar	Jayprakash Dhanraj Bohra	1	09:44:07	15:13:21	206.70	206.70	20	10	15:13:21	206.70	10	4.05
11	24/09/2014	Sabirbhai Sattarbhai Bhathiyara	Wakil Rajbhar	1	09:33:53	13:46:20	210.80	210.80	20	4	13:46:20	210.80	4	4.10
12	25/09/2014	Pankajkumar Jugalkishor Parmar	Wakil Rajbhar	1	11:38:55	14:59:15	215.00	215.00	20	5	14:59:15	215.00	5	4.20
13	07/11/2014	Chandrapalsinh Mohansinh Rathod	Girish R Goel	1	10:08:34	13:59:04	331.70	331.70	20	5	13:59:04	331.70	5	6.50
14	11/11/2014	Shirin Sabirbhai Bhatiyara	Jugalkishor Ramchandra Parmar	4	14:57:56	14:58:06	337.50	337.50	11	11	14:58:06	337.50	11	0.50
15	12/11/2014	Narendrasinh Surendrasinh Rathod	Hasmukhbhai Dhanabhai Gohil	1	13:49:53	13:50:05	344.10	344.10	8	8	13:50:05	344.10	8	6.60
16	18/11/2014	Chandrapalsinh Mohansinh Rathod	Rakeshkumar Jha	2	10:26:57	14:51:28	371.25	0.00	25	5	14:51:28	371.25	5	13.25

s. On examination of these trades, it was observed that all buy orders for these trades were placed at prices higher than LTP before the corresponding sell orders were placed. It can be observed from the above table that Kamalakshi group entities namely Mr. Wakil Rajbhar (Noticee no. 6), Mr. Girish Rajkumar Goel (Noticee no. 8), Mr. Jayprakash Dhanraj Bohra (Noticee no. 5), Ms. Sapna Ramdas Jatwal (Noticee no. 7) appeared as counterparties for 13 trades. However, no connection between Kamalakshi group entities and Group 'A' entities could be established.

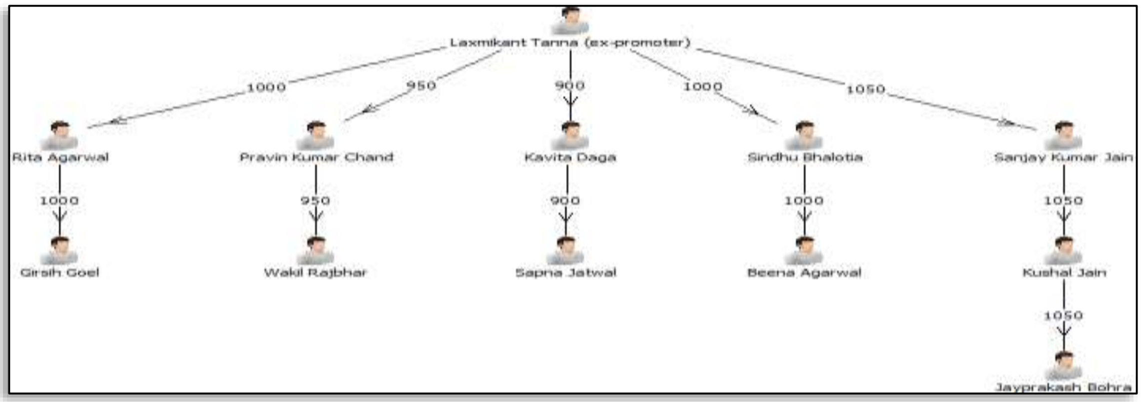
t. Even though the above 5 group 'A' entities (viz. Noticee nos. 17, 18, 19, 20 & 21) individually not contributed significantly to price rise, but together as a group contributed to 9.22% of gross market positive LTP (i.e., 10.10% of net market LTP) in Patch-I. It was observed that the above 5 group 'A' entities (viz. Noticee nos. 17, 18, 19, 20 & 21) took turns and placed buy orders at prices higher than LTP before the sell orders were placed, which allegedly shows the concerted/pre-meditated action by these entities in contributing to price rise. However, no connection has been found between the promoters and the said 5 group 'A' entities. It was observed that almost all the orders placed by the said 5 group 'A' entities (viz. Noticee nos. 17, 18, 19, 20 & 21) were placed considerable time after opening of trading session and on majority of occasions there was not a single buy order in the trading system at the time of orders placed by these entities. Further, all these entities were placing orders from Dahod and were also Facebook friends. It is also alleged that the said 5 Group 'A' entities (viz. Noticee nos. 17, 18, 19, 20 & 21) had placed orders in low volumes during this patch -1 by taking turns, which shows that there is no intention for economic benefit by trading in the scrip except as to create false and misleading appearance of trading in the securities by placing orders at prices higher than LTP.

<u>Source of shares traded in the scrip during Patch-I and role of other entities:</u>

u. It was observed that five entities belonging to Kamalakshi group namely Mr. Jayaprakash Bohra (1050 shares), Mr. Wakil Rajbhar (273 shares), Ms. Beena Vijay Agarwal (259 shares), Ms. Sapna Jatwal (54 shares) and Mr. Girish R Goel (31 shares) {collectively known as '**Kamalakshi group sellers**'} had collectively sold 1,667 shares (i.e. 74.65% of traded quantity) collectively during this patch. The aforementioned entities didn't buy any shares during this patch.

v. There were 37 sellers during this patch who collectively sold 2,233 shares. Kamalakshi group sellers had sold 1,667 shares. It was observed that remaining 32 sellers bought from the market and sold 566 shares in the market. From the above, it clearly shows that all the shares delivered during this Patch were originated only from Kamalakshi group sellers.

w. It was observed that the main source of shares for Kamalakshi group sellers is ex-promoter namely Mr. Laxmikant Tanna (Source: Copy of RTA reply dated May 04, 2017 and May 09, 2017 is placed at annexure-8). Pictorial representation of transfer of shares in off-market is as follows:



x. As mentioned in preceding paragraphs, Kamalakshi group sellers have placed orders in small quantities with an intention of inflating price of the scrip. From the above, it was observed that entire supply of shares available for trading during this patch was from Kamalakshi group sellers who in turn received the shares from ex-promoter in tranches.

y. Further, the Noticee no. 4 Mr. Pradeep Dhanuka in his statement dated June 28, 2017 (Copy of statement of Mr. Pradeep Dhanuka is placed at annexure- 3.5) recorded before Investigating Authority *inter-alia* stated that Kamalakshi Group entities namely Mr. Wakil Rajbhar, Mr. Girish Goel and Ms. Sapna Jatwal were his ex-employees and he had placed orders in the scrip of KFCL in the trading accounts of the aforementioned entities with the brokers namely SMC Global Securities (Wakil Rajbhar), C.D.Equisearch P..Ltd. (Girish R Goel and Sapna Jatwal) and Destimoney Securities Pvt.Ltd. (Girish R Goel) during the above referred period. He further stated that he had placed orders in the aforementioned trading accounts in the scrip KFCL only on the standing instructions of Mr. Girraj Agrawal. However, no documentary evidence was provided by Mr. Pradeep Dhanuka in support of instructions received from Mr. Girraj Agrawal. It was also observed that from the voice recordings of orders placed in the trading account of Mr. Wakil Rajbhar provided by the trading member SMC Global Securities Ltd. (Copy of voice recordings are placed at **annexure-9**) that Mr. Pradeep Dhanuka/ Mr. Girish Goel placed sell orders in the trading account of Mr. Wakil Rajbhar.

z. It was observed that Mr. Pradeep Dhanuka was director of M/s. Rupak and Ms. Nidhi Dhanuka (wife of Mr. Pradeep Dhanuka) was director of M/s. Romy. It was explained in the preceding paragraphs that Kamalakshi group entities namely Mr. Wakil Rajbhar, Ms. Sapna Jatwal, Mr. Girish Goel were connected to M/s. Rupak and Mr. Jayprakash Bohra was connected to M/s. Romy and Kamalakshi.

aa. During the year 2014, Rupak received Rs. 27,40,000 from Kamalakshi on three dates and paid Rs. 21,02,500 to Kamalakshi on two dates. Rupak being controlled by Mr. Pradeep Dhanuka. From the circumstances and preponderance of probability, it is alleged that the amount was received by Rupak as a consideration towards the manipulating scrip price.

bb. As explained in preceding paragraphs, certain Kamalakshi group entities indulged in price manipulation of the scrip by way of increasing the price by trading among themselves, selling of shares in minuscule quantities even though more number of buy orders exist in the system and the entities were holding more number of shares. In view of the alleged violations brought out in preceding paragraphs, it is also alleged that the Noticee no. 1 – GROMO, its non-independent directors namely Mr. Dheeraj Babulal Shah (Noticee no. 2) and Mrs. Sheetal Dheeraj Shah (Noticee no. 3) were part of a manipulative scheme and were in connivance with Kamalakshi group entities who had indulged in price manipulation of the scrip and thereby created false and misleading appearance of trading in the scrip. In view of the same, it is alleged that the Noticees' actions have led to the violation of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(e) of the PFUTP Regulations

<u>Utilisation of funds raised through preferential allotments:</u>

cc. As mentioned earlier, the Noticee no. 1 – GROMO has made three preferential allotments of shares on November 09, 2013, February 17, 2014, June 24, 2014 having raised Rs. 9.95 crore, Rs. 19.31 crore and Rs. 13 crore respectively aggregating to Rs. 42.26 crore.

dd. The objects of the three preferential Issues as observed from the copies of certified copies of special resolutions passed at EGMs dated October 31, 2013, February 07, 2014 and AGM dated June 14, 2014 (Copies of Special resolutions downloaded from MCA website are placed at **annexure- 10**) were stated as follows:

***"RESOLVED FURTHER THAT** the funds so raised shall be fulfill the additional fund requirements for capital expenditure including acquisition of companies / business, funding long term working capital requirements, marketing, setting up of offices abroad and for other approved corporate purposes."*

ee. From the copies of the above referred special resolutions, it was observed that GROMO had disclosed to its shareholders and public that the purpose of aforesaid fund raising through preferential allotments was to meet requirements for:

a) Capital expenditure including acquisition of company/business
b) Funding long term working capital requirements
c) Marketing

d) Setting up of offices abroad and

e) For other approved corporate purposes.

ff. The Noticee vide its letter to SEBI dated September 14, 2015 (Copy is placed at **annexure-11**) had provided the details of utilization of funds raised through preferential allotments dated November 09, 2013, February 17, 2014 and June 24, 2014. Details of utilization of Issue proceeds of three preferential allotments as submitted by the company is produced below:

a. Preferential Allotment-1:

(Details of disbursement of Issue proceeds- 23/10/2013-08/11/2013)

Sr. No	Name of the Entity	Purpose	Amount (Rs)
1	Anand Rathi Shares & Stock Brokers Ltd	Share Trading	1,79,28,000
2	Sunteckwealthmax Capital P. Ltd	Share Trading	74,50,000
3	Zircon Infrastructure P. Ltd.	Loans & Advances Given	20,00,000
4	S.R. Textiles Industries	Loans & Advances Given	15,00,000
5	Dheeraj Shah	for Roc Expenses, Stamp duty	7,63,000
6	Varun Shrada HUF	Loans & Advances Given	25,00,000
7	Withdrawal For Exp.	for office expenses	3,00,000
8	Sujay Kedia	Loans & Advances Given	30,00,000
9	Shilendra Sharma Huf	Loans & Advances Given	25,00,000
10	Moryo Industries Ltd	Loans & Advances Given	75,00,000
11	Prabhu Dayalsharda	Loans & Advances Given	25,00,000
12	Balance With Bank As On 08/11/2013	Balance With Bank	5,15,39,000
	TOTAL		**9,94,80,000**

b. Preferential Allotment-2:

(Details of disbursement of Issue proceeds- 31/12/2013-17/02/2014)

S No	Name of the Entity	Purpose	Amount (Rs)
1	Jai Corporation	Loans & Advances Given	7,00,000.00
2	Perfect Corporate Services Ltd	Loans & Advances Given	47,00,000.00
3	Sunteck Wealthmax Capital P Ltd	share Trading	25,00,000.00
4	Today Infracon	Loans & Advances Given	1,50,00,000.00
5	Ivt Controls India P. Ltd	Loans & Advances Given	90,00,000.00
6	Rupak Developers P. Ltd	Loans & Advances Given	1,17,000.00
7	S.R. Textile Industries	Loans & Advances Given	20,00,000.00
8	Shailendra Sharma HUF	Loans & Advances Given	10,00,000.00
9	Shyam Sunder Kedia	Loans & Advances Given	32,00,000.00
10	G Trade & Capital Venture P. Ltd	Loans & Advances Given	50,00,000.00
11	Jasmlna Construction	Loans & Advances Given	5,00,000.00
12	Suresh Kanjibhai Tukharia	Loans & Advances Given	25,00,000.00
13	Pray Projects P. Ltd	Loans & Advances Given	40,00,000.00
14	Kau! Enterprises	Loans & Advances Given	1,17,00,000.00
15	Haresh S Hirani	Loans & Advances Given	25,00,000.00
16	Vaishnav Life Sciences P. Ltd	Loans & Advances Given	65,00,000.00
17	Sambhavnath Industries India P. Ltd	Loans & Advances Given	65,00,000.00
18	Phaharia Impex P. Ltd	Loans & Advances Given	50,00,000.00
19	Jubile Club P. Ltd	Loans & Advances Given	4,00,00,000.00
20	Contour Forgings P. Ltd	Loans & Advances Given	50,00,000.00
21	Anand Rathi Share & Stock Brokers Ltd	Share Trading	30,00,000.00
22	Pyarali Devshibhai	Security Deposit for office	1,00,000.00
23	Modern Enterprises	Loans & Advances Given	30,00,000.00
24	Anil Premchartd Mittal	Loans & Advances Given	50,00,000.00
25	Atman Infotech P. Ltd	Roc, Stamp duty exp. For ii	10,50,000.00
26	Neeta Anil Mittal	Loans & Advances Given	50,00,000.00

S No	Name of the Entity	Purpose	Amount (Rs)
27	Ram Impex P. Ltd.	Loans & Advances Given	30,00,000.00
28	Akshar Plastics	Loans & Advances Given	20,00,000.00
29	OM Buildcon	Loans & Advances Given	50,00,000.00
30	G.M Modular P. Ltd	Loans & Advances Given	50,00,000.00
31	Shyam Sunder Kedia	Loans & Advances Given	25,00,000.00
32	Sharda Synthetic P. Ltd	Loans & Advances Given	15,00,000.00
33	Space Property Solutions	Brokerage paid for office	29,000.00
34	M.M. Construction	Loans & Advances Given	75,00,000.00
35	Prashant K Doshi	Loans & Advances Given	10,00,000.00
36	Satyam Balaji Automotive P. Ltd	Loans & Advances Given	45,00,000.00
37	R Soni	Certification Fee	18,090.00
38	Bombay Stock Exchange Ltd	Listing Fee	2,64,046.00
39	Sunlife Management Advisory	Sunlife Management Advisory	27,000.00
40	Balance With Bank As On 17/02/2014	Balance with Bank	1,61,44,864.00
TOTAL			**19,30,50,000.00**

c. Preferential Allotment-3:

(Details of disbursement of Issue proceeds- 16/05/2014-24/06/2014)

S No	Name of the Entity	Purpose	Amount (Rs)
1	Rajhans Infra Projects	Loans & Advances Given	75,00,000.00
2	siresh kanjlbhai turakhia	Loans & Advances Given	20,00,000.00
3	Satrunjay Gems P. Ltd	Loans & Advances Given	75,00,000.00
4	FD A/c. NO. 914020021581351	FD Created	2,90,00,000.00
5	FD A/c. NO. 914040022463610	FD Created	2,90,00,000.00
6	FD A/c. NO. 914040022715157	FD Created	1,00,00,000.00
7	FD A/c. NO. 914040022712213	FD Created	1,00,00,000.00
8	FD A/c. NO. 914040022734792	FD Created	1,00,00,000.00
9	Anand Rathi share & stock Brokers	share trading	78,00,000.00
10	Anirudha Builders & Developers	Loans & Advances Given	50,00,000.00
11	Handful Investrade Pvt. Ltd,	Temporary Loan repaid	27,00,000.00
12	Rockon Finteck Ltd	Temporary Loan repaid	44,00,000.00
13	Kanjibhai GGolakhia	Refund of excess Application Money	15,00,000.00
14	Esaar India Ltd	Temporary Loan repaid	24,00,000.00
15	Moryo industries ltd	Temporary Loan repaid	25,00,000.00
16	Bank Balance as on 24/06/2014		2,00,000.00
	TOTAL		**13,15,00,000.00**

d. Summary of the utilization of Issue proceeds of the three preferential allotments is as follows:

S No	Details of utilization of Issue Proceeds	I Preferential Issue	% of total amount	II Preferential Issue	% of total amount	III Preferential Issue	% of total amount
1	Loans & Advances Given	2,15,00,000	21.61	16,99,17,000	88.02	2,20,00,000	16.73
2	Share Trading	2,53,78,000	25.51	55,00,000	2.85	78,00,000	5.93
3	Fixed Deposit	0	0.00	0	0.00	8,80,00,000	66.92
4	Temporary Loans Repaid	0	0.00	0	0.00	1,20,00,000	9.13
5	Others	10,63,000	1.07	14,88,136	0.77	15,00,000	1.14
6	Balance with Bank	5,15,39,000	51.81	1,61,44,864	8.36	2,00,000	0.15
	TOTAL	**9,94,80,000**	**100.00**	**19,30,50,000**	**100.00**	**13,15,00,000**	**100.00**

It can be observed from the above table that major amount of the proceeds has been used to extend loans & advances and share trading i.e. 47.12%, 90.87% and 22.66% of the total issue proceeds for the allotments made on November 09, 2013, February 17, 2014 and June 24, 2014 respectively.

gg. It was observed from the annual report that the Noticee no. 1 – GROMO had no fixed assets and capital work in progress. Extract of fixed assets and revenue from operations from Annual report of the Noticee no. 1 – GROMO for the year ended March 2015 is given below:

Non-current assets	31-Mar-15	31-Mar-14
(a) Fixed assets	8,323	10,318
(b) Non-current investments	9,12,495	64,93,079
(c) Long Term Loans and Advances	1,02,000	1,02,000
Total	**10,22,818**	**66,05,397**

It can be observed from the above table that the Noticee no. 1 – GROMO was not having any fixed assets/capital work in progress, which has raised Rs. 42.26 crore through preferential allotments during the Investigation period.

hh. The Noticee no. 1 – GROMO has mentioned in the Annual report year ended March 31, 2015 that it has diversified its business line from finance to consultancy and trade. Extract from Annual Report with regard to the change in object of the Noticee no. 1 – GROMO is produced below:

Change in Main Object of the Company

As the members of the Company know that the Company was originally incorporate with the main object of doing business of Finance and related activities. However Company does not hold valid Certificate of Registration from RBI under Section 45IA of Reserve Bank of India Act, 1949. To make good of said default Company diversified its business line from Finance to Consultancy and Trade. During the year under review manage to generate more than 50% revenue otherwise that finance business i.e. from sale of fabric and textile. The members of the Company had accorded their assent for the same through Postal Ballot on 24th March, 2015.

ii. Extract of revenue from operations from Annual report of the Noticee no. 1 – GROMO for the year ended March 2015 is given below:

Revenue From Operations	31-Mar-15	31-Mar-14
Revenue from Sale of Shares	1,20,94,000	2,15,77,250
Revenue from Sale of Textiles	5,07,77,693	
Interest income	3,51,91,065	34,13,803
Total	**9,80,62,758**	**2,49,91,053**

It was observed from the above table that the company is mainly dealing in the sale of shares for the years 2013-14 and 2014-15 as the members has given their consent for the change of objects of the company only on March 24, 2015.

jj. From the above, it is alleged that the Noticee no. 1 – GROMO has not utilized the preferential issue proceeds either for capital expenditure/Funding long term working capital requirements/ Marketing Setting up of offices abroad/ for other corporate purposes, as stated in the notices to the general meetings wherein preferential allotments of shares was approved, instead used it for share trading, extending loans & advances and creation of fixed deposits. Further, BSE vide email dated August 10, 2017 (copy placed as **Annexure-12**) has replied that the Noticee no. 1 – GROMO has not submitted any information as required under clause 43 of the Listing agreement. In view of the same, it is alleged that the Noticee no. 1 – GROMO has not complied with provisions of clause 43 of the Listing Agreement and violated Section 21 of SCRA.

12. The details of the reply received from the Noticees and the hearing conducted in the matter is discussed in the following paragraphs.

I. Reply and Hearing of Noticee 1 (Gromo)

13. Vide letter dated February 04, 2019 (received in SEBI on February 05, 2019), Noticee 1 (Gromo) submitted its reply to the SCN. The main contentions made therein are reproduced below –

1. We refer to captioned Show Cause Notice dated May 30, 2017 (hereinafter referred to as "SCN") issued against us hereby it is alleged that-

a) It is alleged that, we were part of the manipulative scheme and in connivance with Kamalakshi group entities and had indulged in price manipulation of the scrip and thereby created false and misleading appearance of trading in the scrip and thus violated Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(e) of the (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 ("PFUTP Regulations").

*b) It is alleged that we have not utilised the preferential issue proceeds either for capital expenditure/Funding long term working capital requirements/marketing setting up of offices abroad/ for other corporate purposes, as stated in the notices to the general meetings wherein preferential allotments of shares was approved, allegedly instead used for share trading, extending loans & advances and creation of fixed deposits and thus alleged that not complied with provisions of clause 43 of the Listing Agreement and violated Section 21 of Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as "**SCRA**").*

2. Further, vide the said SCN, you have called upon us to show cause as to why an inquiry should not be held against us in terms of Rule 4 of the SEBI Adjudication Rules read with Section 15-1 of the SEBI Act and Rule 4 of SCRA Adjudication Rules and why penalty, if any should not be imposed on its terms of the provision of Section 15HA of SEBI Act and Section 23E of the SCRA. We therefore submit our reply to the SCN in below paragraphs.

3. At the outset, we deny all the allegations levelled against us in the SCN, save and except those which are. specifically admitted herein. It is submitted that, we do not accept or admit anything stated in the SCN except where the same is expressly admitted in this reply. Nothing stated therein shall be deemed to be admitted by us merely on account of non-traverse and unless the same is specifically admitted by us herein. We specifically deny that we have violated the provisions of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(e) of PFUTP Regulations and Section 21 of SCRA. We submit that we have not indulged in any fraudulent and unfair trade practices relating to the securities so as to warrant any kind of punitive directions.

4. The findings in the SCN proceeds on specious and extraneous grounds disregarding the material circumstances. All the findings are unsubstantiated, unjustified, unwarranted and contrary to factual position on record. The findings smack of predetermined mind to penalize us under some pretext or other, overlooking the obvious that defines the case.

5. We submit that the preferential allotments made by the Company in November 2013, February 2014 and June 2014 were made bonafide and in the ordinary course of business dehors sinister intent or design. Further, the said allotments were made after obtaining requisite approvals from the shareholders and the Exchange. Further, at the relevant time we had also made requisite disclosures with regard to the preferential allotments as required.

6. The price/ volume movement of the scrip as set out in the SCN (at Para 4) is a matter of record. We had no role whatsoever to play in the trading done by various entities/ persons (as set out in the SCN) in the scrip. Neither the Company nor its directors had traded in the scrip of the Company at relevant time. Based on the trading done by others in the scrip, no adverse inferences can be drawn against the Company.

7. In the SCN (at Para 4) we have erroneously been alleged to be connected to various other entities based on surmises and conjectures. Normal relationships have been unduly stretched in order to somehow bunch us with other entities and attribute their actions/knowledge to us, which is legally untenable and unsustainable. We specifically deny that we are connected to any of the entities as set out in Para 4, as alleged. It is reiterated that the whole grouping is misleading and we· have erroneously been lumped with others without any basis. Based on the alleged connections, acts of other persons/entities cannot be fastened on us or any adverse inference drawn against us. It is denied that we are connected to any group entities or other entities and deny *that we contributed to the price rise in the scrip, as alleged.*

8. In so far as allegations contained at Para 4 (c) and (d) for transfer of funds to Rupak Developers P Ltd ('Rupak') and further dealings with Rupak are concerned, it is submitted as under:-

a. As regards payment of Rs 2,17,000/- on 13.01.2014 to Rupak is concerned, it is submitted that same is for purchase of shares of companies, the details of which is as follows: -

S. No.	*Particulars*	*Amount (INR)*
1.	*Shares purchased of SKM Steel Ltd.*	*1,02,000*
2.	*Shares purchased of Prashasti Fintrade P Ltd.*	*1,15,000*

b. With respect to transfer of funds to the tune of Rs.1,02,000/- to Rupak, as already submitted it is for the purchase of 1700 shares of SKM Steels Ltd., ("SKM") @ Rs.60I- each which were sold to Surface Finance P Ltd. ('Surface') at a profit of around Rs.45,500/-. The said transaction of purchase and sale of shares of SKM resulted into profit for the Company and hence it cannot be alleged that we connived with any of the entity indulged in price manipulation and created false and misleading appearance of trading in the scrip.

c. With respect to transfer of funds to the tune of Rs.1,15,000/- to Rupak on August 10, 2013, it is reiterated that the same is for 11,500 shares of Prashasti Finance which were sold to Surface on September 25, 2013 for Rs.2,01,250/-. This transaction also resulted in profit to the tune of Rs.86,250/- which added to the bottom line of our Company and no fault can be found with us for the same.

d. It is please be noted that there is no allegation in the SCN to allege that funds received by Rupak from our Company were utilized for price manipulation and for creating of artificial volume to allege any kind of violation of PFUTP Regulations. Further, there is no allegation that the funds received by Rupak from GTCL were transferred to any of the alleged 'Kamalakshi group entities' and/or any other co-noticees which does not support the allegation that we connived with these entities to carry out price manipulation and creation of artificial market volume.

e. As regards payment of Rs 4,20,500/- on 01.04.2014 to Rupak is concerned, it is submitted that same is for purchase of shares of Ojas Assets Reconstructions Co. Ltd. from Rupak.

A copy of the confirmation of ledger from Rupak is enclosed herewith as ***Annexure-***

A.

f. With regard to transfer of Rs 21,02,500/- to Rupak in June 2014 and July 2014, we state that the same at that point in time we wish to invest in shares of some other companies and in that connection transferred the sum of Rs. 21,02,500I -. Pursuant to that, there was disagreement on valuation, we reviewed our decision and decided against that investment; hence, we called back the funds.

g. It is pertinent to note that funds paid to Rupak were out of the funds received from various entities like Today Infra and IVT Controls India P Ltd., which was repayment of loan given to them. Further, when the funds were received back from Rupak, we utilised the same to give loans to Ankita Adukia, Kamdhenu Textiles Ltd. etc.

h. From the bank statement of Rupak annexed with SCN, it is observed that Rs.21,02,500/- received by Rupak from our company on July 8, 2014 were transferred to the entities as follows:-

SN	Narne of entity	Amount (Rs.)
1.	Mehta Equities P. Ltd.	4,30,000
2.	Sanjay Kumar Sh/RTGS	10,00,000
3.	Shrenik Manhari	4,00,000
4.	Mehta Equities Ltd.	21,00,000

This establishes that no funds have been transferred to Romy Realty P. Ltd. Gromo, Surface Finance, Chandadevi Agarwal and VRP Financial Services P. Ltd. as alleged at Para 4(d).

i. Further, when the funds of Rs.21,02,500/- were received back by us, it is observed from the bank statement of Rupak that they have received funds from one Jignesh V. Shah HUF, which is not a party of any Kamalakshi group entities or any of the co-noticees. In view of the same, no adverse inference can be drawn against us because of the above transaction.

j. The transfer of funds by Rupak to various other entities and the receipt of funds by altogether unrelated person as detailed at point (h) & (i) above supports our contention that we did not connive with Kamalakshi group of entities to manipulate the price and created artificial volume in the scrip of our company, as alleged.

k. As regards allegation contained at Para 4(e) to 4(q), it is submitted that those transactions are separate, independent and distinct and have no correlation to us and further no allegation has been made against us, hence, we have no comments upon the same.

9. In so far as allegations contained at Para 4 (c) and (d) for receipt of funds from Surface and further dealings with Surface are concerned, it is submitted that same is for sale of shares of companies to Surface, the details of which are as under:-

S. No.	*Particulars*	*Amount (INR)*
1.	*Shares sold of SKM Steel Ltd.*	*1,47,500*
2.	*Shares sold of Prashasti Fintrade P Ltd.*	*2,01,250*

A copy of the confirmation of ledger from Surface is enclosed herewith as ***Annexure-B****.*

10. Further, a separate list of suspected entities have been mentioned at Para 4(r) and with them admittedly, we are not connected directly or indirectly.

11. With regard to allegations pertaining to price rise etc. (at Paras 4 to 28) we submit that we had no role to play in the same. It is submitted that as a Company we have no control over the trading in the scrip of the Company. Based on the manner of trading done by others we cannot be faulted, especially when we had no role to play in their trading and we had no connection or nexus with them. The adverse inferences drawn against us based on trading done by few entities is totally misplaced and devoid of any basis. It is submitted that we had no role to play in the decision to trade of any of the entities. The decision to trade, the timing of trade the price at which the shares were to be traded, the quantum of trades etc. were all of those entities. It is denied that apart from our directors we are connected to any other entity. It is specifically denied that there was any scheme or that we had devised any scheme with anybody as alleged. The said allegations are completely contrary to factual position on record and are based on surmises and conjectures.

12. It is denied that we were part of a manipulative scheme and were in connivance with Kamalakshi group entities who had indulged in price manipulation of the scrip and thereby created false and misleading appearance of trading in the scrip had devised any *a scheme as alleged in Para 28 of the SCN.*

13. It is submitted that our alleged transactions with Rupak Developers P Ltd., Surface Finance P Ltd. etc. which were executed in the ordinary course of business, have been interpreted I construed out of context and adverse inferences have been drawn against us, which is legally untenable and unsustainable.

14. It is denied that the Company, its directors were part of manipulative scheme and were in connivance with Kamalakshi group entities. It is denied that we have violated regulations 3(a), 3(b), 3(c), 3(d) and 4(1), 4(2)(a) and 4(2)(e) of SEBI (PFUTP) Regulations, 2003.

With respect to utilization of funds raised through preferential allotments as observed & alleged in para 29 to 37:-

15. With respect to allegation that major amount of issue proceeds has been used to extend loans & advances and share trading i.e. 47.12%, 90.87% and 22.66% of the total issue proceeds of all three allotments made on November 9, 2013, February 17, 2014 and June 24, 2014, we state as under: -

(a) Our Main Objects clause as per Memorandum of Association at the time of making preferential allotments included "to carry on the business of an Investment Company and to buy, Sell, Underwrite, Invest in and acquire and hold shares, stocks, debentures, debenture-stock, bonds, obligations and securities issued by any company, Government, Public body or authority, municipal, local or otherwise, corporate body, firm or person, and to act as Financiers, brokers, commission agents, money lenders, underwriters, guarantors, sureties or trustees."

(b) Further, as per objects incidental or ancillary to the attainments of the main objection in our Memorandum of Association at the time of making preferential allotments included "to lend money with or without security and to make advances upon, hold in trust, issue, buy, sell or otherwise acquire or dispose of, on commission or otherwise, any of the securities or investments of all kinds or to act as agents for any of the above purposes."

(c) It is also pertinent to point out that, it is clearly mentioned under heading "Business activity of the Company" in Information Memorandum dated October 1, 2013 and December 31, 2013 issued by us, that our Company is carrying on business of

an Investment Company and is primarily engaged in the business of Finance, Investment and Share Trading. Further, to expand the business activities of the Company, the Company has come out with the Preferential Issue of Equity Shares. Subject to compliance with applicable laws and regulations, the Company intends to utilise the net proceeds of the Preferential Issue for granting loans and to make investments in securities market." Hence, all the information as regards the use of proceeds of preferential issue was disclosed in the said information memorandum.

(d) After we received issue proceeds, considering the unfavourable market conditions the funds could not be deployed immediately as per object of the issue and therefore part of the same were utilised in accordance with our business as set out in our main object, to lend short term temporary loans to generate income by way of interest which have already been repaid by all except two thereby adding to income to the company and even certain part used for investment in shares majority of which are still lying with the company and also in fixed deposits which have given good returns. Statement of utilisation of issue proceeds by way of loans, and loans repaid and investment in share in respect of all three preferential issues is enclosed herewith as ***Annexure-C****.*

(e) It may further be noted that, loan amounts after receiving back have been utilized for the purpose of salaries and other expenses of the Company.

(f) In meanwhile, we decided to change the objects of the company to consultancy and trade and therefore, on May 28, 2015, through shareholders assent in special resolution through postal ballot the objects of the company were changed and accordingly funds were utilised as per modified object. A copy of the special resolution dated May 28, 2015 altering the object clause in MOA of our company is enclosed herewith as Annexure-D.

16. With respect to alleged observation that our company was not having any fixed assets/capital work in progress, which has raised Rs.42.26 crore through preferential allotments during the investigation period, we state that considering the position of the company it was decided to infuse funds by way of issuing equity shares on preferential basis with an object (reason) to expand business and diversify activities with its main object of fulfilling the additional fund requirements for capital expenditure including acquisition of companies/business, funding long term working capital requirements, marketing, setting up of offices abroad and for other approved corporate purpose and for the same requisite approval under Section 81, 81(1A) and other applicable *provisions of Companies Act, 1956 for issue and allotment of equity shares on preferential basis were obtained from shareholders for all three preferential allotments at (1) EOGM held on October 31, 2013, (2) EOGM held on February 7, 2014 and (3) 41st AGM held on June 14, 2014 respectively. A copy of special resolution and explanatory statement passed at (1) EOGM held on October 31, 2013, (2) EOGM held on February 7, 2014 and (3) 41st AGM held on June 14, 2014 respectively with respect to approval under Section 81, 81(1A) and other applicable provisions of Companies Act, 1956 for issue and allotment of equity shares on preferential basis is enclosed herewith as **Annexure-E-1, E-2 & E-3** respectively.*

17. With respect to alleged observation that our Company has not utilised the preferential issue proceeds either for capital expenditure/funding long term working capital requirements/Marketing setting up of offices abroad/for other corporate purposes, as mentioned in notices to the general meeting wherein preferential allotments of share was approved, instead used it for share trading, extending loans & advances and creation of fixed deposits, we repeat and reiterate what has been stated in para 15 hereinabove.

18. With respect to allegation that we have not submitted any information as required under Clause 43 of the listing agreement and violated section 21of SCRA, we state that: -

(a) Clause 43 of the listing agreement requires to furnish on a quarterly basis a statement to stock exchanges indicating the variation between projected utilization of funds made by it in objects stated in the explanatory statement to the notice for the general meeting for considering preferential issue of securities, and the actual utilization of funds.

(b) We state that no funds raised under the preferential issue were mis-utilised, and therefore there was no requirement for application of the terms of the said Clause 43. We have utilized funds for purpose which were part of the disclosed object, as are more specifically explained in aforesaid paragraphs. It is to be noted that, all the information as regards the preferential issue was shared by the company with the shareholders in the balance sheet of the company, as well as on the exchange and company website on a regular basis. Thus, the shareholders were aware regarding utilization of funds and other whereabouts of the company, in relation to the preferential issue.

(c) However, in order to avoid further complications, the company has obtained ratification and approval of the shareholders vide Special Resolution passed in the 44th AGM held on September 29, 2017 to all acts, deed and things done by the company in

entering into and giving effect to the utilisation of proceeds as received in all three preferential allotments i.e. (1) 82,90,000 equity shares on November 9, 2013, (2) 1,48,50,000 equity shares on February 17, 2014 and (3) 52,00,000 equity shares on June 24, 2014, which are in variation to the objects as stated out in the Notice of (1) EOGM held on October 31, 2013, (2) EOGM held on February 7, 2014 and (3) 41st AGM held on June 14, 2014 respectively. A copy of the Special resolution dated September 29, 2017 with respect to aforesaid ratification is enclosed herewith as ***Annexure-F****.*

19. Please note that, since passing of interim order dated February 20, 2015 by SEBI, the trading in the scrip of the company is suspended with immediate effect and the said suspension was in force until October 2018 during period which the scrip of the Company has remained suspended for more than three years, severely impacting us. Further, the continuing suspension in the trading of the shares of our Company and the orders passed by SEBI has adversely affected the operations of our Company. Our business growth has been considerably hampered. We had already undergone/suffered a ban of three years eight months and also suffered both reputationally and financially. The debilitating restraint of more than three years is itself hugely disproportionate and excessive in the facts and circumstances of the case. Any further imposition of penalty, in the circumstances, would be hugely detrimental to us.

20. In view of the foregoing submissions, we state that all allegations/ charges in the said SCN leveled against us does not hold good and therefore we request that the same may be dropped against us and we may be discharged from the present proceedings. We also request that we may be granted an opportunity to appear in person before you and make submissions in the matter before a final order is passed.

14. Vide Hearing Notice dated January 08, 2019, Noticee 1 was granted opportunity of personal hearing on February 05, 2019. Vide its letter dated February 05, 2019 the Noticee stated that "*This is with reference to your hearing notice dated January 8, 2019 served upon us in Adjudication proceeding initiated vide Show Cause Notice dated May 30, 2018 (SCN) thereby granting us an opportunity of personal hearing before your goodself on February 5, 2019 at 11 AM and an opportunity to submit our reply. This is to state that, we have filed our Reply dated February 5, 2019 to the said SCN in SEBI and therefore request you that our reply be considered as our oral submission for the purpose of personal hearing kept today and dispense with our personal attendance for today's*

hearing considering no further submissions are to be made".

15. Vide hearing Notice dated June 04, 2019, Noticee 1 was granted an opportunity of personal hearing on June 25, 2019. However, I note that vide email dated dated June 24, 2019, Noticee 1 has requested for taking its reply on record and reuested dispensing of personal attendance.

II. Reply and Hearing of Noticee 2 (Dheeraj Shah) and Noticee 3 (Ms. Sheetal Dheeraj Shah)

16. As no reply to the SCN was received from Noticee 2 and 3 within the stipulated time, vide Hearing Notice dated January 08, 2019 the aforesaid Noticees were granted an opportunity of personal hearing on February 05, 2019. Vide reply dated February 04, 2019, Noticee 2 and 3 *inter alia* requested for additional time and requested the hearing to be postponed to fourth week of February 2019.Thereafter vide letter dated March 06, 2019, Noticee 2 and 3 stated *inter alia* that SEBI vide order dated October 30, 2018 in the proceedings u/s. 11B of SEBI Act had been refrained from accessing the securities market for a period of five years, which had been challenged by them before the Hon'ble Securities Appellate Tribunal. The said Noticees further requested that in view of the same, the adjudication proceedings be kept in abeyance.

17. Vide Hearing Notice dated June 04, 2019, Noticee 2 and 3 were granted opportunity of personal hearing on June 25, 2019. The authorized representatives (**ARs**) of Noticee 2 and 3 viz. Profess Law Associates vide letter dated June 20, 2019 inter alia requested for inspection and copies of all the documents and records relied upon by SEBI. The ARs of the above Noticees carried out inspection of documents in the matter on July 24, 2019. Vide letter dated August 01, 2019, the ARs inter alia stated that certain annexures to the SCN were not provided to them, and that certain annexure provided to them in CD was not legible. Further, it was stated that copy of the Investigation Report, analysis of the LTP in the scrip and statements of persons recorded by SEBI had not been provided to them. Subsequently, Noticee 2 and 3 were granted opportunity of hearing on October 14, 2019. Vide letter dated October 10, 2019, the ARs of the aforesaid Noticees inter alia requested for the copy of the

documents sought by them vide letter dated August 01, 2019. Susbsequently, a fresh copy of the annexures was provided to the said Noticees. Thereafter, copy of the Relevant portion of the Investigation Report (IR) was also provided to the ARs at their request. Further it was clarified that the analysis of the LTP has been provided in the IR and that the copy of the trade log and order log, copy of the statement of Mr. Pradeep Dhanuka recorded by SEBI has been provided to the Noticees as Annexure 3.5 of the SCN. The above Noticees were also granted time till October 30, 2020 to submit their reply to the SCN. Vide email dated October 29, 2020, the ARs of the Noticees requested for time till November 12, 2020 to submit the reply of their clients. Accordingly, vide email dated November 02, 2020, Noticee 2 and 3 were granted time till November 12, 2020 to submit their replies to the SCN and an opportunity of personal hearing on November 19, 2020.

18. Vide letter dated November 12, 2020, Noticee 2 and 3 submitted their reply to the SCN. The main contentions made therein are as follows -

1. *We refer to the captioned Show Cause Notice dated May 30, 2018 ("SCN") in the matter of Gromo Trade and Consultancy Limited (formerly known as 'Kamlakshi Finance Corporation Ltd.' and now known as 'Prismx Global Ventures Ltd.' as informed) (hereinafter referred to as 'the Company') issued against us (Noticee Nos.2 & 3) in the capacity of non- independent directors of the Company.*

2. *In the said SCN it is alleged that we have violated 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 (hereinafter referred to as 'PFUTP Regulations') inter-alia on the basis of following observing, allegations*

    a) *The company made three preferential allotments as under*
        i. *82,90,000 equity shares to 42 entities at the price of Rs.12 per share in November 09, 2013;*
        ii. *1,48,50,000 equity shares to 49 entities at the price of Rs.13 per share on February 17, 2014;*
        iii. *52,00,000 equity shares to 46 entities at the price of Rs.25 per share on June 24, 2014,*

        Thereby allotting 2,83,40,000 equity shares in total to 137 persons/entities

    b) *That price of the scrip of the company rose from Rs. 10.20 to Rs.489 in 150 trading days.*

c) *SEBI conducted investigations during period January 15, 2014 to February 20, 2015 (hereinafter referred to as Investigation Period') and observed following price movement*
   i. *Price rise in Patch 1 i.e. January 15, 2014 to January 27, 2015,*
   ii. *Price fall in Patch 2 i.e. January 28, 2015 to February 20, 2015.*

d) *It is observed during Patch 1, price of the scrip rose from Rs. 10.20 to Rs.656, i.e. an increase of 6331% (nearly 64 times) in 165 trading days whereas the total traded volume was only 2,233 shares as against total of 2,83,90,000 subscribed shares. It is observed that during investigation period no major announcement made by the company except the declaration of financial results, meeting of board of directors, outcome of board meetings and change of registered office. However, allegedly group of entities connected amongst each other and also connected to the company, along with certain suspected entities had contributed to the price rise in the scrip.*
   It is alleged that the company has received/transferred funds to Rupak Developers Pvt. Ltd. ('Rupak') and Surface Finance Pvt. Ltd. ('Surface') on the basis of Bank statement of the company.
e) *It is alleged that Rupak has received/transferred funds from/to various entities including Romy Realty Pvt. Ltd., the company, Surface Finance, Chandadevi Agarwal and VRP Financial Services Pvt. Ltd. on the basis of Bank statement of Rupak.*
f) *It is alleged that Romy has received/transferred funds from/to various entities including VRP Financial Services Pvt. Ltd, Rupak and Surface om the basis of bank statement of Romy.*
g) *It is alleged that Mr. Pradeep Dhanuka was director in Rupak (for period June 11, 2007 to December 2, 2014) and in VRP Financial (for period June 30, 2001 till end of investigation of period). Further, Ms. Nidhi Dhanuka was director in Romy (for period June 12, 2007 to December 2, 2014 and in VRP Financial (for period June 1, 2002 till end of investigation of period).*
   It is thus alleged that the company, Rupak, Romy, VRP, Surface and Pradeep Dhanuka are connected.

h) *It is alleged that various other entities namely Yash Securities, Siddhivinayak Portfolio, Shree Shyam Portfolio, Anmol Finance company with Mr. Wakii Rajbhar, Ms. Sapna Jatwal and Mr. Girish Goel are connected on the basis of fund transfer during Patch 1.*
i) *It is alleged that various other entities namely Ms. Tisha Rane, Mr. Tushar Rane and Mr. Sanchit Pradeep Dhanuka are connected.*
j) *In view of the above, it is alleged that Yash Securities, M/s. Siddhi Vinayak Portfolio, Anmol Finance Company, M/s. Shree Shyam Portfolio, Mr. Wakil Rajbhar, Sapna Jatwal, Mr. Girish Goel, Mr. Beena Vijay Agarwal, Mr. Girraj Agrawal, Pradeep Dhanuka and Company are connected.*
k) *It is alleged that Mr. Jayprakash Dhanraj Bohra had dealt in off market with the company in the scrip of Ojas Asset Reconstruction Company and transferred funds to company wherein Mr. Dheeraj Shah was MD.*

l) It is alleged that Kamlakshi Group and Group A entities have contributed to LTP in the scrip of the company.

m) It is alleged that five entities belonging to Kamlakshi Group namely Mr. Jayaprakash Bohra, Mr. Wakil Rajbhar, Ms. Beena Vijay Agarwal, Ms. Sapna Jatwal and Mr. Girish R. Goel had collectively sold 1667 share (i.e.74.65% of traded quantity) during Patch-1.

n) It is alleged that Kamalakshi group entities indulged in price manipulation of the scrip by way of increasing the price by trading among themselves, selling of shares in minuscule quantities even though more number of buy orders exit in system and entities were holding more number of shares.

o) In view of the above, it is therefore alleged that the company and we as its non-independent directors were part of manipulative scheme and were in connivance with the Kamlakshi Group entities who indulged in price manipulation of the scrip and thereby created false and misleading statements of the scrip.

p) It is also alleged that the company has not utilized the preferential issue proceeds either for capital expenditure/Funding long term working capital requirements/ Marketing Setting up of offices abroad/ for other corporate purposes as stated in notices to the general meeting wherein preferential allotments of shares was approved, instead used it for share trading, extending loans and advances and creation of fixed deposits.

q) It is further alleged that the company has not complied with provisions of clause 43 of the Listing Agreement and violated Section 21 of SCRA.

3. By way of the said SCN, we were directed to file our Reply along with documentary evidences. We were thereafter served with your hearing Notice dated January 8, 2019 granting an opportunity of personal hearing on February 5, 2019. In response to the same we had written a letter dated February 4, 2019 and March 6, 2019 seeking time and thereafter a hearing notice dated June 4, 2019 was served upon us. Our Advocates thereafter vide letter dated June 20, 2019 requested for inspection of documents, which was granted by your goodself and the same was attended by our Advocates on July 24, 2019 where certain documents were provided in CD by SEBI. However, as certain documents were not readable and left out to be provided, our Advocates vide letter dated August 1, 2019 requested for the same. But, a hearing notice dated October 3, 2019 was served upon us to attend personal hearing on October 14, 2019. Therefore, our Advocates vide letter dated October 10, 2019 requested to provide the left out documents and to reschedule the personal hearing. Thereafter, SEBI vide letter dated September 18, 2020 provided to our Advocates a fresh copy of Annexures of SCN in a CD and thereafter vide letter dated October 23, 2020 provided relevant portion of investigation report and informed that all relied upon documents have been provided to us and granted time to submit reply by October 30, *2020. Since, our Advocate was not well and was at his native place, he vide e-mail dated October 29, 2020 requested for time till November 12, 2020 which was acceded by your goodselfs office vide e- mail dated November 2, 2020 and therefore accordingly we are filing our Reply to the said SCN.*

4. *At the outset, we deny all the allegations, contentions and averments levelled and made against us in the said SCN. Nothing stated in the said SCN shall be deemed to be admitted by us merely on account of non-traverse, unless the same is specifically admitted in this reply. We deny that we have violated any of the provisions of Regulations 3 or 4 of the FUTP Regulations, as alleged. We submit that we had not indulged in any alleged fraudulent and unfair trade practices relating to the securities so as to warrant any kind of penalty to be imposed under section 15 HA of the SEBI Act, 1992.*

5. *Before stating further, following facts needs to be set out, as under:-*

   a) *That, initially on the basis of preliminary investigation, an Ex-parte Interim order dated February 20, 2015 was passed by the Hon'ble Whole Time Member ("WTM") of SEBI thereby restraining the Company and its 10 directors/promoters including us from accessing the securities market which was confirmed vide order dated August 25, 2016, but revoked its earlier order against 2 directors Mr. Praful Solanki and Ms. Sonal Virani on the count that they were appointed after 3rd preferential allotment.*

   b) *Thereafter, upon completion of its investigation, another order was passed by SEBI on September 22, 2017 which revoked its earlier orders against 6 more other directors/promoters and some other entities, stating that there is no evidence/finding against them.*

   c) *Thereafter, based on investigation report SEBI issued SCN Notice dated December 14, 2017 u/s. 11B, 11(1) and 11(4) of the SEBI Act, 1992 against the Company, other alleged entities and us. However, except allegations of connectivity between the Company and other entities, no direct connection with any entity or specific role was alleged against us.*

   d) *The said SCN was replied by the Company and as the allegations were mainly against the Company in the SCN and we were rope in the* *proceeding on the only basis that we were directors of the Company, we had adopted all submissions made by the Company in it reply to the SCN. However, the Hon'ble Whole Time Member vide order dated October 30, 2018 restrained us from accessing the securities market for a period of five (5) years from the date of ex-parte ad-interim order dated February 20, 2015.*

e) *We had thereafter filed Appeal against the said order of WTM being Appeal No.59 of 2019 before the Hon'ble Securities Appellate Tribunal ("SAT"), which was taken up on October 14, 2019 and the said Appeal was disposed of by the Hon'ble SAT vide its order in terms of the debarment already undergone without going into merits of the case. In the said order at Para 7, the Hon'ble SAT has specifically ordered that the Adjudicating officer of SEBI will consider the matter on merits without being influenced by the findings given by the WTM of SEBI. A copy of the said Order dated October 14, 2019 passed by the Hon'ble SAT is enclosed herewith as Annexure-A.*

6. *We state that, based on the same investigation report captioned SCN dated May 30, 2018 has been issued thereby initiating Adjudication proceeding which is similar to SCN issued by the Hon'ble WTM. It is apparent from the captioned SCN and the investigation report that no specific role has been made out against us to level any kind of specific allegation and overall allegations are mainly made against the company. However, the aforesaid allegations have been applied to us only because we were the Directors of the Company at the relevant point of time.*

7. *Since, all the allegations in the captioned SCN have already been replied in detail by the Company vide its Reply dated February 4, 2019 inter-alia dealing with each of the allegations and placing on record the correct factual position, we hereby adopt the submission made by the Company in its said Reply in order to avoid repetition of the same, in support of our contentions that we have acted bonafide in consonance with the applicable provisions of law and therefore the same be treated as part and parcel of this reply. A copy of the Reply dated February 4, 2019 of the Company as provided, is enclosed herewith as Annexure-B.*

8. *Apart from what has been stated and adopted by us, we further submit, as under:-*

a) *We state that, we (Dheeraj Shah) had resigned by end of December 2016 which was accepted on January 11, 2017 and (Sheetal Shah) had resigned w.e.f. November 28, 2014 from the Company as recorded in investigation report of SEBI. We have ceased our day to day relationship with the Company nearly one and a half year prior to issue of SCN and roping us in the present adjudication proceeding defies logic.*

b) *Further, Ms. Sheetal Shah (Noticee No. 3) did not take any part in day to day affairs of the Company and had just attended the Board Meetings of Company and hence cannot be held responsible for the alleged acts and omissions, if any of the Company.*

c) *We have been erroneously clubbed with other alleged entities, who have traded in the scrip and we had no role to play in the trading done by them and they do not have any financial transactions with us. Further, we have not traded in the scrip.*

d) *There is nothing in the SCN or investigation report to prove that we were connected with any of the entities who have traded in the scrip of the Company during investigation period or we have acted together with any such entities. The allegations with respect to connectivity is merely based on presumption without any substance.*

e) *It is erroneously alleged that, we were Directors of the Company and therefore acted in connivance with Kamalakshi group entities, only because the Company had received/transferred funds to Rupak Developers P. Ltd. and Surface Finance P. Ltd for the purpose of purchase and sale of share, with whom entities of Kamlakshi group (who did trading in scrip) had off market transactions in share. But, there is no allegation that Rupak has transferred the funds received from the Company to any of the Kamalakshi group of entities so as to link or correlate with allegation of price manipulation and creation of artificial market volume.*

f) *It needs to be considered that financial transactions of the Company with Rupak Developers P. Ltd. and Surface Finance P. Ltd were purely commercial transaction for purchase and sale of shares.*

g) *We state that, we have an impeccable track record in terms of compliances which is also apparent from the Investigation Report of SEBI, where it is stated that Mr. Dheeraj Shah made required disclosures as and when he acquired shares of the Company and therefore have complied with applicable provisions of SEBI Regulations. Except the proceedings based on present subject matter of alleged violations including the WTM and present one, no adverse directions have ever been passed against us by any regulatory authority including SEBI.*

h) *That, there is no specific role alleged against us and only in Para 28 of the SCN it is surprisingly concluded that Gromo, its non-independent directors namely we, were allegedly part of a manipulative scheme and were in connivance with Kamlakshi group entities who allegedly indulged in price manipulation of the scrip.*

i) *Without prejudice to aforesaid, we say that only because we were directors of the Company no adverse inference be drawn against us.*

j) *Further, the SCN/present proceeding is not maintainable against us as despite there were other 6 directors in the Company, only we two are charged in the said SCN for the purpose of inquiry and there is no whisper or reasoning anywhere in the said SCN as to why the said other directors are left out from the purview of inquiry who were also the Directors at the relevant point of time.*

k) *We state that, we never indulged in any fraudulent practices relating to the securities. We have not made any gains or derived unfair advantage as a result of alleged violations. There is nothing to indicate in the SCN that we have made any gains or have caused any loss to investors.*

l) *We there categorically deny that we have violated the provisions of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(e) of SEBI. We deny that we were part of any alleged manipulative scheme or we have indulged in any price manipulation of the scrip which allegedly created false and misleading appearance of trading in the scrip. We submit that we have neither indulged in any fraudulent and unfair trade practices relating to securities nor have made any disproportionate gains or unfair advantage or caused any losses to any investor so as to warrant any penalty to be imposed upon us.*

9. We state that, in order to levy any penalty three factors as set out under Section 15J of the SEBI Act are to be taken into account i.e. (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default; (b) the amount of loss caused to an investor or group of investors as a result of the default; and (c) the repetitive nature of the default Further, other factors, circumstances including intention, apart from aforesaid three statutory factors, would also be relevant, depending on facts of each case. We submit that, none of the aforesaid factors are applicable as against us which are main ingredient to impose penalty, as no such case is made out against us in the SCN. Hence, there is no case made out of imposing any penalty upon us.

10. We further state that, we have already suffered as a result of the restraints/direction of the SEBI for a period of almost five years and in view thereof request your goodself to drop all charges levelled against us and the adjudication proceeding be withdrawn without being influenced by the findings of the Hon'ble WTM in light of the aforesaid order passed by the Hon'ble SAT.

11. In the light of facts and circumstances of the matter submitted hereinabove we state that no case is made out against us. Hence, considering the aforesaid submissions and the fact that we have already suffered immensely and disproportionately as a result of the restraints/directions issued by SEBI, it is most humbly prayed to your honour that the charges levelled against us be dropped, proceeding be withdrawn and/or we be discharged from the present proceeding

12. We further request your goodself that this Reply be considered as our oral submission for the purpose of personal hearing scheduled on November 19, 2020 at 11:00 am via video conferencing and dispense us from our personal attendance for the said hearing considering no further submissions are to be made by us.

19. I note that Noticee 2 and 3 they have requested that they be dispensed from attending the personal hearing scheduled on November 19, 2020 and that their above submissions be considered for the hearing considering they have no further submissions to be made.

III. Reply and Hearing of Noticee 4 (Mr. Pradeep Dhanuka)

20. I note that the SCN was delivered to Noticee 4. Thereafter, Noticee 4 was granted an opportunity of personal hearing on February 05, 2019 vide hearing notice dated January 08, 2019. Further the Noticee was also granted opportunity to submit his reply to the SCN. In the hearing held on February 05, 2019, Mr. Rahul Ramchandra Dwivedi, advocate the authorized representative (AR) of Noticee 4 appeared on behalf of the Noticee and stated that he does not have any idea about the present matter and requested for additional time for submitting reply to the SCN. It was noted that despite giving two opportunities for submitting reply, the Noticee has failed to submit any reply to SCN. Further, no proper justification was provided by the AR for non-submission of replies and also for seeking further additional time by the Noticee. The hearing proceedings were thus concluded and the AR sought no further hearing in the matter.

21. However, post the hearing Noticee 4 submitted reply dated February 04, 2019 (received in SEBI on February 08, 2019). The main submissions made therein are reproduced as under–

Sub- REPLY TO SHOW CAUSE NOTICE DATED 30-5-2018 AND HEARING NOTICE DATED 8-1-2019 ISSUED U/S 4[3].

Ref- M/S GROMO TRADE & CONSULTACY LTD. [formally known as Kamalakshi Finace corporation Ltd.]

I have received said notice dated 8-1-2019 addressed by you and I am called on 5-2-2019 for hearing. In reply thereto I say and submit you as under:-

1. *After receipt of said show cause notice, I have not received any documents regarding said matter and you please furnish all relevant documents to me so that I can give detailed reply of same.*
2. *Even part from this, I say that earlier I was employed one by Shri Giriraj Agrawal in his company i.e. M/s Shreeji Harbals Ltd. in the years 2007 in purchase department and since then I was acquainted and known with said Giriraj Agrawal. Said company M/S shreeji Harbals Ltd was closed down in the year 2008-2009 and thereafter he told me that I will do work for him for which he will pay some things for my livelihood.*
3. *I further say that I have failed S.S.C, I am not conversant with English, hardly I can read Hindi and little bit understand English also. Said Giriraj Agrawal has taken me in confidence and wherever and whenever he told me to sign, I have signed on good faith as well as whatever he was telling to do, I was doing as per his*

instructions for which he was giving money of Rs. 3,000/- . Later on I came to know he is doing some works relating to trade of shares.

4. *In such way, he used to tell me to purchase shares in name of some other persons therefore I have ordered to purchase shares in the names of other persons also however I had nothing to do with said transaction and profit and loss of these trades of shares.*
5. *It is my only mistake that I blindly believed on him who has bluffed me and played foul game plan with me to whom I had introduced with him, in such way, all of us have come in trouble and we are facing such problems. We are trapped in such way by him and now we are showing our innocence. I say that somewhere in the year 2008-2009.*
6. *I say on oath that I am not aware nor any way concerned with said M/S GROMO & CONSULTANCY. So for as the allegations which are mentioned in said show cause notice, since I am not aware any such transaction therefore I am not able to give reply on merit. The proper and fit persons Mr. Giriraj Agrawal who can answer about the same nor I am having any details about any such allegations and query asked in such show cause notice.*
7. *I say that whatever stated herein is true and correct and nothing is concealed by me.*

IV. Reply and Hearing of Noticee 5 (Mr. Jayprakash Dhanraj Bohra)

22. Vide letter dated September 14, 2018, Noticee 5 submitted his reply to the SCN. The main submissions made therein are as follows –

a. *In the SCN I have been called to show cause as to why an inquiry should not be held against me in terms of Rule 4 of the SEBI Adjudication Rules read with Section 15-1 of the SEBI Act, 1992 and why penalty, if any should not be imposed on me in terms of the provisions of Section 15 HA of the SEBI Act, 1992 for alleged violation Regulation 3(a),(b),(c) and (d) and 4(1),4(2) (a) and (e) of SEBI (PFUTP) Regulations, 2003 for allegedly indulging in manipulating the price of the scrip of the Company during between 15th January, 2014 and 27th January, 2015 (hereinafter referred to as "the relevant period").*

b. *The allegation in the SCN is on the basis that, an alleged "Kamalakshi Group9' or "suspected entities" has traded amongst itself and had contributed to gross market positive LTP of Rs. 101.35 (13.13% of gross market positive LTP) which* *led to increase in price of the scrip of the Company and also the fact that while trading in the scrip of the Company these alleged group entities have repeatedly placed sell orders in negligible quantities (1-10 shares) at a price higher than the LTP, contributing gross market positive LTF of Rs. 236.15 (30.59% of gross market positive LTP). I have been alleged to be a part of the said "Kamalakshi Group" and therefore the present SCN has been issued to me for the aforesaid PFUTP Regulations violation.*

c. *Before proceeding further certain relevant facts necessary for the present matter are as follows:*

   i. *I am trading in the securities market since 1986 and since then have been associated with Prakash K. Shah Shares & Securities Pvt. Ltd., member of the Stock Exchange, Mumbai.*

   ii. *On 19th December, 2000 I was appointed as a remisier of the said Prakash K, Shah Shares & Securities Pvt. Ltd. bearing registration no, R/549/345/14/12/2000.*

   iii. *Further, with effect from 26th September, 2008 I am a registered Sub-Broker affiliated to the said Prakash K. Shah Shares & Securities Pvt. Ltd. on National Stock Exchange of India.*

   iv. *In the recent past I have continuously been trading in the securities market. Hereto annexed and marked as Annexure A is copy of the turnover statement of the last 5 financial years.*

   v. *Prior to the passing of the Ex-parte Ad-interim order dated 20th February, 2015 in the scrip of Gromo, there has been no inquiry/allegation/order against me by SEBI or the stock exchange for any kind of alleged violation of any securities law.*

   vi. *After passing of the aforesaid Ex-parte Ad-interim order, SEBI passed a Confirmatory Order dated 25th August, 2016 in the scrip of Gromo.*

   vii. *Subsequently after conclusion of the Investigation in the matter SEBI has issued the captioned SCN*

d. ***ACQUISITION OF THE SHARES OF GROMO***

i. *One Mr. Ramanarayan C. Bohra, who I know since last 32 years informed me that he was in urgent need of funds and has certain shares of Gromo with him, which he had received from one Mr. Kushal Jain to offer me.*

ii. *Thereafter I had purchased 1,050 shares of Gromo from Mr. Ramnarayan C. Bohra for a sum of Rs. 10,500/- . The said transfer was recorded vide and Agreement for Sale, which at present is not traceable.*

iii. *On 25th January, 2014, the said shares were forwarded by me to the Company for transfer in my name. The said shares were received by me on or about 22nd February, 2014, duly transferred in my name.*

iv. *Thereafter on 14th March, 2014, I lodged the said 1,050 shares for dematerialization in my account through the said M/s. Prakash K. Shall Shares & Securities Pvt. Ltd. (also a Depository Participant affiliated to CDSL). The said shares were dematerialized on 20th March, 2014.*

KAMALAKSHI GROUP

e. *In the SCN, I have been alleged to be a part of a "Kamalakshi Group", however no reasons has been assigned in the SCN as to how I am part of the said Group or what was my role in the whole alleged scheme or artifice. In the ex-parte ad-interim order dated 20th February, 2015 in the matter of Gromo "Kamalakshi Group" has been identified as entities related/connected to KFCL were operating in the scrip as a group. In the captioned SCN I have also be identified as one of the suspected entities. The relevant part of the Table in para 4(r) of the SCN is reproduced herein below for ready reference:*

Name	*Connection*
Jayprakash Dhanraj Bohra	*Has dealt in off market with GROMO in the scrip of Ojas Asset Reconstruction Company Ltd (now known as Toyam Industries Ltd.). Bohra transferred funds (Bank acc no: 008427100010346, Bank Of India) to GROMO and Esaar (I) Ltd. wherein Dheeraj Shah (MD of GROMO) is a director. GROMO had also received/ transferred funds to Esaar (I) Ltd.* *Mr. Bohra has dealt in off market with Romy Realty P. Ltd in the scrip Tilak Ventures Ltd. on December 05, 2012. Ms. Ndihi Pradeep Dhanuka was a director in Romy Realty P. Ltd during the period June 12, 2007 and December 02, 2014. Ms, Ndihi Pradeep Dhanuka is spouse of Mr. Pradeep Dhanuka. Hence, Mr. Bohra is connected to GROMO and Mr. Pradeep Dhanuka*

f. *With regard to the off-market transaction with Gromo, firstly it is submitted that the said transaction was long after the shares of Gromo were acquired by me. Secondly I was advised by same Mr. Ramnarayan C. Bohra that a client of Malad Sahakari Bank Ltd. was looking to divest its shareholding in Ojas Asset Reconstruction Company Ltd. and that the said Company is not listed on any Exchange and once it is listed it would fetch good price. Looking at the rise in price of the scrip of Gromo, which was also advised by Mr. Ramnarayan C.*

Bohra I decided to purchase the shares of Ojas Asset Reconstruction Company Ltd. at their face value. I had purchased 6,000 shares of Ojas Asset Reconstruction Company Ltd. for a sum of Rs. 60,000/- from Gromo which were transferred to my demat account on 23rd June, 2014. Lastly till date T still hold the said 6,000 shares of Ojas Asset Reconstruction Company Ltd. It is important to note that there was no transfer of funds to Mr. Dheeraj Shah.

g. *With regards the off market transection with Romy Realty P. Ltd., it is submitted that the said transaction was on 05th December, 2012 in the scrip of M/s Out of City and the said transaction was also made on the advice of Mr. Ramnarayan C. Bohra. It is important to note that the shares of GROMO were acquired by me in January, 2014 (almost after a period of 1 year from the date of the shares acquired from Romy Realty P. Ltd.). Merely because one Ms. Nidihi Pradeep Dhanuka was a Director of Romy Realty P. Ltd., it cannot be inferred that I was therefore connected to her husband Mr. Pradeep Dhanuka and also GROMO. It is submitted that, if at all I have a share transfer with a Company or a Partnership Firm, it does not means that I am also connected to their Director or Partners and also the connection to their husbands or spouses may be too farfetched.*

h. *The details mentioned above do not bring out any such relation or connection or nexus between me and the Promoter and/or Director of Gromo in any manner whatsoever and hence the question of me being part of the "Kamalakshi Group" does not arise. Without prejudice to the above even assuming that I was connected/related to Promoter and/or Director of Gromo, it is submitted that my trades have been alleged to have increased the price of the scrip of Gromo. Therefore the trades executed by me in the scrip of Gromo have to be taken into consideration while considering the violations alleged against me in the present SCN.*

TRADING IN THE SRCIP OF GROMO

i. *As the price of the shares of Gromo was continuously rising after I purchased shares of that Company, I decided to sell the said 1,050 shares as and when the buyers were available on the market at the then prevailing market price. The shares were sold by me during 17th April, 2014 to 22nd January, 2015.*

j. *The following are the relevant details with respect to the trades executed by me in the scrip of Gromo:*

    i. *I am not in the top 10 net positive LTP contributors who are also amongst the alleged suspected entities. These 10 entities have contributed Rs. 450.45 to the positive LTP out of the total Rs. 645.80 during the Patch I*

Period (15th January, 2014 to 27th January, 2015) i.e. 58.35% to positive market LTP.

ii. *All the trades executed by me were not above LTP*
   a. *Trades at 0 LTP: 22*
   b. *Trades below LTP: 4*
   c. *Trades above LTP: 38*

iii. *I am not connected to any of the counter parties to my trades executed on the market.*

iv. *Trades were executed with other entities also other than the alleged suspected entities or the Kamalakshi Group entities.*

v. *The sell price has matched with the buy price put in by the buyers.*

vi. *The quantity of the shares sold by me in one sell order placed by me was in the range of 1 to 164.*

k. *It is submitted that the trades were executed by me in the scrip of Gromo were completely genuine same as trades done by me in other scrips during the same period. It is also not the allegation in the SCN that the trades executed were synchronized or circular trades.*

l. *The Hon'ble Securities Appellate Tribunal in the matter of Moneygrowth Investment and Consultants Pvt. Ltd. vs. SEBI (Date of decision 27th August, 2008) has inter alia held that:*

   "5. The main charge of manipulation of the price of the scrip of STIL is sought to be established by the Board on the basis of only three trades executed by the appellant on 09.8.2000, 28.08.2000 and 20.09.2000 on BSE. Each of the trades was a sale of 50 shares and while the price on 09.08.2000 was Rs. 75.55 per share it increased to Rs, 175.50per share on 28.08.2000 and further to Rs. 366.40per share on 20.09.2000. All these sales were at prices already determined through the price-order matching mechanism of the stock exchange and ***no trade was executed at such a price could be said to be manipulative in nature unless there is a charge of circular or synchronized trading****.*

m. *At the time the sell orders were placed by me buy orders for large quantity were already pending on the market at a price higher than the last traded price and hence as a seller I was bound to place buy orders at the same price to fetch the best possible price for the shares held by me so as to gain maximum profit. It is common phenomena that a seller will try to get best possible for its product in order to gain as much profit as it can. In some cases it was the buyers also who had placed buy order quantity in the range of 10-20.*

n. *It is normal market practice that the orders on the exchange are placed slightly higher or lower so that the trade gets successfully executed, suppose a price of a scrip is continuously rising and one person wants to purchase the shares of that scrip than that entity will place the buy order at a price slightly higher than the last traded price so that it can give an incentive for the seller to sell shares of that scrip. Same was the case in the present matter as buyers were standing offering a price higher than the prevailing market price, the sellers also placed the sell orders at that price so as to earn maximum profit. There is nothing wrong or fraudulent about such kind of practice. These were genuine trades executed by me and it is again reiterated that I was not part of the alleged Kamalakshi Group or the suspected entities or was related or connected to such entities.*

o. *The Hon'ble Tribunal in the matter of Jagruti Securities Ltd. vs. SEBI (Date of decision 27th October, 2008 in Appeal No. 102 of 2006) has inter alia held that:*

"4 If the trades (buy orders) had been genuinely executed by the appellant as a broker through the trading system of the two exchanges where is then the question of the appellant artificially raising the price of the scrip. It is axiomatic that a genuine trade will always reflect a genuine price of the scrip. The adjudicating officer has rightly observed that on a screen based trading system, buyers and sellers put in their orders through their respective brokers and the trade gets executed only when the buy and sell orders match subject to price time priority. We may like to add that the price time priority signifies two things; first is the matching of price and second is the priority in point of time. When a buy order is placed on the system, it will be matched with the best sell order (lowest price) available on the system subject to the condition that no buyer will be made to buy at a price more than what he has offered. If more than one pending sell orders match the buy order, the sell order placed earlier in point of time will be picked up to complete the trade. Similarly, a sell order will be matched with the best buy order (highest price) subject to the condition that no seller will be made to sell at a price lower than what he has fed into the system. If more than one pending buy orders match the sell order, the buy order placed earlier in point of time will be matched first. This is how the price discovery mechanism of the system works as it is based on the free inter play of the forces of demand and supply. The price which the system determines is truly the price which a willing buyer would pay to a willing seller. Once the system has determined the price of a scrip in the aforesaid manner, it can never be described as artificial Artificial price, on the other hand, is a price determined by the buyer and the seller in a premeditated manner through collusion by manipulating the system of which we have seen

many instances. Black's Law Dictionary (eight edition) defines the word 'artificial3 as "Made or produced by a human or human intervention rather than by nature If we substitute the word 'trading system' for 'nature' in this definition, it becomes clear that an artificial trade/price is the one that is executed or determined by human manipulation rather than through the operation of the system. As at present advised, we are of the view that in an artificial trade there has to be collusion between the buyer and the seller and in the absence of any collusion, the trade cannot be termed as 'artificial'.

6…….. However, in the view that we are taking of the appellant's transactions, it would not matter if the percentage of purchases at the last traded price or below were lower or the total purchases at rates higher than the last traded price were more than 7 per cent. The artificial nature of trades cannot be established on the basis of percentage of such purchases but only on the basis of collusion or nexus between the buyer and the seller, as we have observed supra. It is true that the appellant was punching in buy orders before the beginning of the trading session and he did this on as many as 28 days at prices close to the upper circuit limit and on this basis it has been inferred that the appellant was manipulating the opening price of the scrip in question. We cannot uphold this finding either. By putting in buy orders into the system and ensuring that its order was the first one therein at a higher rate than the last traded price, it could well be inferred that the appellant was keen that the purchase order goes through the system and the shares are Purchased…….A similar view was taken by this Tribunal in Ketan Parikh v. Securities and Exchange Board of India, Appeal No. 2 of2004 decided on 14.7.2006. The charge levelled against the appellant therein was that he had indulged in manipulating upwards the price of the scrip of Lupin Laboratories Ltd. and the same was established on the basis of charts showing that buy orders had been placed at prices higher than the last traded price. While reversing the order of the Board\ this Tribunal observed that merely because some buy orders had been placed at prices higher than the last traded price in the scrip would not lead to the inference that the price was being manipulated upwards. It could indicate the desire of the appellant to purchase the shares and it is with that object in view that he may have put in buy orders at the higher rate. The Board did not challenge the findings recorded by the Tribunal."

p. *It is to be noted that by executing such trades I only contributed Rs. 189.60 out of a total of Rs. 736.51 of the market +ve LTP (i.e. 26.98%), therefore it is clear that my trades have not impacted the price of the scrip of Gromo which was continuously in its normal course of trading rising. The price of the scrip of Gromo* *was rising prior to and after the trades executed by me therefore it cannot be alleged that my trades were the factor on which the price of the scrip of Gromo increased. The Hon'ble Tribunal in a recent judgment in the matter of Ashlesh Shah vs. SEBI (Date of decision 18th April, 2018 in Appeal No. 265 of 2017) has inter alia held that:*

"11. However, mere fact that the appellant belonged Krupa Soni group could not be a ground to hold that the single buy order placed by the appellant on 06.04.2010 to buy 7700 shares of RCL was with a view to create an artificial momentum in the illiquid scrip of RCL. As noted earlier, by 06.04.2010 the RCL scrip had ceased to be an illiquid scrip and in view of heavy trading, the RCL scrip had virtually reached its peak on 06.04.2010."

q. *It is axiomatic to believe that SEBI on one hand is stating that entities placed sell order for smaller quantities and contributed to positive LTP and on the other hand is saying that the same trades created a false or misleading appearance of trading in the scrip. If the quantity traded was less then how would it show a false or misleading appearance of trading in the market?*
r. *It is also to be noted that my trades as compared to other entities mentioned in the table 11 of para 14 of the SCN are substantially large, my traded quantity for the Patch I period is 1050 (64 trades) while the next entity in the table has only traded for a quantity of 273 shares (ie. a difference of 111 shares), that also in 81 trades (i.e 17 trades more than mine). Also in the table 6 of the SCN of top 10 LTP contributors the highest no. of shares traded by a single entity is 94 and the highest no. of trades executed by a single entity was 24. In these circumstances it cannot be alleged that the quantity traded by me were small and the trade executed by me were with an intention to manipulate the price of the scrip of Gromo or create a false or misleading appearance of trading in the market.*
s. *The trades executed by me for a quantity of less than 10 shares is 32. The trades executed by me for a quantity of 10 shares is 16 and the trades executed by me for a quantity of more than 10 shares is 16. The main charge in the SCN is that I have traded for smaller quantities in the scrip of Gromo., is hence disproved.*
t. *It is also not the case that I would benefit by the increase in price of the scrip of Gromo as I had sold all my shareholding in the scrip of Gromo during the said period only and it is also not alleged that I am connected to some entity who was holding substantial shares of Gromo.*
u. *In view of the submissions made above it is clear that I am not connected to the alleged suspected entities or the "Kamalakshi Group" entities and also not have intentionally increased the price of the scrip which would amount to an act of*

manipulation of price of the security and hence I have not contravened provision of SEBI (PFUTP) Regulations, 2003 as alleged in the SCN.

v. It is humbly prayed that the present proceeding initiated against me be dropped by SEBI without drawing any adverse inference.

w. I reserve my right to file a further/additional reply if necessary. Further, I would like to avail the opportunity of hearing before your goodself.

23. Vide hearing Notice dated January 08, 2019, Noticee 5 was granted an opportunity of personal hearing on February 05, 2019. The said personal hearing was attended by Mr. Saurabh Bachawat, advocate on behalf of Noticee 5, wherein the authorized representative (AR) reiterated the submissions made by Noticee 5 vide his reply dated September 14, 2018. Further, the AR undertook to make post hearing submissions in the matter including the details of the day-wise trades done by the Noticee latest by February 12, 2019. The hearing proceedings were concluded and the AR sought no further hearing in the matter.

24. Vide letter dated February 12, 2019, Noticee 5 made additional submissions in the matter. The main submissions made therein are as follows –

In furtherance to the opportunity of personal hearing granted by your good self on 05th February, 2019, wherein our authorized representative was directed to file an analysis of the trades executed by me. So kindly note the following:

1. *During the investigation period Noticee has traded on 45 day.*

2. *The Noticee has executed a total no. of 64 trades during the investigation period.*
    i. *No. of trades at 0 LTP: 22*
    ii. *Trades below LTP: 4*
    iii. *Trades above LTP: 38*

3. *Out of the total 64 trades on 42 occasions the sell order quantity put by me was 10 or more.*

4. *Out of the total 38 trades executed by me above LTP, except one trade each on 02nd September, 2014 and 11th September, 2014, on all occasions buy orders at the price higher then the LTP were already pending on the trading platform of the exchange. Therefore the price was already determined by the exchange mechanism and as SEBI has not found any fraudulent or manipulative trading on part of such counter parties, the trades of the Noticee cannot be held to be non-genuine.*

5. *There was a total no. of 35 entities who were the counter parties to my sell trades.*

6. *However the SCN has only been issued to only 9 out of such 35 entities and it is also important to note that the Ld. WTM vide order dated 22nth September, 2017 has revoked the directions against the following entities who had also contributed to positive LTP during the investigation period:*

Sr. No.	*Name of the entity*	*LTP contribution as seller (Rs.)*	*LTP contribution as buyer (Rs.)*
1	*Ankit Mahendra Kachhara*	*0.50*	*6.8*
2.	*Yogesh Vitthal Jadhav*	*7.8*	*5.3*
3.	*Gulmohar Dealcom P. Ltd*	*8.6*	*7*
4.	*Prem Lata Nahar*	*2.7*	*6.8*
5.	*Hasmukhbhai Dhanabhai Gohil*	*41.95*	*11.2*
6.	*Jugal Kishor Parmar*	*8.15*	*-17.65*
7.	*Vipul Gandhi*	*Not sold any shares*	*26.75*
8.	*Daulat Chandraliya*	*11.85*	*4.45*

7. *In view of the additional submissions made above and vide my reply dated 14th September, 2018, I request your good self to dispose of the present proceedings against me.*

8. *It is once again requested to your good self to provide a scanned copy of the reply dated 14th September, 2014 filed by me, as the same is not traceable in my records.*

V. <u>Hearing and Reply of Noticee 6 (Mr. Wakil Rajbhar)</u>

25. The SCN sent to Noticee 6 (Mr. Wakil Rajbhar) through Speed Post with Acknowledgement Due returned undelivered. Accordingly, the SCN was affixed at the last known address of the Noticee as per records on June 23, 2018. The affixture report is available on records. However, no reply was received from Noticee 6. Vide notice dated January 08, 2019, Noticee 6 was granted opportunity of personal hearing on February 05, 2019. Further the Noticee was granted opportunity to submit reply to the SCN. The said notice was sent for affixture at the Noticee's addres, however the affixture could not be done. Thereafter, Noticee 6 was granted opportunity of personal hearing on July 12,

2019 vide newspaper publication (Times of India and Dainik Jagran- both all India editions) on June 22, 2019. The Noticee 6 did not appear for the said hearing. Further, the Noticee was also granted another opportunity of personal hearing on October 14, 2019 vide a consolidated newspaper publication in various dailes including Hindustan Times, Nav Bharat Times, Mahrashtra Times – Mumbai editions, on October 01, 2019. However, the Noticee did not submit any reply to the SCN nor did it appear for the said hearing.

26. Considering the fact that the Noticee has neither filed any reply nor has availed the opportunity of personal hearing despite being granted opportunities for the same, I am of the view that the Noticee has nothing to submit, and in terms of rule 4(7) of the SEBI Adjudication Rules, the matter can be proceeded ex-parte on the basis of material available on record. In absence of any response from the Noticee to the SCN, I presume that the Noticee has admitted the charges levelled against it. In this regard, it is pertinent to note that the Hon'ble Securities Appellate Tribunal (SAT) in the matter of *Classic Credit Ltd. vs. SEBI* (Appeal No. 68 of 2003 decided on December 08, 2006) has, inter alia, observed that,

"......the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show cause notice were admitted by them".

27. Further, the Hon'ble SAT in the matter of *Sanjay Kumar Tayal & Others vs SEBI* (Appeal No. 68 of 2013 decided on February 11, 2014), has also, inter alia, and observed that:

"...appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges leveled against them in the show cause notices..."

28. Further, the same position is reiterated by the Hon'ble SAT in the matter of *Dave Harihar Kirtibhai Vs SEBI* (Appeal No. 181 of 214 dated December 19, 2014), wherein the Hon'ble SAT observed as under:

"...further, it is being increasingly observed by the Tribunal that many

persons/entities do not appear before SEBI (Respondent) to submit reply to SCN or, even worse, do not accept notices/letters of Respondent and when orders are passed ex-parte by Respondent, appear before Tribunal in appeal and claim non-receipt of notice and do not appear and/or submit reply to SCN but claim violation of principles of natural justice due to not being provided opportunity to reply to SCN or not provided personal hearing. This leads to unnecessary and avoidable loss of time and resources on part of all concerned and should be eschewed, to say the least. Hence, this case is being decided on basis of material before this Tribunal..."

29. In view of the aforesaid observations made by the Hon'ble SAT, I find no reason to take a different view and accordingly I deem it appropriate to proceed against the Noticee ex-parte, based on the material available on record.

VI. Hearing and Reply of Noticee 7 (Ms. Sapna Ramdas Jatwal)

30. Vide letter dated June 27, 2018, Noticee 7 requested for one month's time for filing reply to the SCN. However, subsequently, no reply was received. Vide Hearing Notice dated January 08, 2019, the Noticee was granted an opportunity of hearing on February 05, 2019. The said hearing notice was served on Noticee 7 through affixture. Vide letter dated January 22, 2019 received from the advocate of Noticee 7, the following submissions were made-

> *1.My client that she is not aware about said company at all as well whatever allegations are made in said show cause notice are false and frivolous as she has not done as alleged transaction.*
>
> *2. My client is shocked and surprised to see said notice. My client is simple and innocent woman. She is not aware any things about share trading. She is not aware about share market as alleged in said notice.*
>
> *3.My client states that she knows one Shri Pradeep Dhanuka and on his instruction, she has signed on some of the documents in good faith and nothing else because she was working with him and one Mr. Giriraj Kishor Agrawal, having office at E-109, Crystal Plaza, New Link Road, Andhery [west] Mumbai who is expert in share Market. My client states that during the working period, they had taken signature of my client*

on various piece of papers and they may have misused signature and did trading in such way. Said Agrawal may have done in my client's name and misused his power and knowledge which needs to be investigated against him. My client will co-operate for same.

4. It is not possible for her to do such irregularities mentioned in said notice as well as she does not know anything about share market then how she can do such things. My client says that she was only employee therefore it is happened with her.

5. My client says that other than this she does not know anything alleged in said letter about share transaction of and company mentioned. You please do needful and take action against the concerned persons.

31. Subsequently, vide Hearing Notice dated June 04, 2019, Noticee 7 was granted an opportunity of hearing on June 25, 2019. The following authorized representative (AR) of Noticee 7 viz. Mr. Rahul Ramchandra Dwivedi, advocate appeared for the hearing. The AR submitted a letter dated June 21, 2019 from the Noticee and reiterated the contents of the said letter. The hearing proceedings were concluded and the AR sought no further hearing in the matter. The following submissions were made on behalf of Noticee 7 vide the aforesaid letter dated June 21, 2019 –

1. My client says and submits that for your kind information, my client is not aware about any transaction any transaction and earlier my client has given letter dated 27/06/2018 and 22/01/2019 to you as she is not aware about any transaction therefore no question arise to attend the hearing as called upon you on 25/06/2019 at about 2:30 PM

2. My client further says and submits that the said transaction is in the year 2014. He does have any record with him hiving details of said transaction so that she can submit before you. Therefore my client is also unable to give details of payment, receipt thereof and dates of the same and submit it.

3. My client is shocked and surprised to see said notice. My client is simple and innocent woman. She is no, aware any things about share trading. She is not aware about share market as all as alleged in said notice.

4. My client states that she knows one Shri Pradeep Dhanuka and on his instruction, she has signed on some of the documents in good faith and nothing else because she was working with him and one Mr. Giriraj Kishor Agrawal, having office at E-109, Crystal Plaza, *New Link Road, Andhery [west] Mumbai who is expert in share Market. My client states that during the working period, they had taken signature of my client on various piece of papers and they may have misused signature and did trading in such way. Said Agrawal may have done in my client's name and misused his power and knowledge which needs to be investigated against him. My client will co-operate for same.*

5. It is not possible for her to do such irregularities mentioned in said notice as well as she does not know anything about share market then how she can do such things. My client says that she was only employee therefore it is happened with her.

6. My client has no, done any irregularities or illegality in the said transaction. Thus, you please close the chapter hence forth for which my client is grateful to you.

VII. <u>Hearing and Reply of Noticee 8 (Mr. Girish Rajkumar Goel)</u>

32. I note that the SCN sent to Noticee 8 through Speed Post with Acknowledgement Due returned undelivered. Accordingly, the SCN was served on Noticee 8 through affixture at the address of the Noticee on June 23, 2018. The affixture report is available on records. However, no reply was received from Noticee 8. Thereafter, Noticee 8 was granted an opportunity of personal hearing on February 05, 2019 vide hearing notice dated January 08, 2019. Further the Noticee was also granted opportunity to submit his reply to the SCN. In the hearing held on February 05, 2019, Mr. Rahul Ramchandra Dwivedi, advocate, the common authorized representative (AR) of Noticee 8 appeared on behalf of the Noticee 8 and Noticee 4 (Mr. Pradeep Dhanuka) and stated that he does not have any idea about the present matter and requested for additional time for submitting reply to the SCN. It was noted that despite giving two opportunities for submitting reply, the Noticee has failed to submit any reply to SCN. Further, no proper justification was provided by the AR for non-submission of replies and also for seeking further additional time by the Noticee. The hearing proceedings were thus concluded and the AR sought no further hearing in the matter. The minutes of hearing dated February 05, 2019 signed by the AR is available on record.

33. Pursuant to the hearing, Noticee 8 submitted reply dated February 04, 2019 (received in SEBI on February 08, 2019) on merits. The main submissions made

therein is reproduced as under–

1. After receipt of said notice, I say that I have not received any documents regarding said matter and you please furnish me all relevant documents so that I can give you details reply of same.

2. Even part from this, I say and submit that earlier I was working with Mr. Praddep Dhanuka as a clerk and on his instruction I was doing as per his instructions of said Pradeep Dhanuka and Giriraj Agarwal in good faith without asking a question to him because I was working. Apart from this, I am not aware about anythings of said alleged transaction done in said company as nor I am concerned with same.

3. In such way, Pradeep Dhanuka used to purchase shares in my name for which I was getting amount of Rs. 2,000/- per month from him I have nothing to do with said transaction and profit and loss of these trades of shares. I say on oath that neither I am concerned with these companies nor concerned with any transaction, profit and loss.

4. I say that whatever stated herein is true and correct and nothing is concealed by me.

VIII. <u>Hearing and Reply of Noticee 9 (Mr. Vijay Mahavir Tibrewal)</u>

34. Vide Hearing Notice dated January 08, 2019, Noticee 9 was granted an opportunity of personal hearing on February 05, 2019. Noticee 9 appeared in person for the said hearing and submitted copy of his letter dated January 31, 2019 during the hearing. Noticee 9 stated that he had not received the SCN dated May 30, 2018. Though the SCN was duly served however in view of the request of the Noticee to provide SCN, a copy of the SCN was again provided to the Noticee. After perusing the contents of the SCN, Noticee 9 submitted that he had no further submissions to make and that his aforementioned letter dated January 31, 2019 be considered as reply to the SCN dated May 30, 2018. Further, he reiterated the contents of the abovementioned letter dated January 31, 2019. The hearing was concluded and the Noticee sought no further hearing in the matter. The hearing minutes dated February 05, 2019 signed by the Noticee is available on records. The main submissions made in Noticee 9's letter dated January 31, 2019 are summarized as below –

1. *Noticee has submitted his reply on June 29, 2018 to SEBI's SCN dated May 25, 2018 in the proceedings before Whole Time Member of SEBI. In the said letter he has inter alia submitted that in January 2017, he left his then job due to*

personal reasons, moved on to Nepal searching for a new job, and since then he was working and staying in Nepal; Noticee requested to release his demat account which has been blocked by SEBI. Copy of the said letter dated June 29, 2018 has been attached as Annexure (I) of reply.

2. *Noticee has earlier submitted explanatory reply dated August 04, 2015 with reference to SEBI's Interim order in the matter of Kamalakshi Finance Corp Ltd passed on February 20, 2015. Copy of the reply dated August 04, 2015 has been attached as Annexure (II) of reply. The main submissions in the same are summarized below-*

    i. *I am a Salaried person working in the field of Textiles. I changed my job since last 2 years for better financial gain, presently employed in Swastik Feb., Dadar and staying in Kalyan for more than 10 years. I also do smalltime investment in Share market.*

    ii. *I say that I do not have any Business contact or any Trading relations with Neeta R. Chandak.*

    iii. *I further say that I do not have any Business contact or any Trading relations with Olympia Multi Trading P. Ltd., Tilak Finance Ltd., Romy Realty Ltd., Rupak Developers (P) Ltd., Shri Vijay Kumar Nandlal or Moryo. I repeat that I do not have any direct or indirect relation with the persons named in Page No. 1-37 of SEBI's Interim Orders in question. All that I have done is purchasing 82 shares of KFCL*.

    iv. *I submit that I have simply purchased 82 shares of Kamalakshi Finance Corp. Ltd. Particulars and full details of this purchase are tabulated in the Table given below :-*

Item No.	*Bill No. & Date*	*No. of Shares purchased*	*Rate Rs. P.*	*Remarks*
01	*BO/5133 14-10-14*	*10*	*256.70*	*I am holding all these 82 shares in my Demat A/c. in the same condition these were purchased originally in Oct-Nov*
02	*BO/5138 22-10-14*	*12*	*277.70*	
03	*BO/5139 23-10-14*	*10*	*283.75*	
04	*BO/5140 27-10-14*	*10*	*288.90*	
05	*BO/5144 31-10-14*	*17*	*312.60*	
06	*BO/5146 05-11-14*	*23*	*325.20*	
	Total	*82*		*Copies of all these Bills are enclosed*

v. *I submit that had purchased the above 82 Shares of KFCL through Online Trading as per the Bills already attached. All these Bills were paid by Cheque.*

vi. *Copy of the Pass Book entries attached.*

vii. *As per SEBI Interim order, Para 2, scrip of KFCL rose from Rs. 10.20 to Rs.489/- in 150 Treading days. But I purchased these Shares in the month of October Nov. 2014 at the rates ranging from Rs.256.70 to Rs,325.20. If I had any idea that KFCL shares were likely to gallop from Rs. 10.20 to unprecedented high level, then I would have purchased the scrips when they available at the lowest range instead of buying them at Rs.256—325 level. My purchase was only because of the upward movement of these scrip and nothing else.*

viii. *I submit that my previous job was in Kalbadevi, and I used to go there every day by train from Kalyan to VT. During this train journey for about 1.30 hours, both in the morning and evening every day, passengers used to discuss many subjects including cost of living, market conditions, investment in Shares and Mutual Funds etc. Excepting for this, I do not have other business relations.*

ix. *In the year 2012, one such co- passenger had told me that he has 300 shares in physical form of Risa International Ltd. As he was not having any Demat Account, he asked me to take these physical shares to my Demat Account and sell it. He will pay the demat charges. Taking this to be just a personal help, I took these 300 shares to my Demat Account. Subsequently, he asked me to transfer these 300 Shares to a Demat Account he mentioned. Accordingly, I transferred these shares to the Demat Account he asked in March 2013 Thereafter, I do not know anything about these shares. In July 2013, I changed on to a new job and discontinued traveling to Kalbadevi at the old timing of 11 a.m. train, and not met this person thereafter. A Copy of the Demat Statement is attached with full details. I say that I do not have any Business contact or any Off Market Trading relations with Risa International Limited excepting the transaction of the said 300 shares done in 2012-13.*

x. *I also submit that I have not indulged in any speculation business or* *carried out any Trading transaction with malafide intentions. I had purchased 82 Shares of KFCL above mentioned through normal Trading and at the market rates prevailing at the time of purchase in accordance with the Rules and Regulations of the Stock Market.*

xi. *I further say that I am doing small time investment in shares to augment my income for the economic safety of my family and children — two School going girls whom I wish to give better education.*

xii. *In the light of the clarifications and explanations given above with the transparent facts and figures relating to this purchase, I hope SEB/ is satisfied of the bonafide of the transactions carried out by me with regard to the above KFCL scrip. Accordingly, I request SEB/ to unblock my Demat and Trading Accounts so that I can continue to operate the same, and safe guard the future of my children, and save myself from suffering financial loss in the fluctuating market*

3. *Noticee has submitted that he simply made on line purchase of total 82 shares of Kamalakshi Finance Corp, Ltd, through 6 trading days during the period 14-10-2014 to 05-11-2014, at different trading rates ranging from Rs. 256.70 to Rs.325.20. All the 82 shares so purchased are held in his Demat Account without any further transactions. He purchased all these 82 shares from Stock Market on OL Trading only. Other than this, he has not conducted any Off market trading.*

4. *Noticee has submitted that Trading Bills as received from the Stock Broker in respect of all the said 82 Shares, purchased as above during the period 14-10-2014 to 05-11-204, were duly paid by him by Cheque. In support of this, copies of the Bills and copy of his Pass Book have also been furnished as mentioned in Annexure II attached.*

35. Subsequently, vide letter dated December 10, 2019, Noticee 9 reiterated his earlier submissions made vide his letter dated January 31, 2019, and further inter alia stated that he was still awaiting orders in the matter, pending which his demat accounts are still remaining frozen and that he had been experiencing extreme hardship and inconvenience because of it.

IX. Reply and Hearing of Noticee 10 (Ms. Chandadevi Agrawal)

36. Vide Hearing Notice dated January 08, 2019, Notice 10 was granted opportunity of hearing on February 05, 2019. Further, the Noticee was granted opportunity of submitting reply to the SCN. Vide letter dated January 30, 2019, Noticee 10 requested for atleast 15 days time to file her reply. Subsequently, vide letter dated February 18, 2019, Noticee 10 submitted her reply to the SCN. The main submissions made therein are as follows –

   a. *With reference to para 1 of the above notice, my name appeared in serial no. 10 and of husband appeared in serial number 12. We have been accused of violation of Regulations (c), 4(1), 4(20(a) &(e) of PFUTP Regulations and we will be adjudicated under the provisions of Section IS HA of SEBI Act.*

   b. *With reference to para 2 of the above notice we noted the facts stated therein.*

   c. *With reference to para 3 of the above Notice, we noted the contents wherein we have no role or part.*

   d. *With reference para 4 of the above notice, it has been informed that the scrip KFCL rose from Rs 10.20 to Rs. 489 in 150 trading days. The Investigation Period was from January 15, 2014 to February 20, 2015 (herein after referred as IP). You have segregated the IP into*

      a. *Patch 1 (Plice Rise) January IS, 2014 to January 27, 2015*
      b. *Patch 2 (price fall) January 28, 2015 to February 20, 2015*
      c. *We came to known through this notice that during patch -1 of the IP, the Price rose from Rs 10.20 to Rs. 489 in 150 trading days. The Investigation Period was from January 15, 2014 to February 20, 2015 despite insignificant volume, and lack of corporate announcements.*
      d. *Also we came to know through the above notice that a group of entities connected amongst each other and also connected to KFCL/GROMO, along with certain suspected entities had contributed to the Price rise/price fall during the IP.*
      e. *We noted the contents of para 4(b) to (c).*
      f. *With reference to para 4(d), it was alleged that M/s. Rupak Developers P. Ltd had received / transferred funds fro/to various entities including Chandadevi Agarwal*

   e. *We have noted the rest part of para 4(e) to 4(q) relating to various fund movements and inter connectivity between parties we have no role to play.*

   f. *With reference to para 4(r) of the above notice and from the table at page no. 10/30 in sr. no 5 &6 the following connections noted :*

      a.. "Chandadevi Agarwal is the spouse of Mr. Girdhar Kumar Agarwal

had dealt offmarket with Rupak Developers P. Ltd. (Which is connected to GROMO), the script of Ojas Asset Reconstruction Company Ltd. (Now known as Toyant Industries Ltd)

g. *With reference to para 5 & 6 of the above notice, we noted that SEBI has alleged that I was part of Patch-1 when the price rise patch from January 15, 2014 to January 28, 2015, I hereby submit that :*

   During the period I have purchased 71 equity shares at an average price from 119 to 129 and in a ill-liquid counter with prevalent price trend and from my Own source of income on a delivery basis and not sold any shares. I have bought the shares from 11/08/2014 to 25/08/2014 legally allowed trading sessions with fulfillment of my marker obligations and on a screen based trading.

h. *With reference to para 7 to 10 of the above notice, we noted the contents. We are not connected with the said observations or allegations.*

i. *With reference to para 11 to 13 of the above notice, we noted the contents. We are not connected with the said observations or allegations. I have notice that My husband Mr. Girdhari Agarwal has purchased 7 — shares during the IP. We not belong to any group. You can give us an opportunity for cross examination in ths regard.*

j. *With reference to para 14 to 20 of the above notice, we noted the contents. We are connected with the said observations allegations.*

k. *With reference to para 20 to 28 of the above notice, we noted the contents. We are not connected with the said observations or allegations.*

l. *With reference to para 29 to 36 of the above notice is concerned we have noted the content of Utilization of funds raised through preferential allotments. have nothing to comment on the same as the same is not applicable to me.*

m. *With reference to para 37 of the above notice, SEBI has alleged that I have violated PFUTP Regulation, which I hereby strongly deny.*

n. *With reference to para 38, SEBI show caused as why inquiry should not be held and in para 39 of the above notice directed to submit the reply. We noted the facts.*

Based on the above I Chandadevi Agarwal, (Noticee No-10) is in receipt of your above SCN dated 30.05.2018, alleging violation of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4{2)(a) arid 4(2)(e) of the FUTP Regulations in respect our trading in the equity shares of M/S Gromo Trade and Consultancy Ltd.

I hereby refute and deny the allegations leveled against me vide your above SCN and *in connection with the same hereby submit as under.*

1. *There has been violation of SEBI Acts, Rules and Regulations as alleged in respect of my trading in the scrip of Gromo Trade and Consultancy Ltd during the investigation period 15.01.2014 to 20.02.2015 as alleged. I have traded in the captioned scrip during Patch 1(15.01.2014 to 27.01.2015) and all my trades were purely delivery based transactions„ The said shares were purchased by mc from the open market and were duly executed on the opaque trading platform of the exchange at the prevalent market prices. STT have been paid on the said trades and the payment towards purchase consideration was made by cheque.*

2. *There has been no off market transactions by me in the captioned scrip during the whole investigation period. I am a small investor doing investing activities and have never been involved in any kind of speculative activities in the market. had purchased just 71 equity shares of the captioned from market through my broker Shilpa Stock Brokers Pvt Ltd, with whom I was maintaining my share trading account. As the scrip was highly illiquid, I managed to buy just 71 shares in 9 trading days at an average price of Rs. 130.65 per share.*

3. *All these trades were delivery transactions and would further like to state that the said shares were held by me even after the completion of the investigation period which itself is sufficient enough to prove my innocence as to the alleged scheme of manipulative trade practice of which I was never aware or was being part of in any manner. I had invested only Rs.9500/- in the shares of KFCL and these transactions were not even an isolated transactions, which could show trading concentration of mine in the above said scrip as have also invested in other scrip during the investigation period as a part of my investment strategy.*

4. *Further to this I have no connection or relation with the promoters of the company or the entities as listed in the SCN of what so ever nature and also not aware of any manipulation or manipulative scheme as alleged in the SCN. I had invested in the shares of KFCL as per my understanding of the market and that too in very miniscule quantity. Further I have not been the beneficiary of the said alleged price manipulation as have not sold even a single shares of the scrip during the investigation period and the same is evident from my demat account which have already been submitted to you along with bills and*

contracts, ledger account bank statements etc in support of my vide my earlier reply dated 08.12.2015 to your office.

5. *Further SEBI has tried to establish an indirect link between my self and M/S Rupak Developers, who is alleged to be promoter related entity as there was some transfer of funds from account to M/S Rupak Devclopers without understanding the nature of transaction and the purpose for which the payment was made by me to Rupak Developers, and there by alleging a connection between my self and the promoter related / connected entities which is grossly unjustified and bad in law. It is further submitted that had purchased 24000 shares of Ojas Asset Reconstruction co- ltd M/S Rupak Developers and the said transaction was an independent and isolated transaction with Rupak Developers for which the payment was made through cheque to Rupak Developers. The same was an independent isolated commercial transaction entered by me with Rupak and doesn't make me, connected related to Rupak Developers vis-à-vis the promoter related/connected entities.*

6. *There has not been any specific allegation against me in the SCN and I further submit that the attempt to link my self with the company KFCL or with the entities connected / related to them, is without application of judicial mind and without verifying the facts and also without understanding the nature of transaction between my self añd Rupak Developers. Further the AO fails to bring on record sufficient documentary evidence to justify my linkages with the connected entities and is purely based on assumptions and surmises and is grossly bad-in law and against the grounds of natural justice.*

7. *I further submit that I had purchased only 71 shares of the KFCL over a spread of 9 trading days and the trades were duly executed on the trading platform of the exchange. All the trades were executed at prevailing market prices and within the price limit set by the exchange and have never been a beneficiary of the increased prices, as have not sold the said shares during the investigation period, therefore it is very unfortunate on the part of the SEBI to punish me with such a severe legal actions including freezing of my demat accounts with such an illegal, painful directions and allegations as to violation of SEBI FUTP regulations without justifying the allegations.*

8. ***It is further submitted that Mr. Pradeep Dhanuka recorded his statement on oath before the SEBI on 28.06.2017 and copy of the said statement is annexed as Annexure 3.5 to the said SCN. If one read Q.27 of the said statement, he has categorically denied having any knowledge of the entities as asked about, including myself at Sr. No. (iii). This is sufficient enough to justify my contention that I have never been related/connected to the entities being alleged of carrying out manipulative activities including price manipulation in the scrip of KFCL.***

9. *Further I submit that I am not connected to any promoter, Director of the alleged company or any of the alleged entities. My Dealings were purely commercial in nature and lawful.*

In light of my above submissions, it is humbly prayed to your good self to kindly act judiciously and drop the allegations against me vide above SCN and do not impose any penalty on me on the grounds of natural justice.

Also, please give me a personal hearing in this matter.

37. Vide Hearing Notice dated June 04, 2019, Noticee 10 was granted opportunity of personal hearing on June 25, 2019. Mr. Ramesh Mishra, practicing company secretary and Mr. Loknath Mishra, advocate, the authorized representatives (ARs) of Noticee 10 appeared for the said hearing on June 25, 2019, and reiterated the contents of the Noticee's reply dated February 18, 2019. Further, the ARs undertook to make post hearing submissions in the matter latest by July 02, 2019. The hearing proceedings were concluded and the AR sought no further hearing in the matter. Subsequently, vide letter dated July 10, 2019, Noticee 10 made further submissions in the matter as follows –

I would like to further submit that the SCN served on me is not sustainable because it is defective for following reason:

***A**. During the course of hearing, we have intimated to Hon'ble, AO that I "CHANDADEVI AGRAWAL" have only purchased 71 equity shares from the market and never sold the same.*

***B** It is also a fact, as per BSE record the shares were traded only on the upper circuit band. Hence, contribution to LTP did not arise on account of placing of* *the trades as the track to purchase the shares remains only on the circuit level.*

***C**. The ex-parte ad- interim order dated 20<h February, 2015, SEBI has arbitrarily put a ban on me from dealing in a security market which itself a punishment without adjudicating the matter for more than four years.*

Under the above further submission I submit that, the SCN to be set aside.

X. Reply and Hearing of Noticee 11 (Mr. Vipul Amratlal Doshi)

38. Vide letter dated July 06, 2018, Noticee 11 inter alia submitted that he was also in receipt of another SCN from SEBI for the proceedings under Section 11B of SEBI Act, and in view of the same, Noticee 11 requested that he be granted time to file his reply to the SCN after he files his reply to the SCN under Section 11B, and also that the adjudication proceedings be kept in abeyance till the time the SCN under Section 11B is disposed of.

39. Vide Hearing Notice dated January 08, 2019, Noticee 11 was granted an opportunity hearing on February 05, 2019. The Noticee was also granted opportunity to submit his reply to the SCN. Vide letter dated February 01, 2019, Noticee 11 submitted his reply to the SCN, and the main submissions made therein are as follows –

    1. *This is with reference to the captioned subject wherein inter alia, a common Show Cause Notice ("said notice") has been issued by the Securities and Exchange Board of India (SEBI) issued to various entities/ persons including Vipul Amratlal Doshi (herein after referred to as "I"/ "me"/ "my") among others under Rule 4(1) of SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 [hereinafter referred to as 'Rules'] for investigation carried out in the scrip of Gromo Trade and Consultancy Limited (hereinafter referred to as "Gromo" / "the Company") for the Investigation period January 15, 2014 to February 20, 2015 (hereinafter referred to as "Investigation Period"/ 'IP").*
    2. *It has inter-alia been alleged in the SCN that I have violated Regulations 3 (a), (b), (c), (d) and 4(1), 4(2) (a) and (e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 (hereinafter referred to as 'PFUTP Regulations').*
    3. *Further, vide the said Notice you have called upon me to show cause as to why an inquiry should not be held against me in terms of Rule 4 of the SEBI*

(Procedure for holding Inquiry and imposing Penalties by Adjudicating Officer) Rules, 1995 [hereinafter referred to as 'Adjudication Rules'] read with Secfion 151 of the SEBI Act and penalty, if any, should not be imposed under 15HA of the SEBI Act for the alleged violations.

4. *At the outset, without prejudice to anything stated hereinafter, I deny all the allegations and findings made against me in the said notice in toto, except to the extent specifically admitted by me. Nothing contained in the said notice may be deemed to be admitted by me by reason of non-traverse or otherwise, save and except what is expressly admitted herein. I deny all the allegations and averments contained in the said notice that are contrary to and/or inconsistent with what is stated herein below.*
5. *It is categorically denied that I have violated Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a) and (e) of PFUTP Regulations and further vehemently deny that I have contributed to manipulation in the scrip price and created a misleading appearance of trading in the scrip.*
6. *I would like to bring to your kind attention that along with the said SCN, I have also been issued another Show Cause Nofice under Section 11(1), 11(4) and 11B of the SEBI Act, 1992 dated December 4, 2017 with same set of allegations. It is submitted that issuing 2 (two) SCNs for the same offence amounts to double jeopardy, and is in gross violation of Article 20 (2) of the Constitution of India. Issue of 2 (two) Show Cause Notices in the same matter not only causes the mental and physical trauma, but also increases the legal costs which is quite substantial and unaffordable for a person of limited means like me.*
7. *It is brought to your kind notice that The Hon'ble WTM has already issued directions, vide his order dated October 30, 2018 under Section 11, 11B and 11(4) of the Securities and Exchange Board of India Act, 1992(hereinafter referred to as "SCN u/ s 11"). I have been restrained from accessing the securities market and also buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with securities market, whatsoever, for a period of 5 (five) years from the date of the order. Hence, as Your Honor can see that I have already been punished for the violation which I have not committed, however, due to acute paucity of funds, I am unable to file a SAT appeal. In view of the same, I humbly pray to Your Honor to not to levy any monetary penalty upon me since the same would result in my civil and financial death.*
8. *Pursuant to receipt of SCN u/s 11,1 had, vide letter dated March 23, 2018requested the issuing authority to provide me with certain documents*

which were relied upon in issuing the SCN u/s Il. I received only few documents including trade log only after this was brought to the notice of Hon'ble WTM at the time of the hearing. It is submitted that the same was received after nearly 9 (nine) months from the issue of the SCN.Henceforth, it is submitted that only partial documents have been provided to me.

9. *At the outset, I would like to give a brief introduction about myself:*
   a. *I am 45 years of age and studied only upto 12th standard.*
   b. *I am a man of limited means and doing service in a small private organization wherein there is no job security. Since I am the sole earning member of the family, I am also carrying out some menial jobs to make my both the ends meet.*
   c. *I am also a small retail investor in the securities market for past 15 years and have been investing in various scrips. I invest in share market based on my individual study and understanding about the market. This is just to supplement my income so that I am able to make both my ends meet, take care of my family and give better education to my children. However, till date I have not earned any substantial profit from my investment in shares.*
   d. *I reiterate that investment in shares is purely on the basis of my analysis and trend in the market at that point in time.*
   e. *I have no connections/ relationship whatsoever with promoters/ directors of the Company.*
   f. *I used to carryout investment (Short term/ long term) in the scrips of various companies. A list of the scrips, wherein I have carried out jobbing in the year 2014-15 is enclosed at Annexure-I. My investment pattern has been similar in other year also.*
   g. *Trades carried out in the scrip of Gromo by me were a miniscule percentage i.e. 0.14% of the total volume traded during the Investigation period.*

10. *The main allegations as contained in the SCN are as follows:-*
    a. *It has been alleged that I am part of Kamalakshi group & connected with Romy Realty Private Limited on the basis of transfer of one share in off market.*
    b. *It has been further alleged that I have contributed in gross market positive LTP, thereby increasing price of the scrip which amounts to an act of manipulation of price of the security.*
11. *To the allegations/ averments/ findings as contained in the said notice, I am giving my reply in the subsequent paragraphs.*
12. *I submit that the facts and circumstances of the instant case does not warrant issue of SCN to a small and insignificant person like me and the same is wholly unwarranted & unjustified. Price of the shares of the Company increased gradually, did not spurt suddenly and I did not have any role in the same. As regards table given at Para 4, I state that price rise as enunciated is gradual*

and purely on the basis of market forces which was beyond the control of any entity. Further, I have been alleged to be part of an imaginary group called 'Kamalakshi group' just on the basis of one share of Tilak Finance transferred in off market from an unknown entity.

13. *I submit that said transaction of 1 share was not related to the scrip of Gromo and to make me part of said 'Kamalakshi group' was wholly unjustified and unwarranted.*
14. *With regard to allegation that I am connected with Romy Realtv Private Limited, I submit as follows:-*
    a. *I was holding 30 shares of Tilak Finance Ltd and in the year 2011 the scrip got split and my holding of 30 shares were converted into 300 shares. Thereafter in the year 2011 itself I sold all the shares of Tilak finance Ltd.*
    b. *I would like to submit that in the year 2014, I was surprised to see that my demat account was having 1 share of Tilak Finance Limited which I thought that the same could not be sold from my earlier holding. Considering this, I sold one share immediately on July 11, 2014. I further submit that I sold this share within a month from the date of holding of one share came to my notice.*
    c. *However, when SEBI passed the Ex-Parte Ad- Interim Order on February 20. 2015 then only I realised that I have received one share of Tilak finance Ltd from some other entity by the name of Romy Realty Private Limited.*
    d. *I immediately got in touch with Romy Realty Private Limited to know the reason for such transfer, to this they replied that the said transfer was made by mistake.*
    e. *Thereafter, Romy Realty Private Limited issued clarification letter to their Broker Nirmal bang Securities Private Limited to inform them that the transfer of one share was made by their staff only & they had mentioned wrong client ID. They also provided me with the copy of the letter dated March 25, 2015, a copy of which is annexed at Annexure-2.*
    f. *I have been alleged to be part of 'Kamalakshi Group' and then being one of the 'suspected entities' for the sake of dealing in only one share that too I had received by mistake from Romy Realty Private Limited which is connected with Gromo as mentioned on page no 17 of the captioned SCN. No mala fide intention has been attributed to me by*

the said transfer of one share. Thus, I submit that my act of receipt of one share is too insignificant to warrant serious allegation of fraudulent and unfair practice.

g. *Without prejudice my transfer of one share with Romy Realty Private Limited, I submit that Romy Realty Private Limited is separate, independent and distinct entity and I am not connected to Romy Realty Private Limited either directly or indirectly. I am neither concerned nor aware if they are dealing with any other entities.*

h. *SEBI has drawn farfetched, and a highly unlikely. connection on the basis of off market transfer of only 1 share that too in a different scrip.I have no connection with the aforesaid entity and no adverse inferences be drawn against me.*

i. *The above establishes that far fetched connections have been unduly stretched just to rope me in the proceedings since the said action of mine in a different scrip is too miniscule to make me part of 'Kamalakshi group' and warrant serious allegation of fraudulent and unfair trade practice.*

15. *With regard to allegation of contribution in net positive LTP of 2.40%, I submit as follows:-*

a. *Without prejudice I submit that I have given the orders to broker who have entered the same in the system by looking at market trend.*

b. *From the analysis of trade log, it is revealed that when I have bought the shares of Gromo, the orders were entered in morning and sell orders were entered very late in the in afternoon. Hence, I did not establish any new high price. The time gap of more than four hours between buy order of mine and sell order given by some other person itself shows that there is no men's rea and I have bought shares in the ordinary course. Hence, levying allegation of violation of PFUTP Regulations on me on the basis of the said data defies logic. The data as culled out from the trade log evidencing the above is as follows:*

TRADE-DATE	***BUY CLIENT***	***CP_CLIENT***	***ORDER_TIME***	***CP_ORDER_TIME***	***TRADE_TIME***	***TRADE_RATE***
22/09/2014	*VIPUL AMRATLAL DOSHI*	*WAKIL RAJBHAR*	*09:00:50*	*13:58:43*	*13:58:43*	*202.65*

22/09/2014	*VIPUL AMRATLAL DOSHI*	*JAYPRAKASH DHANRAJ BOHRA*	*09:00:50*	*14:27:03*	*14:27:03*	*202.65*
29/09/2014	*VIPUL AMRATLAL DOSHI*	*WAKIL RAJBHAR*	*09:00:17*	*15:28:58*	*15:28:58*	*219.3*
01/10/2014	*VIPUL AMRATLAL DOSHI*	*WAKIL RAJBHAR*	*09:15:27*	*13:30:56*	*13:30:56*	*228.1*
29/10/2014	*VIPUL AMRATLAL DOSHI*	*WAKIL RAJBHAR*	*09:02:26*	*13:23:33*	*13:23:33*	*300.5*

c. *I submit that my orders were resting in the system and available on the electronic and anonymous trading platform of the stock exchange which could be viewed by all the market participants*

d. *It is submitted that I purchased shares of Gromo since the price of the scrip was constantly going up and as an investor in stock market from past many years I always analyse scrips on the BSE and then make the investment.*

e. *I bought the scrip of Gromo with the intention to make profit in the normal course of business like any other ordinary investor in the Securities Market.l bought and sold shares through fair means and carried out all transactions in the normal course, and that there was nothing illegal in what I did.ln view of the same, no adverse inference can be drawn against me because of the dealing in the scrip of Gromo.*

f. *I have only bought and sold 28 shares in the entire Investigation period of around 12 months. I further submit that I had bought only 15 shares on September 22, 2014 at the rate of Rs.203. Admittedly the Investigation period starts from January 15,2014 & the price of scrip has been already risen from Rs. 10 to Rs. 202. Further I bought a total of 28 shares including 15 shares bought on September 22,2014 in a span of nearly 40 days. Hence no allegation of price manipulation can be attributed to me since already the price of the scrip has risen as stated above.*

g. *Upto September 22, 2014i.e the day when I bought the shares, 470 number of shares of Gromo have already been traded and this establishes that I have not contributed to any artificial market volume.*

h. *My buy & sale of 28 shares in the total investigation period of 12 months is only 0.14 % of the gross market volume which is miniscule and cannot by any stretch of imagination support the allegation of price manipulation and creation of artificial volume against me.*

i. *I traded on electronic, faceless and electronic platform approved by SEBI wherein the counter party is not known. Further no allegation of* *synchronised trade, cross trade, reversal of trade etc. have been levied against me.*

j. *I submit that I had earned a miniscule profit of around IRS. 6,000 which is inclusive of Turn over tax, Service Tax, Stamp Duty etc. which is miniscule to warrant any serious allegation of Fraudulent and unfair trade practice.*

k. *I submit that it is SEBI's own case that price of scrip has risen during the period January 15, 2014 to February 20, 2015. I bought the shares during September & October of 2014 & when I sold the shares price was constantly moving up & even after I sold shares price was increasing. I was holding shares of Gromo for very short span of time i.e only 2 and half months & that too a miniscule quantity of 28 shares. In case I was really a part of group then I would have sold shares at highest price. In view of the same I once again submit that I am not connected with company & its promoters.*

l. *I submit that trades of entities that contributed to gross positive market LTP have been analysed to check for indulgence of manipulative trading pattern at Para 6. Ipso facto, I submit that my trades have not been analysed and it shows that my frades have not manipulated the price & have not resulted in gross positive market LTP.*

16. *As per the allegation of 'trading among themselves' at Para 12 on Page 15, I submit that I have bought shares in September/October 2014 and sold in December 2014, hence my investment pattern does not support the allegation levelled by SCN. In view of the same I deny that I was repeatedly trading among few persons to warrant any allegation of 'trading among themselves'.*

17. *The above establishes that allegation made in the SCN are bald, baseless, unfounded and contrary to factual position on record and not supported by any evidence, documentary or otherwise. I submit that a serious allegation of violation of PFUTP Regulations have been made without elucidating my specific role in the SCN.*

18. *I submit that apart from one connection that too wrongly transfer of one share, SEBI's Investigation carried out for nearly 3 years has not been able to unearth any other evidence of my involvement with so called Kamalakshi group and/ or Tilak Finance Ltd.. Further, no other connection viz. transfer of funds etc. with Romy Realty has been revealed to establish my involvement.*

19. *In this regard, I would like to bring your kind attention to the order of Mr. BhanwarlalBhaulal Suthar in the matter of Banas Finance Limited, wherein in*

the absence of any substantiation against the noticee, AO was inclined to give benefit of doubt to Noticee and concluded that charge against Noticee does not stand established and no penalty has been imposed on the notice.

20. *Recently, Hon'ble WTM vide his order in the case of Confidence Finance and Trading Limited (CFTL), dated December 31, 2018, held that "The company and its directors in their replies and submissions denied the allegations and have submitted that transfer of funds to VRP was in the form of unsecured inter-corporate loan under section 372A of the Companies Act, 1956 which was received back prior to the start of the investigation period". The Hon'ble WTM further held that ...In the facts and circumstances of this case, I note that it is difficult to conclude that Noticee nos. 1 to 5 i.e. the company and its directors were involved in the manipulation of the price of the scrip as alleged in the SCN". My case is similar to the said case of CFTL since in that case the transaction with VRP had happened prior to the start of the Investigation Period and although VRP had traded during the Investigation Period, the Hon'ble WTM could not conclude that Company and its Directors were involved in price manipulation and hence, no action has been taken against them. In the instant proceedings, I have also received only 1 share of a different scrip (Tilak) and not Gromo for which the SCN has been issued. Further, there is no proximity between receipt of shares of Tilak in off market and buying of shares of Gromo since there is a substantial time of more than two months between the two events.*
21. *While considering my submissions it may be noted that 1 have not made any gains or gained any unfair advantage and further the SCN has also not quantified the alleged profit made by me and/ or loss averted by me. It is further submitted that no harm or loss has been caused to any investor. It is vehemently denied that I have contravened the provisions of Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2), (a) and (e) of SEBI (PFUTP) Regulations, 2003. It is submitted that I have transacted in the scrip of Gromo in the ordinary course and based on my independent commercial wisdom.*

22. *In view of the above submissions, I submit as under:*

    a. *I deny that I am part of Kamalakshi group and connected with Romy Realty Private Limited.*
    b. *I deny that I have contributed in wrongfully increasing the price of the scrip.*
    c. *I deny that I have contributed to manipulation in the scrip price and created a misleading appearance of trading in the scrip by my trades.*
    d. *I deny that I have violated Regulation 3(a), (b), (c), (d) and Regulation*

4(1), 4(2), (a) and (e) of SEBI (PFUTP) Regulations, 2003.

e. *All the trades executed by me were in ordinary course and thus no adverse inference may be drawn against me.*

23. ***Legal Submissions:***

In addition to the judgment of Hon'ble WTM and Ld. AO as stated above, I would like to bring your kind attention to the following orders passed by various Hon' ble Courts/ Hon'ble SAT:

a. Hon'ble Securities Appellate Tribunal, in the case of Nirmal Bang Securities (P) Ltd. vs. SEBI (2004) 49 SCL 421, held' that. "Market manipulation being a serious charge, the consequences that would visit the manipulation on proving the charge is quite harsh, reasonably convincing evidence need be brought in to establish the charge. Surmises and conjectures are not enough".

b. Hon'ble Securities Appellate Tribunal in its order dated 30.092003 (Appeal No. 9/2003) in the case of KSL & Industries Ltd vs. SEBI has held that "I do not find any material on record in support of the said charge. A wild allegation of market manipulation, in particular the charge of fraudulent action unsupported with convincing evidence is not to be sustained.... Fraud cannot survive on mere conjecture and surmises. '

c. Hon'ble Securities Appellate Tribunal in the case Parsoli Corporation Vs. SEBI (Appeal No 146/2011 order dated 1208.2011) observed:- "a serious charge like fraud has to be established on preponderance of probabilities and since this charge is serious, higher has to be the degree of probability to establish the same."

d. Hon'ble Securities Appellate Tribunal In the case of Narendra Ganatra v/s SEBI (Appeal No 47 of 2011 decided on 29.072011), Hon'ble Securities Appellate Tribunal observed as under:

"...We should not lose sight of the fact that the charge against the appellant is of conniving with the group entities in creating false and misleading appearance of trading in the market and artificially raising the price of the scrip and for such a serious charge, higher degree of probability is required. Such a charge cannot stand on surmises and conjectures... '.

e. In Union of India vs. H.C. Geol (AIR 1964 SC 364) the Hon'ble Court has inter alia held that:

"the principle that in punishing the guilty scrupulous care must be taken to see that the innocent are not punished, applies as much to regular criminal

trials as to disciplinary inquiries held under the statutory rules"

f. *In the matter of M/S MilkywaysMercantiles Private Limited and M/S SPFL Securities Limited decided on 16.032017, the learned Adjudicating Officer has observed as under:*

"18. The necessity of 'Intent' and the element of "fraud" appears to be a pre-requisite in all the parts of Regulations 3 and 4 of the PFLITP Regulations. 'Fraud' has been principally defined under Regulation 2(c), though inclusively, to mean such trades which are entered into in order to 'induce other'. Regulation 4(2) are very specific in nature. The test laid down in the regulation demand a manipulative intent to affect market information. Even clause (a) as a strict liability clause, the test is to prove 'misleading appearance of trading'"

Prayer:

24. *In view of the above submission and decisions given by Hon'ble Courts, I pray humbly with my folded hands that no monetary penalty may be levied under Rule 4(1) of SEBI (Procedure for Holding Inquiry and imposing Penalties by Adjudicating Officer) Rules, 1995 and current proceedings initiated vide SCN dated May 30, 2018 may be dropped.*

25. *I crave leave to add, modify and delete my submissions and to refer to and rely upon case laws as and when required. I also request for an opportunity to appear before your good self in person and/ or through authorized representative and make submissions, before any order is passed in the matter.*

40. Noticee 11 and his authorized representative viz. Mr. Geet Shikhar, advocate appeared for the hearing held on February 05, 2019 wherein they submitted copy of his above reply dated February 01, 2019 and further, reiterated the contents of the said letter during the hearing. The hearing was concluded and Noticee 11 sought no further hearing in the matter.

XI. Reply and Hearing of Noticee 12 (Samskara Sales Agency Pvt Ltd)

41. The SCN sent to Noticee 12 through Speed Post with Acknowledgement Due returned undelivered. Accordingly, the SCN was affixed at the last known address, as per records, of Noticee 12 on June 21, 2018. Subsequently, vide Hearing Notice dated January 08, 2019, Noticee 12 was granted an opportunity hearing on February 05, 2019 and was also granted opportunity to submit its

reply to the SCN. However, the said Hearing Notice returned undelivered. From the website of MCA, it ws observed that the status of Noticee 12 was showing as “Stike-off”.

XII. Reply and Hearing of Noticee 13 (Ms. Kavita Vijay Tibrewal)

42. Vide Hearing Notice dated January 08, 2019, Noticee 13 was granted an opportunity of personal hearing on February 05, 2019. Further, Noticee 13 was granted opportunity to make submissions in the matter. On behalf of Noticee 13, her husband viz. Mr. Vijay Mahavir Tibrewal (Noticee 9) appeared as authorized representative (AR) for the said hearing and submitted copy of her letter dated January 31, 2019 during the hearing. It was stated in the hearing that Noticee 13 had not received the SCN dated May 30, 2018. The SCN has been duly served on the Noticee and proof of delivery is available on record, however in view of the AR’s request to provide the SCN, a copy of the SCN was again provided to the AR. After perusing the contents of the SCN, AR submitted that they had no further submissions to make and that the aforementioned letter dated January 31, 2019 be considered as reply to the SCN dated May 30, 2018. Further, the AR reiterated the contents of the abovementioned letter dated January 31, 2019. The hearing was concluded and the AR sought no further hearing in the matter. The minutes of hearing dated February 05, 2019 signed by the AR is available on records. The main submissions made in Noticee 13’s letter dated January 31, 2019 is summarized as below –

1. *Noticee has submitted reply on June 29, 2018 to SEBI’s SCN dated May 25, 2018 in the proceedings before Whole Time Member of SEBI. Copy of the said letter dated June 29, 2018 has been attached as Annexure (I) of reply.*

2. *Noticee has earlier submitted explanatory reply dated August 04, 2015 with reference to SEBI’s Interim order in the matter of Kamalakshi Finance Corp Ltd passed on February 20, 2015. Copy of the reply dated August 04, 2015 has been attached as Annexure (II) of reply. The main submissions in the same are summarized below-*

    i. *I am a housewife having two School going daughters. I am also engaged in small time business and all my business transactions and related work* *are being handled by my husband Shri Vijay Mahavir Tibrewal, whom I authorize to appear before SEBI in connection with the matters referred to above.*

ii. *I say that I do not have any Business contact or any Off Market Trading relations with Risa International Ltd.*

iii. *I say that I do not have any Business contact or any Trading relations with Neeta R. Chandak.*

iv. *I further say that I do not have any Business contact or any Trading relations with Olympia Multi Trading P. Ltd., Tilak Finance Ltd., Romy Realty Ltd., Rupak Developers (P) Ltd., Shri Vijay Kumar Nandlal or Moryo.*

v. *I submit that I have simply purchased 34 shares of Kamalakshi Finance Corp. Ltd. Particulars and full details of this purchase are tabulated in the Table given below :-*

Item No.	*Bill No. & Date*	*No. of Shares purchased*	*Rate Rs. P.*	*Remarks*
01	*BO/5131 10-10-14*	*05*	*286.80*	*I am holding all these 34 shares in my Demat A/c. in the same condition these were purchased originally.*
02	*BO/5132 13-10-14*	*14*	*251.70*	
03	*BO/5137 21-10-14*	*10*	*277.30*	
04	*BO/5141 28-10-14*	*05*	*294.65*	
	Total	*34*		*Copies of all these Bills are enclosed*

vi. *I submit that had purchased the above 34 Shares of KFCL through Online Trading as per the Bills already attached. All these Bills were paid by Cheque.*

vii. *As per SEBI Interim order, Para 2, scrip of KFCL rose from Rs. 10.20 to Rs.489/- in 150 Trading days. But I purchased these Shares in the month of October Nov. 2014 at the rates ranging from Rs.246.80 to Rs,294.65. If I had any idea that KFCL shares were likely to gallop from Rs. 10.20 to unprecedented high level, then I would have purchased the scrips when they available at the lowest range instead of buying them at Rs.246—294 level. My purchase was only because of the upward movement of these scrip and nothing else.*

viii. *I also submit that I have not indulged in any speculation business or carried out any Trading transaction with malafide intentions. I had purchased 34 Shares of KFCL through normal Trading and at the market rates prevailing at the time of purchase in accordance with the Rules and Regulations of the Stock Market.*

ix. *I further say that I am doing small time investment in shares and Mutual Fund to create some saving for the education of my daughters.*

x. *In the light of the clarifications and explanations given above with the transparent facts and figures relating to this purchase, I hope SEB/ is satisfied of the bonafide of the transactions carried out by me with regard to the above KFCL scrip. Accordingly, I request SEB/ to unblock my Demat and Trading Accounts so that I can continue to operate the same, and safe guard the future of my children, and save myself from suffering financial loss in the fluctuating market*

3. *Noticee has submitted that she simply made on line purchase of total 34 shares of Kamalakshi Finance Corp, Ltd, through 4 trading days during the period 10-10-2014 to 28-10-2014, at different trading rates ranging from Rs.246.80 to Rs,294.65. All the 34 shares so purchased are held in her Demat Account without any further transactions. She purchased all these 34 shares from Stock Market on OL Trading only. Other than this, she has not conducted any Off market trading.*

4. *Noticee has submitted that Trading Bills as received from the Stock Broker in respect of all the said 34 Shares, purchased as above during the period 10-10-2014 to 28-10-2014, were duly paid by her by Cheque. In support of this, copies of the Bills and copy of her Pass Book have also been furnished as mentioned in Annexure II attached.*

43. Subsequently, vide letter dated December 10, 2019, Noticee 13 reiterated her earlier submissions made vide her letter dated January 31, 2019, and further inter alia stated that she was still awaiting orders in the matter, pending which her demat accounts are still remaining frozen and that she had been experiencing extreme hardship and inconvenience because of it.

XIII. Reply and Hearing of Noticee 14 (Mr. Girdhari Kumar Agarwal)

44. Vide Hearing Notice dated January 08, 2019, Notice 14 was granted opportunity of hearing on February 05, 2019. Further, the Noticee was granted opportunity of submitting reply to the SCN. Vide letter dated January 30, 2019, Noticee 14 requested for atleast 15 days of time to file his reply. Subsequently, vide letter dated February 18, 2019, Noticee 14 submitted his reply to the SCN. The main submissions made therein are as follows –

a. *With reference to para 1 of the above notice, my name appeared as Girdhari Kumar Agarwal (PAN: AAGPA5881R) in serial no. 14 and name of my wife appeared in serial number 10. We have been accused of violation of Regulations (c), 4(1), 4(20(a) &(e) of PFUTP Regulations and we will be adjudicated under the provisions of Section IS HA of SEBI Act.*

b. *With reference to para 2 of the above notice we noted the facts stated therein.*

c. *With reference to para 3 of the above Notice, we noted the contents wherein we have no role or part.*

d. *We have noted the rest part of para 4(a) to 4(q) relating to various fund movements and inter connectivity between parties where in we have no role to play.*

e. *With reference to para 4(r) of the above notice and from the table at page no. 10/30 in sr. no 5 &6 the following connections noted :*

f. ***"Mrs. Chandadevi Agarwal is my wife having same address telephone no and email -ID***

g. *With reference to para 5 & 6 of the above notice, I have noted the allegations however there is no allegation against me.*

h. *With reference to para 7 to 10 of the above notice, we noted the contents. We are not connected with the said observations or allegations.*

i. *With reference to para 11 to 13 of the above notice, I noted the contents. We are not connected with the said observations or allegations. I have notice that, SEBI accused that I have purchased 10 — shares during the IP in three trades however, I have not traded into any single share. Attached herewith please find copy of my demat account statement during the IP for your kind perusal and record. Also, Me and my wife are not belong to any group. Note that my wife purchased M/S. Ojas Assets Reconstruction Company limited. We gave the purchase consideration.*

j. With reference to para 14 to 20 of the above notice, we noted the contents. We are not connected with the said observations or allegations.

k. With reference to para 20 to 28 of the above notice, we noted the contents. We are not connected with the said observations or allegations.

l. With reference to para 29 to 36 of the above notice is concerned we have noted the content of Utilization of funds raised through preferential allotments. I have nothing to comment on the same as the same is not applicable to me.

m. With reference to para 37 of the above notice, SEBI has alleged that I have violated PFUTP Regulation, which I hereby strongly deny.

n. With reference to para 38, SEBI show caused as why inquiry should not be held and in para 39 of the above notice directed to submit the reply. We noted the facts.

Based on the above, 1 Girdhari Kumar Agarwal (PAN: AAGPA5881R), (Noticee No. 14) is in receipt of your above SCN dated 30.05.2018, alleging violation of Regultions 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(e) of the FUTP Regulations in respect our trading in the equity shares of M/S Gromo Trade and Consultancy Ltd.

I hereby refute and deny all the allegations leveled against me vide your above SCN and in connection with the same hereby submit as under

1. *There has been violation of SEBI Acts, Rules and Regulations as alleged in respect of my trading in the scrip of Gromo Trade and Consultancy Ltd during the investigation period 15.01.2014 to 20.02.2015 as alleged. At the outset, I would like submit that have not traded in the captioned scrip during Patch 1 (15.01.2014 to 27.01.2015) and all my trades were purchased in Girdhari Lal Agarwal (HUF) account and were purely on delivery based transactions. The said shares were purchased by Girdhari Lal Agarwal (HUF) from the open market and were duly executed on the opaque trading platform of the exchange at the prevalent market prices. STT have been duly paid on the said trades and the payment towards purchase consideration was made by cheque.*

2. *There has been no off market transactions entered by me in the captioned scrip during the whole investigation period. I am a small investor doing investing activities and have never been involved in any kind of speculative activities in the market. Girdhari Lal Agarwal (HUF) had purchased just 10 equity shares of the captioned from market through my broker Shilpa Stock Brokers Pvt Ltd, with whom I was maintaining its share trading account. As the scrip was highly illiquid, I managed to buy just 10 shares in 3 trades.*

3. *All these trades were pure delivery transactions and I would further like to state that the said shares were held by Girdhari Lal Agarwal (HUF) even after the completion of the investigation period which itself is sufficient enough to prove my innocence as to the alleged scheme of manipulative trade practice of which I was never aware or was being part of in any manner or investment was very small in the shares of KFCL and these transactions were not even an isolated transactions, which could show trading concentration of mine in the above said scrip as we have also invested in other scrip during the investigation period as a part of my investment strategy.*

4. *Further to this we have no connection or relation with the promoters of the company or the entities as listed in the SCN of what so ever nature and also not aware of any price manipulation or manipulative scheme as alleged in the SCN. We had invested in the shares of KFCL as per our understanding of the market and that too in very miniscule quantity. Further I have not been the beneficiary of the said alleged price manipulation as I have not sold even a single shares of the scrip during the investigation period and the same is evident from my demat account which have already been submitted to you along with bills and contracts, ledger account bank statements etc in support of my claim vide my earlier reply dated 08.12.2015 to your office.*

5. *There has not been any specific allegation against me in the SCN and it is evident from the allegation mentioned in the SCN that there is no allegation against me and nowhere I am connected with any entities or promoters of KFC. The AO fails to bring on record sufficient documentary evidence to justify my linkages with the connected entities and is purely based on assumptions and surmises and is grossly bad-in-law and against the grounds of natural justice.*

6. *I further submit that Girdhari Lal Agarwal (HUF). had purchased only 10 shares of the KFCL over a spread of 3 trading days and the trades were duly executed on the trading platform of the exchange.*

   All the trades were executed at prevailing market prices and within the price limit set by the exchange and I have never been a beneficiary of the increased prices, as I have not sold the said shares during the investigation period, therefore it is very unfortunate on the part of the SEBI to punish me with such a severe legal actions including freezing of my demat accounts and with such *an illegal, painful directions and allegations as to violation of SEBI FUTP regulations without justifying the allegations*

Further I submit that I am a small investor in the market. As my demat account has been freezed I am not able to trade in the market. It is therefore requested kindly defreeze my demat account so that I can trade in the market.

7. ***It is further submitted that Mr. Pradeep Dhanuka recorded his statement on oath before the SEBI 28,06.2017 and copy of the said statement is annexed as Annexure 3.5 to the said SCN. If one read Q.27 of the said statement he has categorically denied having any knowledge of the entities as asked about, including mg self at Sr.No. (vii). This is sufficient enough to justify my contention that I have never been related connected to the entities being alleged of carrying out manipulative activities including price manipulation in the scrip of KFCL.***

8. *Further I submit that I am not connected to any promoter, Director of the alleged company or any of the alleged entities.*

In light of my above submissions, it is humbly prayed to your good self to kindly act judiciously and drop the allegations against me vide above SCN and do not impose any penalty on me on the grounds of natural justice.

Also, please give me a personal hearing in this matter

45. Vide Hearing Notice dated June 04, 2019, Noticee 14 was granted opportunity of personal hearing on June 25, 2019. Mr. Ramesh Mishra, practicing company secretary and Mr. Loknath Mishra, advocate, the authorized representatives (ARs) of Noticee 14 appeared for the said hearing on June 25, 2019, and reiterated the contents of the Noticee's reply dated February 18, 2019. Further, the ARs undertook to make post hearing submissions in the matter latest by July 02, 2019. The hearing proceedings were concluded and the AR sought no further hearing in the matter. Subsequently, vide letter dated July 10, 2019, Noticee 14 made further submissions in the matter as follows –

I would like to further submit that the SCN served on me is not sustainable because it is defective for following reason:

***A**. The trade were carried out by GIRDHARI KUMAR AGRAWAL (HUF) having PAN No. AAEHG1216N. However SEBI has taken action against me i.e GIRDHARI KUMAR AGRAWAL having PAN No. AAGPA5881R.*

This already been intimated through our broker SHILPA STOCK BROKER PRIVATE LIMITED to BSE on 25 th February, 2015 as the broker make the mistake while uploading PAN No.

Also aforesaid fact has already been intimated to SEBI to do corrections however, SEBI even today failed to take cognizance of the same.

B. *During the course of hearing we have intimated to Hon'ble, AO that I GIRDHARI KUMAR AGRAWAL (HUF)" have only purchased 10 equity shares from the market and never sold the same. We would like to bring to your notice that in fact the shares intended to be bought in the name of CHANDADEVI AGRAWAL but the dealing officers of the broker wrongly punch the same in the name of GIRDHARI KUMAR AGRAWAL (HUF)*

C. *It is also a fact, as per BSE record the shares were traded only on the upper circuit band. Hence, contribution to LTP did not arise on account of placing of the trades as the track to purchase the shares remains only on the circuit level.*

D. *The ex-parte ad- interim order dated 20th February, 2015, SEBI has arbitrarily put a ban on me from dealing in a security market which itself a punishment without adjudicating the matter for more than four years.*

Under the above further submission we submit that the SCN to be set aside.

XIV. <u>Reply and Hearing of Noticee 15 (Ram Bhopal Agarwal Sons HUF)</u>

46. Vide Hearing Notice dated January 08, 2019, Notice 15 was granted opportunity of hearing on February 05, 2019. Further, the Noticee was granted opportunity of submitting reply to the SCN. Vide letter dated January 28, 2019, the Karta of Noticee 15 viz. Mr. Dayanand Agarwal, stated that he had already submitted reply through email dated July 03, 2018 against Case no.:- EFD/DRA1/SM/TVB/GROMO/15353/1/2018 and attached the scanned copy of the said email. Further, Mr. Dayanand Agarwal requested to shift the place of hearing from Mumbai to Kolkata. The main submissions in the aforementioned email reply dated July 03, 2018 are as below –

As per the above case no I want to Inform you that there was no such intention to increase the price of the scrip

1. *In terms of the query that what made us to purchase shares of KFCL during the January 15. 2014 to February 20, 2015. please be Informed that it was our own trading prudence which induced us to make investment in the aid scrip.*

2. *In terms of the query pertaining to trade in the captioned scrip, ptease be informed that as already stated. we have acted on our own guts to make investment in the said scrip.*

3. *ln terms of the query pertaining to the association with KFCL/its promoters /directors, Mr. Giriraj Agarwal, Mr. Pradeep Dhanuka, please be informed that we have no association of any form with the given entities.*

   Lastly I want to inform you that If I had the Intention to increase the price the scrip then I would have sold the entire shares into the market after purchasing the shares.

   I am extremely sorry for delay in reply as I had my son wedding functions during the 3rd week & last week of the June'2018.

   Hope the same resolves all your queries.

47. Subsequently, vide Hearing Notice dated June 04, 2019, Noticee 15 was granted another opportunity of personal hearing on June 26, 2019. Vide letter dated June 18, 2019, the Karta submitted as follows –

    This is in reference to receipt of your Hearing Notice No.:-SEBI/HO/A&E/EAD/KS/AA/03661/2019, dated-04.06.2019 I want to inform you that I have already submitted reply earlier that as I am a Senior Citizen aged 55 years is unable to travel due to my health Issues which I have already conveyed through my earlier letter dated-28.01.2019. I hereby once again request you to shift the place of Hearing from Mumbai to Kolkata or take the hearing through Live Video Conferencing. I am ready to answer all your queries as per the query raised by you.

    I am able to see that you have suspended 1ny Demat Account linked with my PAN No. in January 2019 which I came to know late when I wanted to sell my shares. I request you to free my DEMAT account from Suspension as the matter is regard to one particular share i.e. KAMAl.AKSHI FINANCE CORP. LTD. I request you to freeze Jiis particular share i.e. KAMALAKSHI FINANCE CORP. LTD. And release the balance holding. I am in need of funds as I have to make payment of my Loan amount as they have suspended my Loan account and they have threatened me to make the payment or else they are going to sell my pledged shares.

48. Subsequently, vide Hearing Notice dated July 11, 2019, Noticee 15 was granted

opportunity of personal hearing on June 29, 2019 through video conferencing at SEBI's Eastern regional Office in Kolkata. For the said hearing, the following authorized representatives (ARs) of Noticee 15 viz. Mr. Dayanand Agarwal, Mr. Piyush Agarwal, and Mr. Sanjay Agarwal appeared on behalf of Noticee 15. The ARs undertook to submit the transaction statement and holding statements in respect of Noticee's trading in the stock of Kamalakshi Finance Corporation Ltd from the date of their first trade till date. The ARs undertook to make post hearing submissions in the matter latest by August 01, 2019. The hearing proceedings were concluded and the ARs sought no further hearing in the matter. Subsequently, vide letter dated August 02, 2019, the Karta of Noticee 15 made post hearing submissions as follows –

> *Firstly, I am sorry for my delayed response as I had committed to you that I am going to submit my reply within 1st August'2019.*
>
> *This is to inform you that I have attached Transaction Statement and Holding Statement of my Demat Account from the date of my first trade till today for your reference to check that I am still holding the shares as of now of "GROMO TRADING AND CQNSULTANCY LIMITED ". I have neither sold by shares nor have I earned anything from this share.*
>
> *My Total Purchase cost for 104 shares which I am still holding into my account is Rs. 49963I- which comes to an average of Rs.480I- per share.*
>
> *I have invested in this share with an aim to earn profit as the share had risen multiple times within a year so there was a risk appetite so I had invested in this share in an SIP Mode Buying small quantity with an increase in share price will make my average cost lower from the Prevailing Market Price and Inversely if the share price decreases then there would be an opportunity that my average price will be less as I am purchasing the share at a lesser price.*
>
> *There was a speculation in market that the share price would be multiplied 2 to 3 times so I had invested in this share with an aim that the share price will increase and this would help me in earning profit.*
>
> *One more thing i would like to inform you that if there would have been any news in market or any publishment in Newspaper regarding any wrongdoings going on I would never had invested in this share.*

For your reference I have attached Transaction Statement and Holding Statement of my Demat Account and Trading account from where you can find that I have. gained nothing from this share.

At present I am having a loan account with a Bank which have been taken against pledging of shares which you can verify from my Demat account statement. I request you to kindly de-freeze my Pan Card and Demat Account so that i can sell the shares and clear bank dues or as you are· saying that it has not been free led by you then i would request you to kindly inform the particular authorities who is investigating regarding this shares to De-Freeze my account.

49. Subsequently, vide letter dated September 13, 2019, Noticee 15 inter alia requested to de freeze its demat accounts. However, I note that the same is not under the purview of the present proceedings.

XV. <u>Reply and Hearing of Noticee 16 (Mr. Dayanand Agarwal)</u>

50. Vide Hearing Notice dated January 08, 2019, Notice 16 was granted opportunity of hearing on February 05, 2019. Further, the Noticee was granted opportunity of submitting reply to the SCN. Vide letter dated January 28, 2019, Noticee 16, stated that he had already submitted reply through email dated July 03, 2018 against Case no.:- EFD/DRA1/SM/TVB/GROMO/15353/1/2018 and attached the scanned copy of the said email. Further, Noticee 16 requested to shift the place of hearing from Mumbai to Kolkata. The main submissions in the aforementioned email reply dated July 03, 2018 are as below –

As per the above case no I want to Inform you that there was no such intention to increase the price of the scrip

1. *In terms of the query that what made us to purchase shares of KFCL during the January 15. 2014 to February 20, 2015. please be Informed that it was our own trading prudence which induced us to make investment in the aid scrip.*

2. *In terms of the query pertaining to trade in the captioned scrip, ptease be informed that as already stated. we have acted on our own guts to make investment in the said scrip.*

3. *ln terms of the query pertaining to the association with KFCL/its promoters*

/directors, Mr. Giriraj Agarwal, Mr. Pradeep Dhanuka, please be informed that we have no association of any form with the given entities.

Lastly I want to inform you that If I had the Intention to increase the price the scrip then I would have sold the entire shares into the market after purchasing the shares.

I am extremely sorry for delay in reply as I had my son wedding functions during the 3rd week & last week of the June'2018.

Hope the same resolves all your queries.

51. Subsequently, vide Hearing Notice dated June 04, 2019, Noticee 16 was granted another opportunity of personal hearing on June 26, 2019. Vide letter dated June 18, 2019, Noticee 16 submitted as follows –

This is in reference to receipt of your Hearing Notice No.:- SEBI/HO/A&E/EAD/KS/AA/03661/2019, dated-04.06.2019 I want to inform you that I have already submitted reply earlier that as I am a Senior Citizen aged 55 years is unable to travel due to my health Issues which I have already conveyed through my earlier letter dated-28.01.2019. I hereby once again request you to shift the place of Hearing from Mumbai to Kolkata or take the hearing through Live Video Conferencing. I am ready to answer all your queries as per the query raised by you.

I am able to see that you have suspended 1ny Demat Account linked with my PAN No. in January 2019 which I came to know late when I wanted to sell my shares. I request you to free my DEMAT account from Suspension as the matter is regard to one particular share i.e. KAMAl.AKSHI FINANCE CORP. LTD. I request you to freeze Jiis particular share i.e. KAMALAKSHI FINANCE CORP. LTD. And release the balance holding. I am in need of funds as I have to make payment of my Loan amount as they have suspended my Loan account and they have threatened me to make the payment or else they are going to sell my pledged shares.

52. Subsequently, vide Hearing Notice dated July 11, 2019, Noticee 16 was granted opportunity of personal hearing on June 29, 2019 through video conferencing at SEBI's Eastern regional Office in Kolkata. For the said hearing, the following authorized representatives (ARs) of Noticee 16 viz. Mr. Dayanand Agarwal (Noticee 16 himself), Mr. Piyush Agarwal, and Mr. Sanjay Agarwal appeared and the ARs undertook to submit the transaction statement and holding statements

in respect of Noticee's trading in the stock of Kamalakshi Finance Corporation Ltd from the date of their first trade till date. The ARs undertook to make post hearing submissions in the matter latest by August 01, 2019. The hearing proceedings were concluded and the ARs sought no further hearing in the matter. Subsequently, vide letter dated August 02, 2019, the Karta of Noticee 15 made post hearing submissions as follows –

> *Firstly, I am sorry for my delayed response as I had committed to you that I am going to submit my reply within 1st August'2019.*
>
> *This is to inform you that I have attached Transaction Statement and Holding Statement of my Demat Account from the date of my first trade till today for your reference to check that I am still holding the shares as of now of "GROMO TRADING AND CQNSULTANCY LIMITED ". I have neither sold by shares nor have I earned anything from this share.*
>
> *My Total Purchase cost for 104 shares which I am still holding into my account is Rs. 49963I- which comes to an average of Rs.480I- per share.*
>
> *I have invested in this share with an aim to earn profit as the share had risen multiple times within a year so there was a risk appetite so I had invested in this share in an SIP Mode Buying small quantity with an increase in share price will make my average cost lower from the Prevailing Market Price and Inversely if the share price decreases then there would be an opportunity that my average price will be less as I am purchasing the share at a lesser price.*
>
> *There was a speculation in market that the share price would be multiplied 2 to 3 times so I had invested in this share with an aim that the share price will increase and this would help me in earning profit.*
>
> *One more thing i would like to inform you that if there would have been any news in market or any publishment in Newspaper regarding any wrongdoings going on I would never had invested in this share.*
>
> *For your reference I have attached Transaction Statement and Holding Statement of my Demat Account and Trading account from where you can find that I have. gained nothing from this share.*
>
> *At present I am having a loan account with a Bank which have been taken against pledging of shares which you can verify from my Demat account statement. I request you to kindly de-freeze my Pan Card and Demat Account so that i can sell the shares and clear bank dues or as you are· saying that it has not been free led by you then i would request you to kindly inform the particular authorities who is investigating regarding this shares to De-Freeze my account.*

53. Subsequently, vide letter dated September 13, 2019, Noticee 16 *inter alia* requested to de freeze its demat accounts. However, I note that the same is not under the purview of the present proceedings.

XVI. Reply and Hearing of Noticee 17 (Pankajkumar Jugalkishor Parmar), Noticee 18 (Mr. Sabirbhai Sattarbhai Bhatiyara), and Noticee 19 (Ms. Shirin Sabirbhai Bhatiyara)

54. Vide Hearing Notice dated January 08, 2019, Noticee 17, 18 and 19 were granted opportunity of hearing on February 05, 2019. Further, the said Noticees were granted opportunity of submitting reply to the SCN. In response Noticee 17 submitted letter dated February 01, 2019, and Noticee 18 submitted letter dated February 01, 2019 on behalf of himself and Noticee 19. Both the letters were similar in content, and it was inter alia submitted that they deny all the allegations and findings made against them in the SCN. It was further submitted that the respective Noticees were not connected to promoters/ directors or any official of the company and was not part of 'Kamalakshi Group', hence they thought that they had not violated any regulations. It was further submitted that they be granted time till February 28, 2019 to submit reply to the SCN and the hearing be rescheduled.

55. Vide Hearing Notice dated June 04, 2019, opportunity of personal hearing was granted to Noticee 17 to 19 on June 26, 2019. However, vide separate but similar letters dated June 21, 2019, the respective Noticees stated that they were looking for an advocate in Mumbai who could represent them for the adjudication proceedings and requested to be granted a short adjournment of around one week. Thereafter vide Hearing Notice dated July 01, 2019, Noticees 17 to 19 were granted opportunity of personal hearing on 11, 2019. The said hearing was attended by Mr. Balveer S Choudhary, Chartered Accountant as the authorized representative (AR) of Noticee 17 to 19. The AR submitted replies of Noticee 17 and 18 which were dated July 05, 2019 and reply of Noticee 19 which was dated July 06, 2019. The AR reiterated the contents of the said letters and the hearing proceedings were concluded, and the AR sought no further hearing in the matter. The aforesaid replies of Noticee 17 to 19 were similar in content, and the

common submissions made therein are as follows -

a. *At the outset, without prejudice to anything stated hereinafter, I deny all the allegations and findings made against us in the said notice in toto, except to the extent specifically admitted by me. Nothing contained in the said notice may be deemed to be admitted by me by reason of non-traverse or otherwise, save and except what is expressly admitted herein I deny all the allegations and averments contained in the said notice that are contrary to and/ or inconsistent with what is stated herein below.*

b. *Further, I would like to give a brief introduction about myself:*

   a. *I invest in share market based on my individual study and understanding about the market.*

   b. *I have no connections/ relationship whatsoever with promoters/ directors of the Company.*

   c. *It is submitted that apart from above no allegation has been levelled against me to warrant violation of PFUTP Regulations.*

   d. *I reiterate that investment in shares is purely on the basis of analysis, media news and market whispers.*

c. *It has been alleged in the said notice that I have violated Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a) and (e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 ("PFUTP Regulations"). I vehemently deny that I have contributed to manipulation in the scrip price and created a misleading appearance of trading in the scrip and deny that I have violated Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a) and (e) of PFUTP Regulations.*

d. *Further, no allegation of any connection whatsoever, even remote or otherwise, of mine has been alleged to be established with any of the entities to warrant any allegation of being part of scheme, artifice, device etc. and violate any provision of SEBI Act and/ or rules/ regulations framed thereunder.*

e. *It is submitted that para no. 4 and para no.16 to 20 of the SCN contains certain allegations/observations against me. In view of the same, I am replying to the paras wherein my name is mentioned and not making parawise reply.*

f. *Admittedly, the company came out with various corporate announcements during the investigation period viz. three preferential issues which certainly always have a positive effect on the price of the scrip. It appears that these factors have not been taken into account while investigating the price manipulation and I have been wrongly roped in the proceedings.*

g. *As per price volume data obtained from the website of BSE, it appears that Price* *of the shares of the Company increased gradually and did not spurt suddenly. Price volume data further reveals that the price of the scrip was constant for a particular day with a little fluctuation over and above the opening price and no major price rise and fall throughout the day. Thus, I state that the price rise was gradual over a period of one year and not all of a sudden.*

h. *I reiterate that price rise is gradual and purely on the basis of market forces which was beyond the control of any entity. The issuing authority is not aware of the market nuances since it is an accepted fact that issue of shares on preferential allotment is a price sensitive information and always result in change in prices. Further, these are mentioned as price sensitive formation under SEBI (Prohibition of Insider Trading) Regulations, 1992 and 2015 also.*

i. *It is further submitted that SEBI has alleged that Group A entities had a concerted/premediated plan in contributing to price rise of the scrip. It is also alleged that the Group A entities with had no intention of economic benefit and traded on the basis of pre-mediated plan or intention. However, a total of around Rs. 21, 000 profit (by Noticee 17), Rs. 11,500 (by Noticee 18) and Rs. 2,800 (by Noticee 19) was made by them in trading the shares of GTCL. This defies the fact that we had no intention of economic benefit as observed by the Hon'ble WTM in the order dated October 30, 2018. Hence, I submit that I have always behaved like a rational investor in the market without any pre-mediated plan or intention.*

j. *Further, as per the SCN, a total of 8 trades (by Noticee 17), 7 trades (by Noticee 18) and 1 trade (by Noticee 19) pertaining to buying of shares has been in question. Although all those shares bought by me have been sold in the secondary market pursuant to the price rise of the scrip, SEBI has not questioned my selling behavior. This act in itself is adequate enough to determine that the SCN has been issued without proper application of mind*

k. *Further, as regards para 16, in so far as LTP analysis is concerned, I have traded in small quantities and in tranches since I am a small and cautious investor. Besides, the stock exchanges do not have any such embargo as to minimum amount of shares that can be bought at a particular point in time.*

l. *I bought shares of GTCL and was eyeing on price rise and trends in the scrip so that I can grab the opportunity to make profits in the market and get some return on investment. I noted that there were many sellers for the scrip but comparatively less number of buyers. That was a great opportunity for me to make profit in the market.*

m. *I submit that I traded on the electronic trading platform of the stock exchange* *which is faceless, wherein, the counter party is not known and within the parameters decided by SEBI/ stock exchanges. Also, during the course of my trading, I was not informed of any abnormal behaviors/ alerts and suddenly after 3-4 years, I have received this notice. It has come to my knowledge that SEBI/ stock exchanges have spent crores of rupees of investors' money and obtained state of art surveillance system, however, to my surprise the system is not able to give online alerts. If that had been so, I would not have traded in this scrip. I submit that SEBI has issued show cause to me just to hide its own short comings.*

n. *During the investigation also, no data/ information were sought from me and no opportunity was granted to me to explain my trading behaviour.*

o. *I submit that no show cause notice has been issued to counterparties of the alleged manipulated trades like Hasmukhbhai Dhanabhai Gohil and Rakeshkumar Jha.*

p. *I wanted to buy small quantities to minimize the risk which happened to coincidently work in my favour.*

q. *I have traded on electronic trading platform of stock exchange which is faceless wherein the counter party is not known. No connection has been drawn between me and the sellers of GTCL shares by SEBI.*

r. *Also, no allegation of synchronized trades, self-trades or circular trades have been levelled against me.*

s. *It is further added that in the order dated October 30, 2018, the Hon'ble WTM himself states that 'Group A entities individually did not contribute significantly to the price rise, they together as a group contributed to 9.22% of gross market positive LTP'. However, it is submitted that SEBI has itself formed one group called Group A based on surmises and conjectures. With such background to connect us to the other noticees is totally uncalled for, baseless and appears to be far - fetched. I would further like to submit that the allegation is totally flawed and inappropriate. The investigation has been carried out with complete non-application of mind and the allegation levelled are incongruous and unsustainable.*

t. *It can also be observed that in majority of the trades, I have entered the order in morning itself. The seller later on, after a substantial period of time, entered the sell orders at a price at which I have already entered the buy orders. The price got established only when the order of the seller matched with my order which was already available in public domain. Hence, I cannot be held responsible for the manipulation of price and the allegation that I contributed to the price rise is baseless.*

u. *Further, as per para 18 of the SCN, it has been mentioned that copy of trade log and order log is placed at Annexure 6. I however wish to bring to your kind notice that order log provided in Annexure 6 is incomplete since the data is only for the period January 01, 2014 to January 17, 2014. I have traded in September 2014. Hence, I am not able to carry out order log analysis to establish the depth of the market. In view of the above, I request you to provide me with copy of complete order log to enable me to establish my innocence.*

v. *The order passed under Section 11 proceedings of the instant case by the Hon'ble WTM came as a shock to me. Due to shortage of funds and non-availability of the Counsel, I was not able to represent myself during the proceedings. However, based on the same, SEBI has drawn an adverse inference against me and debarred me from buying, selling or dealing in the securities market.*

w. *I submit that I am not related/ connected to promoter or director of the Company directly or indirectly and no such allegation has been made in SCN.*

x. *In view of the above submissions, I state as under:*

a. I deny that I have not acted as genuine buyer and that I had no bonafide intention to buy.

b. I deny that I have contributed in wrongfully increasing the price of the scrip.

c. I deny that I have contributed to manipulation in the scrip price and created a misleading appearance of trading in the scrip by my trades.

d. I deny that I have violated Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2), (a) and (e) of SEBI (PFUTP) Regulations, 2003.

e. All the trades executed by me were in ordinary course and thus no adverse inference may be drawn against me. I traded on the electronic trading platform of the stock exchange which is faceless, wherein the counter party is not known.

y. ***Legal Submissions**:*

I would like to bring your kind attention to the following orders passed by various Hon'ble Courts/ Hon'ble SAT:

a. In a similar case of "Prashant Patel Vs SEBI", SAT vide its order dated 17.8.2010 has held that "if one were to assume.......... while executing the synchronized trades, we cannot lose sight of the fact that it were the clients who were actually trading in the scrip and that the appellant as a broker was only carrying out their directions. If that were so, we are surprised that none of the clients has even been questioned in regard to the impugned trades let alone being charged for executing synchronized trades. Since no action has been taken *against any of the clients, it would be reasonable to assume that the Board treated them as innocent and found nothing wrong with their trades which were only executed by the appellant. It is quite paradoxical that persons who actually executed the trades with which fault has been found have not been proceeded against and the broker who only carried out the instructions of the clients and executed the trades on the trading system has been found guilty. We are, therefore, of the considered view that since the clients have not even been questioned, the appellant alone cannot be held guilty of executing synchronized trades". Similarly, in our case also, the FIIs with whom our trades allegedly got matched or synchronized, have not been questioned and not charged but only we have been issued a show cause notice.*

In the same case Hon'ble SAT also held that "It must be remembered that violation of FUTP regulations involves commitment of fraud which is, indeed, a serious market offence and a high degree of probability is required to establish such a charge. It is by now well settled that the foundation of an enquiry under the enquiry regulations is a valid notice and the charge levelled therein has to be clear, precise and unambiguous....... so that the delinquent knows what exactly he is charged with and that the enquiry should not travel beyond the charge as levelled. The charge of fraud must be substantially proved as laid and that when one kind of fraud is charged, another kind of fraud cannot, upon the failure of proof be substituted for it". This has been so held by their Lordships of the Supreme Court in Brijendranath Srivastava vs. Mayank Srivastava and Others (1994) 6 SCC 117"

b. ***Varanasaya Sanskrit VishwaVidyalaya & others V. DrRajkishore Tripathi and Anr*** *(1977 AIR 615, 1977 SCR (2) 213, 1977 sec (1) 279)*

The Hon'ble Court held that:

"General allegations are insufficient even to amount to an averment of fraud or which only court ought to take notice, however strong the language in which they are couched may be, and the same applies to undue influence and coercion".

c. ***KapilChatrabhujBhuptani vs. Securities and Exchange Board of India*** *(Appeal 95 of 2013)*

The Hon'ble SAT held that:

"It is stated that unless some connection between the counterparties is established, it is difficult to hold that trades in question were carried out with a view

to manipulate market by creating false volumes resulting in upsetting market equilibrium".

*d. **HB Stockholdings Limited vs SEBI** [2013] SCC Online SAT 56 : [2013] SAT 44]*
"17. ... It may be noted that synchronization of trades is not per se illegal. It is actionable only if it is illegitimate and is the outcome of a mischievous meeting of minds among certain parties. For this purpose, the counter party, namely, Gloria Investment Limited has already been exonerated by the Respondent. Moreover, no cogent and convincing reasons are forthcoming from a reading of the SCN or the impugned order to sustain such a charge of synchronization or creation of artificial volumes against the Appellants"

e. Order dated 15.02.2012 passed by Hon'ble Securities Appellate Tribunal in the matter of Shri Kamlesh R Shah Vs. SEBI (Appeal No. 192 of2011)

"6. The next argument of the learned counsel for the appellant is with regard to the quantum of punishment. It was submitted by the counsel that under similar circumstances the Board had let off the delinquent with warning/ censure whereas in the case of the appellant penalty of prohibition from taking new clients for a period of one month has been imposed. According to the learned counsel for the appellant the penalty is disproportionate to the gravity violation and is not consistent with treatment given by the Board to other intermediaries who were found to have committed similar violations. In support he has relied on the order passed by the Board on January 18, 2006 in the case of M/s. Prabhudas Liladher Private Limited, order dated October 19, 2011 in the case of JyotishBhogilal Stock Brokers Private Limited and this Tribunal's order dated January 29, 2004 in Appeal no. 102 of 2003 in the case of Prakash K Shah Shares & Securities Pvt. Ltd. vs. Securities and Exchange Board of India. He has also placed on record copies of certain press releases of the Board where, for similar violation the delinquents have been let off with warning. We have perused a few orders of warning passed by the respondent and these are not disputed by the learned counsel for the Board. Two orders viz. order pertaining to M/s.Prabhudas Lilladher Private Limited and Jyotish Bhogilal Stock Brokers Private Limited pertain to the same scrip and same period of investigation. The nature of violation alleged is also identical. It is expected that the regulator will give similar treatment to the persons /market intermediaries who are found to have committed similar violations. Nothing has been brought on record to show as to why appellant

deserves a harsh punishment. The consequence of the punishment imposed on the appellant is far-reaching as compared to punishment meted out to other similarly placed persons.

7. Taking into account the punishment imposed by the Board in more or less similar cases, we feel it appropriate to modify the penalty to that of warning. The impugned order is modified accordingly with no order as to costs."

f. In the matter of M/s Sumedha Fiscal Services Limited versus SEBI decided on 20th October, 2004 (Appeal Number 53/2003), the Hon'ble SAT has held as under:

"8.........One of the minor penalties as per 13(1)(a)(i) is warning or censure. We feel that as in more or less similar cases, the respondent was issued a strict warning.

9……......

10. In the facts and circumstances of the case, we modify the impugned order and substitute it by imposing a minor penalty under 13(1)(a)(i) and hereby give a strong warning to the appellant. The impugned order is modified accordingly. The appeal is disposed of No order as to costs."

z. In the premises as aforesaid I submit that, the SCN issued against me is unjustified, unwarranted and untenable. Any penalty at this stage would destroy my entire reputation in financial and business circle. All the fund transactions were in the normal course of business, for which complete audit trail is available.

aa. Further, I have not made any gain or gained any unfair advantage and the same has not been even alleged. Furthermore, the alleged violation is not repetitive and there is no loss to the investors. In view of the same, any kind of penalty is not warranted.

bb. In view of the above submissions, I reiterate and deny that I have violated Regulation 3(a), (b), (c), (d) and Regulation 4(1) 4(2) (a) and (e) of PFUTP Regulations to warrant any kind of penalty. Further, I have not made any gains or gained any unfair advantage.

cc. Your Honor is kindly requested that since I have not violated any provisions of PFUTP Regulations, the present proceedings under Show Cause Notice dated May 30, 2018 be dropped, I should be discharged from the present proceedings and no penalty may be levied accordingly.

dd. I crave leave to add, delete, amend, modify the grounds and rely upon case laws as and when required.

56. Further, the Noticee 17, 18 and 19 have made the following additional submissions –

a. *Noticee 17 and 18 stated that they studied upto class 12 they are working as employee of private company. Noticee 19 stated that she studied upto 9th standard, and she was housewife and not employed by/through any firm or organization.*
b. *Noticee 17, 18 and 19 stated that they have been investing in various scrips.*
c. *Noticee 17 stated that Jugalkishor Ramchandra Parmar is his father, and regarding the allegation that Noticee No. 20 viz. Chandrapalsinh Mohansinh Rathod is his facebook friend, Noticee 17 submitted that being a facebook friend does not guarantees any kind of connection between two parties. It was further submitted that it is a known. fact that two people can become friends on facebook irrespective of any known connection between them; Facebook's algorithm automatically discovers friends from one's friends list and provides it as a suggestion to different people; Hence, connection based on facebook does not mean that they have assisted each other in trading of shares which may have resulted in market positive/negative LTP.*
d. *Noticee 17, 18 and 19 submitted that total shares traded in the scrip of GTCL by them is a rniniscule percentage i.e. 2.33%, 1.61% and 0.49% respectively of the total number of shares traded during the investigation period of around one year.*
e. *Noticee 17, 18 and 19 submitted that at present they have got a large portfolio and hold shares of various companies. Noticee 17 submitted that he has also traded in shares like Bank of Baroda, Praj Industries, HCL, etc., Noticee 18 submitted that he has traded in Confidence Finance and Bank of Baroda; Noticee 19 submitted that she has also traded in companies like Hexaware Industries, Essar oil and Punj Lloyd. It was submitted that hence, holding the shares of GTCL was not unusual.*
f. *Noticee 17 submitted that as regards para 4(r), the connection shown between Jugalkishor Ramchandra Parmar and me is really hilarious since family members will always be connected among themselves; However, that does not mean that we have assisted each other in trading of shares which may have resulted in market positive LTP. Noticee 17 further submitted no adverse inference ought to be drawn against me based on my friendship on facebook with Chandrapalsingh Mohansingh Rathod as the same does not confirm my association with him in trading of shares which may have resulted in market positive/negative LTP.*
g. *Noticee 18 and 19 submitted that as regards para 4(r), the connection shown between Noticee 18 and 19 is really hilarious since husband and wife will always*

be connected among themselves; however, that does not mean that we have assisted each other in trading of shares which may have resulted in market positive LTP.

h. *Noticee 17 has submitted that as regards Para 17, SEBI has formed one group viz. Group A and collectively interlaced the LTP contribution by all of them whereas it is known fact that he is not connected to GTCL or any other entities in Group A apart from Jugalkishor Ramchandra Parmar who happens to be his father. Noticee 18 and 19 have similarly submitted that they are not related to GTCL or any other entities in Group A apart from each other.*

XVII. Reply and Hearing of Noticee 20 (Mr. Chandrapalsinh Mohansinh Rathod), and Noticee 21 (Mr. Narendrasinh Surendrasinh Rathod)

57. Vide Hearing Notice dated January 08, 2019, Noticee 20 and 21 were granted opportunity of hearing on February 05, 2019. Further, the said Noticees were granted opportunity of submitting reply to the SCN. In response Noticee 20 submitted letter dated February 01, 2019, on behalf of himself and Noticee 21. In the said letter it was inter alia submitted that they deny all the allegations and findings made against them in the SCN. It was further submitted that the respective Noticees were not connected to promoters/ directors or any official of the company and was not part of 'Kamalakshi Group', hence they thought that they had not violated any regulations. It was further submitted that they be granted time till February 28, 2019 to submit reply to the SCN and the hearing be scheduled to any date after March 10, 2019.

58. Vide Hearing Notice dated June 04, 2019, opportunity of personal hearing was granted to Noticee 20 and 21 on June 26, 2019. Vide their separate letters dated June 12, 2019, Noticee 20 and 21 made submissions in the matter. The main submissions made therein are as follows –

    a. *At the outset, without prejudice to anything stated hereinafter, I deny all the allegations and findings made against us in the said notice in toto, except to the extent specifically admitted by me. Nothing contained in the said notice may be deemed to be admitted by me by reason of non-traverse or otherwise, save and except what is expressly admitted herein I deny all the allegations and averments contained in the said notice that are contrary to and/ or inconsistent with what is stated herein below.*

b. Further, I would like to give a brief introduction about myself:

   a. Noticee 20 : I am working a farmer by profession. I have studied upto class 12th standard; Noticee 21: I have done my graduation in arts (Bachelor of Arts). Further, I am working as an employee in a private company.

   b. I am an investor in the securities market for around 6 years (Noticee 20) and 10 years (Noticee 21) and have been investing in various scrips. I invest in share market based on my individual study and understanding about the market.

   c. I have no connections/ relationship whatsoever with promoters/ directors of the Company. However, Noticee No. 20 viz. Chandrapalsinh Mohansinh Rathod and Noticee no. 21 viz. Narendrasinh Surendrasinh Rathod are cousin brothers.

   d. It is brought to your kind notice that being a facebook friend does not guarantees any kind of connection between two parties. It is a known. fact that two people can become friends on facebook irrespective of any known connection between them. Facebook's algorithm automatically discovers friends from one's friends list and provides it as a suggestion to different people. Hence, connection based on facebook does not mean that we have assisted each other in trading of shares which may have resulted in market positive/negative LTP.

   e. Total shares traded in the scrip of GTCL by them is a rniniscule percentage i.e. 2.46% (for Noticee 20), and 0.49% (for Noticee 21) of the total number of shares traded during the investigation period of around one year.

   f. Noticee 20 submitted that at present I have got a large portfolio and hold shares of various companies. I have also traded in shares like Raymond, Titan, Adani Enterprises, VIP Industries etc. Hence, holding the shares of GTCL was not unusual.

   g. It is submitted that apart from above no allegation has been levelled against me to warrant violation of PFUTP Regulations.

   h. I reiterate that investment in shares is purely on the basis of analysis, media news and market whispers.

c. It has been alleged in the said notice that I have violated Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a) and (e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 ("PFUTP Regulations"). I vehemently deny that I have contributed to manipulation in the *scrip price and created a misleading appearance of trading in the scrip and deny that I have violated Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a) and (e) of PFUTP Regulations.*

d. *Further, no allegation of any connection whatsoever, even remote or otherwise, of mine has been alleged to be established with any of the entities to warrant any allegation of being part of scheme, artifice, device etc. and violate any provision of SEBI Act and/ or rules/ regulations framed thereunder.*

e. *It is submitted that para no. 4 and para no.16 to 20 of the SCN contains certain allegations/observations against me. In view of the same, I am replying to the paras wherein my name is mentioned and not making parawise reply.*

f. *Admittedly, the company came out with various corporate announcements during the investigation period viz. three preferential issues which certainly always have a positive effect on the price of the scrip. It appears that these factors have not been taken into account while investigating the price manipulation and I have been wrongly roped in the proceedings.*

g. *As per price volume data obtained from the website of BSE, it appears that Price of the shares of the Company increased gradually and did not spurt suddenly. Price volume data further reveals that the price of the scrip was constant for a particular day with a little fluctuation over and above the opening price and no major price rise and fall throughout the day. Thus, I state that the price rise was gradual over a period of one year and not all of a sudden.*

h. *I reiterate that price rise is gradual and purely on the basis of market forces which was beyond the control of any entity. The issuing authority is not aware of the market nuances since it is an accepted fact that issue of shares on preferential allotment is a price sensitive information and always result in change in prices. Further, these are mentioned as price sensitive formation under SEBI (Prohibition of Insider Trading) Regulations, 1992 and 2015 also.*

i. <u>Noticee 20 has submitted as follows -</u> *It is further submitted that SEBI has alleged that Group A entities had a concerted/premediated plan in contributing to price rise of the scrip. However, as per the SCN, it can be observed that out of 55 shares, bought by me through six different trades, a trade of 15 shares have resulted in negative LTP. Also, a total of Rs. 7,500 profit was made by me in trading the shares of GTCL. This defies the fact that we had no intention of economic benefit as observed by the Hon'ble WTM in the order dated October 30, 2018. Hence, I submit that I have always behaved like a rational investor in the market without any pre-mediated plan or intention.*

j. *Further, as per the SCN, a total of 6 trades (Noticee 20) and 1 trade (Noticee 21)* *pertaining to buying of shares has been in question. Although all those shares bought by me have been sold in the secondary market pursuant to the price rise of the scrip, SEBI has not questioned my selling behavior. This act in itself is adequate enough to determine that the SCN has been issued without proper application of mind.*

k. *As regards para 4(r), the connection shown between Noticeee 20 and 21 is really hilarious since both are cousin brothers and family members will always be connected among themselves. However, that does not mean that we have assisted each other in trading of shares which may have resulted in market positive LT. Further, no adverse inference ought to be drawn against me based on my friendship on facebook with Chandrapalsingh Mohansingh Rathod as the same does not confirm my association with him in trading of shares which may have resulted in market positive/negative LTP.*

l. *Further, as regards para 16, in so far as LTP analysis is concerned, I have traded in small quantities and in tranches since I am a small and cautious investor. Besides, the stock exchanges do not have any such embargo as to minimum amount of shares that can be bought at a particular point in time.*

m. *I bought shares of GTCL and was eyeing on price rise and trends in the scrip so that I can grab the opportunity to make profits in the market and get some return on investment. I noted that there were many sellers for the scrip but comparatively less number of buyers. That was a great opportunity for me to make profit in the market.*

n. *I submit that I traded on the electronic trading platform of the stock exchange which is faceless, wherein, the counter party is not known and within the parameters decided by SEBI/ stock exchanges. Also, during the course of my trading, I was not informed of any abnormal behaviors/ alerts and suddenly after 3-4 years, I have received this notice. It has come to my knowledge that SEBI/ stock exchanges have spent crores of rupees of investors' money and obtained state of art surveillance system, however, to my surprise the system is not able to give online alerts. If that had been so, I would not have traded in this scrip. I submit that SEBI has issued show cause to me just to hide its own short comings.*

o. *During the investigation also, no data/ information were sought from me and no opportunity was granted to me to explain my trading behaviour.*

p. *I submit that no show cause notice has been issued to counterparties of the alleged manipulated trades like Hasmukhbhai Dhanabhai Gohil and Rakeshkumar Jha.*

q. *As regards Para 17, it is submitted that SEBI has formed one group viz. Group A* *and collectively interlaced the LTP contribution by all of us whereas it is known fact that I am not connected to GTCL or any other entities in Group A apart from Jugalkishor Ramchandra Parmar who happens to be my father. I wanted to buy small quantities to minimize the risk which happened to coincidently work in my favour.*

r. *As per trade log and order log, it can also be observed that in majority of the trades, I have entered the order in morning itself. The seller later on, after a substantial period of time, entered the sell orders at a price at which I have already entered the buy orders. The price got established only when the order of the seller matched with my order which was already available in public domain. Hence, I cannot be held responsible for the manipulation of price and the allegation that I contributed to the price rise is baseless.*

s. *As regards Para 17, it is submitted that SEBI has formed one group viz. Group A and collectively interlaced the LTP contribution by all of us whereas it is known fact that I am not connected to GTCL or any other entities in Group A (except Noticee 20 and 21 happen to be cousin brothers).*

t. *I have traded on electronic trading platform of stock exchange which is faceless wherein the counter party is not known. No connection has been drawn between me and the sellers of GTCL shares by SEBI.*

u. *As regards the query that I have traded in small tranches, it is submitted that I am a small and cautious investor. I normally trade in small quantities due to funds constraint. This is also evident from the fact that till date, no proceedinghave been initiated against me except the instant proceeding. Besides, the stock exchanges do not have any such embargo as to minimum amount of shares that can be bought at a particular point in time. I wanted shares of GTCL and was eyeing on price trends in the scrip to make profit in the market and get good return on investment. (Noticee 20 further submitted as follows – Just to give a background of my trading pattern, I would like to bring to your kind notice that I have always traded in small quantities of around 15-20 shares in one trade. This is evident from the fact that apart from GTCL, even if I propose to buy a total of 60 shares of Raymond in one day, I have always bought the same in trades of around 15-25 shares per trade.)*

v. *Also, no allegation of synchronized trades, self-trades or circular trades have been levelled against me.*

w. *It is further added that in the order dated October 30, 2018, the Hon'ble WTM himself states that 'Group A entities individually did not contribute significantly to the price rise, they together as a group contributed to 9.22% of gross market* *positive LTP'. However, it is submitted that SEBI has itself formed one group called Group A based on surmises and conjectures. With such background to connect us to the other noticees is totally uncalled for, baseless and appears to be far - fetched. We would further like to submit that the allegation is totally flawed and inappropriate. The investigation has been carried out with complete non-application of mind and the allegation levelled are incongruous and unsustainable.*

x. *The order passed under Section 11 proceedings of the instant case by the Hon'ble WTM came as a shock to me. Due to shortage of funds and non-availability of the Counsel, I was not able to represent myself during the proceedings. However, based on the same, SEBI has drawn an adverse inference against me and debarred me from buying, selling or dealing in the securities market. Such adverse action against me has adversely affected my reputation in the social circles and among relatives.*

y. *I submit that I am not related/ connected to promoter or director of the Company directly or indirectly and no such allegation has been made in SCN.*

z. *In view of the above submissions, I state as under:*

a. I deny that I have not acted as genuine buyer and that I had no bonafide intention to buy.

b. I deny that I have contributed in wrongfully increasing the price of the scrip.

c. I deny that I have contributed to manipulation in the scrip price and created a misleading appearance of trading in the scrip by my trades.

d. I deny that I have violated Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2), (a) and (e) of SEBI (PFUTP) Regulations, 2003.

e. All the trades executed by me were in ordinary course and thus no adverse inference may be drawn against me. I traded on the electronic trading platform of the stock exchange which is faceless, wherein the counter party is not known.'

aa. ***Legal Submissions:***

I would like to bring your kind attention to the following orders passed by various Hon'ble Courts/ Hon'ble SAT:

a. In a similar case of "Prashant Patel Vs SEBI", SAT vide its order dated 17.8.2010 has held that "if one were to assume.......... while executing the synchronized trades, we cannot lose sight of the fact that it were the clients who were actually trading in the scrip and that the appellant as a broker was only carrying out their directions. If that were so, we are surprised that none of the clients has even been questioned in regard to the impugned trades let alone being *charged for executing synchronized trades. Since no action has been taken against any of the clients, it would be reasonable to assume that the Board treated them as innocent and found nothing wrong with their trades which were only executed by the appellant. It is quite paradoxical that persons who actually executed the trades with which fault has been found have not been proceeded against and the broker who only carried out the instructions of the clients and executed the trades on the trading system has been found guilty. We are, therefore, of the considered view that since the clients have not even been questioned, the appellant alone cannot be held guilty of executing synchronized trades". Similarly, in our case also, the FIIs with whom our trades allegedly got matched or synchronized, have not been questioned and not charged but only we have been issued a show cause notice.*

In the same case Hon'ble SAT also held that "It must be remembered that violation of FUTP regulations involves commitment of fraud which is, indeed, a serious market offence and a high degree of probability is required to establish such a charge. It is by now well settled that the foundation of an enquiry under the enquiry regulations is a valid notice and the charge levelled therein has to be clear, precise and unambiguous....... so that the delinquent knows what exactly he is charged with and that the enquiry should not travel beyond the charge as levelled. The charge of fraud must be substantially proved as laid and that when one kind of fraud is charged, another kind of fraud cannot, upon the failure of proof be substituted for it". This has been so held by their Lordships of the Supreme Court in Brijendranath Srivastava vs. Mayank Srivastava and Others (1994) 6 SCC 117"

b. Varanasaya Sanskrit VishwaVidyalaya & others V. DrRajkishore Tripathi and Anr (1977 AIR 615, 1977 SCR (2) 213, 1977 sec (1) 279)

The Hon'ble Court held that:

"General allegations are insufficient even to amount to an averment of fraud or which only court ought to take notice, however strong the language in which they are couched may be, and the same applies to undue influence and coercion".

c. ***KapilChatrabhujBhuptani*** *vs.* ***Securities and Exchange Board of India (Appeal 95 of2013)***

The Hon'ble SAT held that:

"It is stated that unless some connection between the counterparties is

established, it is difficult to hold that trades in question were carried out with a view to manipulate market by creating false volumes resulting in upsetting market equilibrium".

d. ***HB Stockholdings Limited vs SEBI*** *[2013] SCC Online SAT 56 : [2013] SAT 44]*
"17. ... It may be noted that synchronization of trades is not per se illegal. It is actionable only if it is illegitimate and is the outcome of a mischievous meeting of minds among certain parties. For this purpose, the counter party, namely, Gloria Investment Limited has already been exonerated by the Respondent. Moreover, no cogent and convincing reasons are forthcoming from a reading of the SCN or the impugned order to sustain such a charge of synchronization or creation of artificial volumes against the Appellants"

e. Order dated 15.02.2012 passed by Hon'ble Securities Appellate Tribunal in the matter of Shri Kamlesh R Shah Vs. SEBI (Appeal No. 192 of2011)

"6. The next argument of the learned counsel for the appellant is with regard to the quantum of punishment. It was submitted by the counsel that under similar circumstances the Board had let off the delinquent with warning/ censure whereas in the case of the appellant penalty of prohibition from taking new clients for a period of one month has been imposed. According to the learned counsel for the appellant the penalty is disproportionate to the gravity violation and is not consistent with treatment given by the Board to other intermediaries who were found to have committed similar violations. In support he has relied on the order passed by the Board on January 18, 2006 in the case of M/s. Prabhudas Liladher Private Limited, order dated October 19, 2011 in the case of JyotishBhogilal Stock Brokers Private Limited and this Tribunal's order dated January 29, 2004 in Appeal no. 102 of 2003 in the case of Prakash K Shah Shares & Securities Pvt. Ltd. vs. Securities and Exchange Board of India. He has also placed on record copies of certain press releases of the Board where, for similar violation the delinquents have been let off with warning. We have perused a few orders of warning passed by the respondent and these are not disputed by the learned counsel for the Board. Two orders viz. order pertaining to M/s.Prabhudas Lilladher Private Limited and Jyotish Bhogilal Stock Brokers Private Limited pertain to the same scrip and same period of investigation. The nature of violation alleged is also identical. It is expected that the regulator will give similar treatment to the persons /market intermediaries who are found to have committed similar violations. Nothing has been brought on record to show as to why appellant deserves a harsh punishment.

The consequence of the punishment imposed on the appellant is far-reaching as compared to punishment meted out to other similarly placed persons.

7. Taking into account the punishment imposed by the Board in more or less similar cases, we feel it appropriate to modify the penalty to that of warning. The impugned order is modified accordingly with no order as to costs."

f. In the matter of M/s Sumedha Fiscal Services Limited versus SEBI decided on 20th October, 2004 (Appeal Number 53/2003), the Hon'ble SAT has held as under:

> *"8.........One of the minor penalties as per 13(1)(a)(i) is warning or censure. We feel that as in more or less similar cases, the respondent was issued a strict warning.*
>
> *9……......*
>
> *10. In the facts and circumstances of the case, we modify the impugned order and substitute it by imposing a minor penalty under 13(1)(a)(i) and hereby give a strong warning to the appellant. The impugned order is modified accordingly. The appeal is disposed of No order as to costs."*

bb. In the premises as aforesaid I submit that, the SCN issued against me is unjustified, unwarranted and untenable. Any penalty at this stage would destroy my entire reputation in financial and business circle. All the fund transactions were in the normal course of business, for which complete audit trail is available.

cc. Further, I have not made any gain or gained any unfair advantage and the same has not been even alleged. Furthermore, the alleged violation is not repetitive and there is no loss to the investors. In view of the same, any kind of penalty is not warranted.

dd. In view of the above submissions, I reiterate and deny that I have violated Regulation 3(a), (b), (c), (d) and Regulation 4(1) 4(2) (a) and (e) of PFUTP Regulations to warrant any kind of penalty. Further, I have not made any gains or gained any unfair advantage.

ee. Your Honor is kindly requested that since I have not violated any provisions of PFUTP Regulations, the present proceedings under Show Cause Notice dated May 30, 2018 be dropped, I should be discharged from the present proceedings and no penalty may be levied accordingly.

ff. I crave leave to add, delete, amend, modify the grounds and rely upon case laws as and when required.

59. The hearing held on June 26, 2019 was attended by Mr. Geet Shikhar, advocate, the authorized representative(AR) of Noticee 20 and 21. The AR reiterated the contents of the said letters and the hearing proceedings were concluded, and the AR sought no further hearing in the matter.

CONSIDERATION OF ISSUES AND FINDINGS

60. I have carefully perused the replies to the SCN, submissions made by Noticees and other documents available on record. I note that the allegations levelled against the Noticees are as below:

   a. Certain Kamalakshi group entities indulged in price manipulation of the scrip by way of increasing the price by trading among themselves, selling of shares in minuscule quantities even though more number of buy orders exist in the system and the entities were holding more number of shares. In view of the alleged violations explained in the SCN, it is also alleged that the Noticee 1 – GROMO, its non-independent directors namely Mr. Dheeraj Babulal Shah (Noticee 2) and Mrs. Sheetal Dheeraj Shah (Noticee 3) were part of a manipulative scheme and were in connivance with Kamalakshi group entities who had indulged in price manipulation of the scrip and thereby created false and misleading appearance of trading in the scrip. During Patch –I (price rise), Group A entities consisting of Noticee 17-21 indulged in price manipulation. These entities were placing buy orders in low volumes by taking turns, together contributed for the price rise in the scrip and created false and misleading appearance of trading in the scrip by placing orders at prices higher than LTP.

   b. Noticee 1 – GROMO has not disclosed to BSE indicating variation between projected and actual variation of funds through preferential allotments.

61. The issues that arise for consideration in the present case are:

   I. Whether the Noticees have violated the provisions of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(e) of the PFUTP Regulations? And whether Noticee 1 has violated Section 21 of SCRA read with Clause 43 of Listing Agreement?

II. Does the violations, if any, attract monetary penalty under Section 15HA of SEBI Act, 1992 and Section 23E of SCRA, as applicable?

III. If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of SEBI Act, 1992 and Section 23J of SCRA?

62. Before moving forward, it is pertinent to mention the provisons of PFUTP Regulations, Listing Agreement and SCRA alleged to have been violated by the Noticees. The same are reproduced as follows –

PFUTP Regulations

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

(a) buy, sell or otherwise deal in securities in a fraudulent manner;

(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;

(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

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) indulging 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;

…

Clause 43 of the Listing agreement:

“ 43. a) The Company agrees that it will furnish on a quarterly basis a statement to the Exchange indicating the variations between projected utilisation of funds and/or projected profitability statement made by it in its prospectus or letter of offer or object/s stated in the explanatory statement to the notice for the general meeting for considering preferential issue of securities, and the actual utilisation of funds and/or actual profitability.

b) The statement referred to in clause (1) shall be given for each of the years for which projections are provided in the prospectus/letter of offer/object/s stated in the explanatory statement to the notice for considering preferential issue of securities and shall be published in newspapers simultaneously with the unaudited/audited financial results as required under clause 41.”

Section 21 of SCRA:

Conditions for listing.

21. Where securities are listed on the application of any person in any recognized stock exchange, such person shall comply with the conditions of the listing agreement with that stock exchange.

ISSUE-I: Whether the Noticees have violated the provisions of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(e) of the PFUTP Regulations? And whether Noticee 1 has violated Section 21 of SCRA read with Clause 43 of Listing Agreement?

63. Before moving forward, I note that all the Noticees have been provided the documents that have been relied upon in the matter. In this regard, I place reliance on the following observations of Hon'ble SAT, made in its order dated February 12, 2020, in the matter of Shruti Vora vs. SEBI:

"*A bare reading of the provisions of the Act and the Rules as referred to above do not provide supply of documents upon which no reliance has been placed by the AO, nor even the principles of natural justice require supply of such documents which has not been relied upon by the AO. We are of the opinion that we cannot compel the AO to deviate from the prescribed procedure and supply of such documents which is not warranted in law. In our view, on a reading of the Act and the Rules we find that there is no duty cast upon the AO to disclose or provide all the documents in his possession especially when such documents are not being relied upon*."

64. Further, the Hon'ble SAT in the matter of *Anant R Sathe Vs SEBI* (Appeal No. 150 of 2020) vide Order dated July 17, 2020 has reaffirmed the principle elucidated in the judgment of Shruti Vora's case, which was reproduced herein above and ruled that *"the Authority is required to supply the documents that they rely upon while serving the show cause notice which in the instant case has been done and which is sufficient for the purpose of filing an efficacious reply in his defence".*

65. I note that the allegation against the Noticees is that Noticees herein (including the company and its directors) who were related or connected to each other by fund movements, off-market share transfers, family relationship, common address /phone numbers/ email address/ directors, etc have manipulated the market through their trades in the scripthereby violating the provision of Regulations 3(a), (b), (c) and (d) and 4(1), 4(2) (a) and (e) of PFUTP Regulations.

66. KFCL (now known as **Gromo Trade & Consultancy Limited**) was incorporated on January 15, 1973 in the name of 'Kamalakshi Finance Corporation Private Limited'. Subsequently, the company converted into public limited company as 'Kamalakshi Finance Corporation Limited' with the objects of finance, investment and share trading on December 11, 1973. The name of the company has been changed to present name, i.e., 'M/s Gromo Trade & Consultancy Limited' on March 26, 2015 with the object of consultancy and advisory services in the field of management, IT, technical, industrial, personnel and labour, legal and taxation, financial, commercial and investment, capital markets, etc. The registered office of the company is situated at '13/411, Crystal Plaza, New Link Road, opp. to Infinity Mall, Andheri (West), Mumbai- 400053'

67. The scrip is listed at BSE from April 26, 1976 onwards. The scrip has been suspended by BSE w.e.f. December 21, 2004 for non-compliance with listing agreement and the suspension was revoked w.e.f. April 17, 2012 and trading in the scrip was resumed in T Group

68. As on September 30, 2013, KFCL had a share capital of Rs. 5,00,000 comprising 50,000 equity shares of Rs. 10 each. It was observed that KFCL made 3 preferential allotments on various dates, i.e., 82,90,000 equity shares to 42 entities at the price of Rs. 12 per share in November 09, 2013; 1,48,50,000

equity shares to 49 entities at the price of Rs. 13 per share on February 17, 2014 and; 52,00,000 equity shares to 46 entities at the price of Rs. 25 per share on June 24, 2014, thereby allotting 2,83,40, 000 equity shares in total to 137 persons/entities. The details of preferential allotments made by the company are tabulated as follows:

<u>Table - 1</u>

S no	Date	No of shares allotted	Face value (Rs.)	Allotment price (Rs.)	Amount raised	No of entities	Category	Shares locked in upto	
I	9-Nov-13	82,90,000	10	12	9,94,80,000	42	Non-promoter	8-Dec-14	
II	17-Feb-14	1,48,50,000	10	13	19,30,50,000	49	Non-promoter	20-Mar-15	
III	24-Jun-14	52,00,000	10	25	13,00,00,000	44	Non-promoter	31-Jul-15	4840000
						2	Promoter	31-Jul-17	360000
	TOTAL	**2,83,40,000**			**42,25,30,000**	**137**			

69. The equity shares allotted on preferential basis to aforesaid allottees during the first 2 allotments were locked-in for a period of one year i.e. up to December 08, 2014 and March 20, 2015 respectively in accordance with the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. Further, out of 52,00,000 equity shares allotted during the 3rd preferential allotment, 48,40,000 shares were locked-in up to July 31, 2015 and 3,60,000 shares were locked-in up to July 31, 2017.

70. After revocation of suspension of the scrip by BSE on April 17, 2012, trading in the scrip started only on January 15, 2014. The entire price movement in the scrip of KFCL during the investigation period (IP) extending from January 15, 2014 to February 20, 2015 was examined in the following patches:

    a. Patch 1 (Price rise): January 15, 2014 to January 27, 2015

    b. Patch 2 (Price fall): January 28, 2015 to February 20, 2015

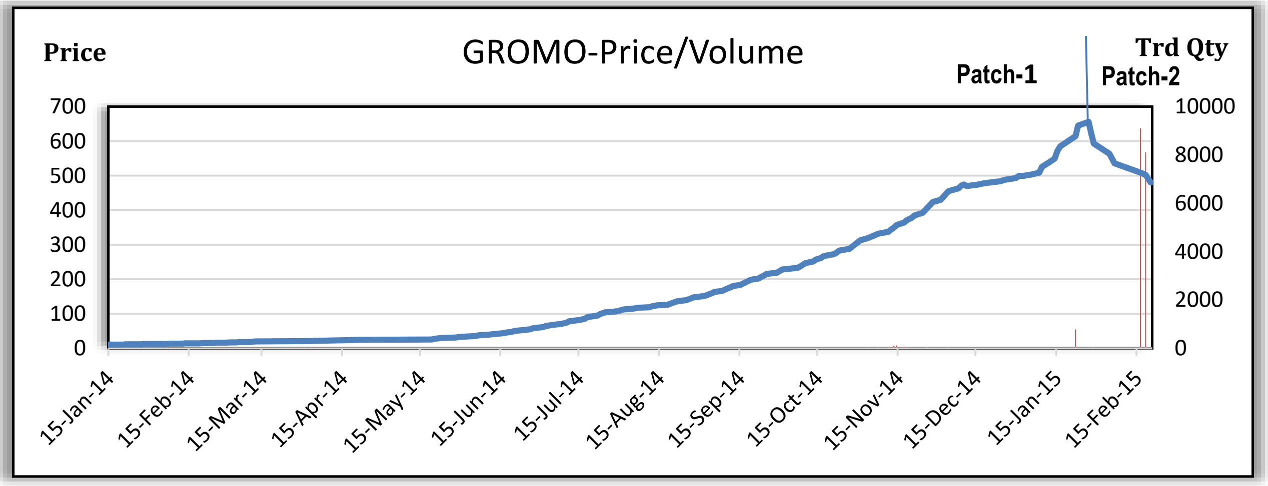
71. The price and volume data during the IP is as below –

<u>Table - 2</u>

Period	***Dates***	***Share FV – Rs. 10***	***Opening Price/ Volume on the first***	***High Price/Volume during the period***	***Low price/volume during the period***	***Closing price volume on last day of***	***Avg. No of shares traded***

			day of the period			the period	during the period
Before Investigation Period	***(17/04/2012 – 14/01/2014)***	***Price***	*No trading took place during April 17, 2012 and January 14, 2014 after revocation of suspension of trading on April 17, 2012*				
		Volume					
During Investigation Period	***(15/01/2014 – 27/01/2015)*** ***(Patch – I)***	***Price***	*Rs. 10.20*	*Rs. 656.00 (27/01/15)*	*Rs.10.20 (15/01/14)*	*Rs.656.20*	*14*
		Volume	*01*	*785 (22/01/15)*	*01 (on 12 days)*	*5*	
	(28/01/2015 – 20/02/2015) ***(Patch –II)***	***Price***	*Rs.650.00*	*Rs.650.00 (28/01/15)*	*Rs. 480.00 (20/02/15)*	*Rs. 480.00*	*2,469*
		Volume	*11*	*9,107 (16/02/15)*	*01 (04 & 20/02/15)*	*1*	

The PV chart of KFCL on BSE during IP is as under:



72. I note that during the patch-1 (15/01/2014 to 27/01/2015) of the IP the price of the scrip rose from Rs. 10.20 to Rs. 656, i.e. an increase of 6331% (64 times) in 165 trading days and the total traded volume was only 2,233 shares as against total of 2,83,90,000 subscribed shares. The financials of the company as available in the BSE website shows that the company has made a loss of Rs. 31.20 Lakhs and Rs. 94.70 lakhs respectively for the financial years ended 2014 and 2015 respectively. During the IP, there was no material corporate announcement made by Gromo which could support such price rise in its scrip. Thus, the sharp rise in the price of the scrip of Gromo during the IP was not supported by fundamentals/performance of the company.

73. I note that KYC/UCC details, Off-market transfers, Common directorships, MCA database, Bank account statements, Bank Account opening forms, etc. were analyzed during investigation in order to find out the connection among the

entities and/ with company which contributed to price rise/ price fall during the investigation period. Further the following inter-se relationship is observed among the entities : -

a. On analyzing bank statement of GROMO having bank account in Axis Bank with account no: 913020047778158 for the period October 22, 2013 and January 05, 2015, it was observed GROMO inter-alia has received/transferred funds to Rupak developers P. Ltd and Surface Finance P. Ltd.

b. On analyzing bank statement of M/s. Rupak Developers P. Ltd. ('Rupak') having bank account in Axis Bank with account no: 415010200002349 for the period October 01, 2013 to February 20, 2015, it was observed that Rupak had received / transferred funds from / to various entities including Romy Realty P. Ltd, GROMO, Surface Finance, Chandadevi Agarwal and VRP Financial Services P. Ltd.

c. On analyzing bank statement of M/s. Romy Realty P. Ltd ('Romy') having bank account in Axis Bank with account no. 415010200002417 for the period October 01, 2013 to February 20, 2015, it was observed that Romy had received / transferred funds from / to various entities including VRP Financial Services P. Ltd, Rupak Developers Pvt. Ltd and Surface Finance P. Ltd.

d. It was observed that Mr. Pradeep Dhanuka was director in M/s. Rupak (for the period June 11, 2007 – December 02, 2014) and M/s. VRP Financial (for the period June 30, 2001– till the end of IP). Further, it was observed that Ms. Nidhi Dhanuka (wife of Mr. Pradeep Dhanuka) was director in M/s. Romy Realty P. Ltd (for the period June 12, 2007 and December 02, 2014) and M/s. VRP Financial (for the period June 01, 2002- till the end of IP).

e. From the above paras (a) to (d), I note that entities namely GROMO, Rupak, Romy, VRP Financial, Surface Finance and Mr. Pradeep Dhanuka are connected.

f. I note that Mr. Pradeep Dhanuka in his statement dated June 28, 2017 recorded before Investigating Authority *inter-alia* stated that Kamalakshi Group entities namely Mr. Wakil Rajbhar, Mr. Girish Goel and Ms. Sapna Jatwal were his ex-employees and he had placed orders in the aforementioned trading accounts in the scrip GROMO only on the standing instructions of Mr. Girraj Agrawal. However, he has not provided any documentary evidence in support of the allegations made against Mr. Girraj Agrawal.

g. It was observed that entities namely M/s. Yash Securities, M/s. Sidhi Vinayak Portfolio, M/s. Shree Shyam Portfolio, M/s. Anmol Finance company had received/transferred funds from/to the sellers namely Mr. Wakil Rajbhar/ Ms. Sapna Jatwal/ Mr. Girish Goel during Patch-I of the Investigation Period. Details observed from the bank account opening forms of the aforementioned entities with IDBI Bank is tabulated as follows:

Table - 3

S no	Name	Account no. (IDBI)	Name of the Proprietor	Details of Introducer	Nominee	Email id
1	M/s. Yash Securities	536102000002745	Ms. Tisha Rane	M/s. Chirag Securities (Prop. Sharad Roy)	Tushar Rane (Spouse)	tisharane@yahoo.com
2	M/s. Sidhi Vinayak Portfolio	536102000002769	Mr. Tushar Rane	M/s. Chirag Securities (Prop. Sharad Roy)	Tisha rane (Spouse)	tushar_tisha@rediffmail. com
3	M/s. Shree Shyam Portfolio	536102000002738	Mr. Sharwankumar H Agarwal	M/s. Chirag Securities (Prop. Sharad Roy)	Rajudevi S Agarwal (Spouse)	sanchit_dhanuka @ yahoo.com
4	M/s. Anmol Finance company	536102000001762	Mr. Rajesh Dambre	M/s. Shreeshivshakti Alluminum	Reshma (spouse)	pradeep_dhanuka 11@ rediffmail.com

h. From the above, it can be seen that Ms. Tisha Rane and Mr. Tushar Rane are wife and husband, M/s. Yash Securities and M/s. Sidhi Vinayak Portfolio are connected. From the KYCs received from brokers, email id viz. sanchit_dhanuka@yahoo.com belongs to Sanchit Pradeep Dhanuka (Son of Pradeep Dhanuka) and pradeep_dhanuka11@rediffmail.com belongs to Pradeep Dhanuka.

i. It was observed that Tushar Rane was director in the following companies wherein Pradeep Dhanuka was also a director:

<u>Table - 5</u>

S no	Company Name	Period
1	Five X Tradecom Ltd.	September 27, 2012 – March 24, 2015
2	Axon Ventures Ltd.	August 18, 2011 – March 24, 2015
3	GCV Services Ltd.	September 05, 2012 – March 24, 2015

j. On analyzing bank statement of M/s. Yash Securities having bank account in IDBI Bank with account no. 536102000002745 for the period October 01, 2013 to February 20, 2015, it was observed that Yash Securities had received / transferred funds from / to various entities including M/s. Siddhi Vinayak Portfolio, M/s. Anmol Finance Company, M/s. Shree Shyam Portfolio, M/s. Wakil Rajbhar, M/s. Sapna Jatwal, Mr. Girish R Goel and Ms. Beena Vijay Agarwal.

k. On analyzing bank statement of M/s. Siddhi Vinayak Portfolio ('Siddhi Vinayak') having bank account in IDBI Bank with account no. 536102000002769 for the period October 01, 2013 to February 20, 2015, it was observed that Siddhi Vinayak had received / transferred funds from / to various entities including M/s. Yash Securities, M/s. Anmol Finance Company, M/s. Shree Shyam Portfolio, M/s. Wakil Rajbhar, M/s. Sapna Jatwal, Mr. Girish R Goel and Ms. Beena Vijay Agarwal.

l. On analyzing bank statement of M/s. Yash Securities having bank account in IDBI Bank with account no. 536102000002745 for the period October 01, 2013 to February 20, 2015, it was observed that Yash Securities had received / transferred funds from / to various entities including M/s. Siddhi Vinayak Portfolio, M/s. Anmol Finance Company, M/s. Shree Shyam Portfolio, M/s. Wakil Rajbhar, M/s. Sapna Jatwal, Mr. Girish R Goel and Ms. Beena Vijay Agarwal.

m. On analyzing bank statement of M/s. Siddhi Vinayak Portfolio ('Siddhi Vinayak') having bank account in IDBI Bank with account no. 536102000002769 for the period October 01, 2013 to February 20, 2015, it was observed that Siddhi Vinayak had received / transferred funds from / to various entities including M/s. Yash Securities, M/s. Anmol Finance Company, M/s. Shree Shyam Portfolio, M/s. Wakil Rajbhar, M/s. Sapna Jatwal, Mr. Girish R Goel and Ms. Beena Vijay Agarwal.

n. On analyzing bank statement of M/s. Shree Shyam Portfolio ('Shyam Portfolio') having bank account in IDBI Bank with account no. 536102000002738 for the period October 01, 2013 to February 20, 2015, it was observed that Shyam Portfolio had received / transferred funds from / to various entities including M/s. Yash Securities, M/s. Siddhi Vinayak Portfolio, M/s. Anmol Finance Company, M/s. Sapna Jatwal and Mr. Girish R Goel.

o. On analyzing bank statement of M/s. Anmol Finance company ('Anmol Finance') having bank account in IDBI Bank with account no. 536102000001762, it was observed that Anmol Finance had received / transferred funds from / to various entities including M/s. Yash Securities, M/s. Siddhi Vinayak Portfolio, M/s. Shree Shyam Portfolio, M/s. Wakil Rajbhar, M/s. Sapna Jatwal, Mr. Girish R Goel and Ms. Beena Vijay Agarwal.

p. In view of the above, entities namely M/s. Yash Securities, M/s. Siddhi Vinayak Portfolio, M/s. Anmol Finance Company, M/s. Shree Shyam Portfolio, M/s. Wakil Rajbhar, M/s. Sapna Jatwal, Mr. Girish R Goel, Ms. Beena Vijay Agarwal, Mr. Girraj Agrawal, Mr. Pradeep Dhanuka are connected and so are connected to GROMO.

q. Entities namely Ms. Beena Vijay Agarwal Romy Realty P. Ltd has common address with Romy and Surface Finance viz. F/15, Lokmanya Shopping Centre, Shivaji Chawk, Station Road, Bhayander (West), Thane – 401101.

r. The list of suspected entities along with the connection details is as follows:

Table - 6

S no	NAME	PAN	CONNECTION
KAMALAKSHI GROUP			
1	Jayprakash Dhanraj Bohra (Noticee No 5)	AACPB3214B	Has dealt in off market with GROMO in the scrip of Ojas Asset Reconstruction Company Ltd (now known as Toyam Industries Ltd.). Bohra transferred funds (Bank acc no: 008427100010346, Bank Of India) to GROMO and Esaar (I) Ltd. wherein Dheeraj Shah (MD of GROMO) is a director. GROMO had also received/ transferred funds to Esaar (I) Ltd. Mr. Bohra has dealt in off market with Romy Realty P. Ltd in the scrip Tilak Ventures Ltd. on December 05, 2012. Ms. Ndihi Pradeep Dhanuka was a director in Romy Realty P. Ltd during the period June 12, 2007 and December 02, 2014. Ms. Ndihi Pradeep Dhanuka is spouse of Mr. Pradeep Dhanuka. Hence, Mr. Bohra is connected to GROMO and Mr. Pradeep Dhanuka
2	Wakil Rajbhar (Noticee No 6)	AOSPR9100E	Has dealt in off market in the following scrips with the following entities: Rupak Developers P. Ltd - Confidence Finance and Trading Ltd. (10/02/14) Surface Finance P. Ltd - Tilak Ventures Ltd. (18/02/2014) & Moryo Industries Ltd. (27/02/2014) Garth Mercantile P. Ltd - Moryo Industries Ltd. (27/03/2014) Received/ Transferred funds from/to the entities: Yash Securities, Sidhi Vinayak Portfolio, Anmol Finance Company
3	Sapna Ramdas Jatwal (Noticee No 7)	APNPJ7211C	Has dealt in off market in the following scrips with the following entities: Rupak Developers P. Ltd - Confidence Finance and Trading Ltd., Proaim Enterprises Ltd. (10/02/14) Surface Finance P. Ltd - Tilak Ventures Ltd.(18/02/2014), Moryo Industries Ltd. (27/02/2014) Olympia Multi Trading P. Ltd - Moryo Industries Ltd. (03/03/2014) Romy Realty P. Ltd – Moryo Industries Ltd. (27/06/2014) Received/ Transferred funds from/to the entities: Yash Securities, Sidhi Vinayak Portfolio, Anmol Finance Company, Shree Shyam Portfolio, Girish Goel
4	Girish Rajkumar Goel (Noticee No 8)	BDLPG2634K	Has dealt in off market in the following scrips with the following entities: Garth Mercantile P. Ltd – Moryo Indutries Ltd. (06/03/2014) Surface Finance P. Ltd - Proaim Enterprises Ltd. (24/01/2014) Rupak Developers P. Ltd - Proaim Enterprises Ltd. (10/02/2014) Received/ Transferred funds from/to the entities: Yash Securities, Sidhi Vinayak Portfolio, Anmol Finance Company, Shree Shyam Portfolio, Spana Jatwal.
5	Chandadevi Agrawal (Noticee No 10)	ABGPA4839A	Entities at S no: 5 is the spouse of entity at S no. 6 and are having same address, phone number and email id. Entity no: 5 had dealt in off-market with Rupak Developers P. Ltd (which is connected to GROMO) in the scrip of Ojas Asset Reconstruction Company Ltd. (now known as Toyam Industries Ltd).
6	Girdhari Kumar Agrawal (Noticee No 14)	AAGPA5881R	
7	Vipul Amratlal Doshi (Noticee No 11)	AEEPD3118A	In the scrip of Tilak Finance Limited, the entity has dealt in Off market with Romy Realty Pvt. Ltd who is related to GROMO.
8	Yogesh Vitthal Jadhav	AKHPJ5994R	M/s. Yogesh Vitthal Jadhav is director of Ms/ .Samaskara Sales Agency Ltd. It was observed that Samskara Sales Agency Pvt. Ltd has received / transferred funds from/to M/s. Gulmohar Dealcom Pvt. Ltd. Entity at S no: 11 is having common phone number with Samaskara Sales Agency, Yogesh Vitthal Jadhav and Narsh Suresh Gaurav (Director of GROMO).
9	Samskara Sales Agency P Ltd (Noticee No 12)	AATCS7717A	
10	Gulmohar Dealcom P	AADCG9091K	

	Ltd		M/s. Jalram Finvest Ltd. has received / transferred funds from/to M/s .Samaskara Sales Agency Ltd & M/s. Gulmohar Dealcom Pvt. Ltd. M/s. Jalram Finvest Ltd. has received / transferred funds from/to M/s. Romy Realty Ltd. which is connected to GROMO.
11	Shashikant Krishna Shirsat	BMFPS8816L	
12	Vijay Mahavir Tibrewal (Noticee No 9)	ACZPT5384R	Kavita Vijay Tebriwal is spouse of Vijay Tebriwal and Both are having same common address and orders are placed by Vijay Tebriwal. In the scrip of Risa International Ltd, Vijay Mahavir Tibrewal has dealt in offmarket transaction with one entity, Neeta R Chandak, Panjkaj Agarwal.
13	Kavita Vijay Tibrewal (Noticee No 13)	ADHPT3452F	Neeta R Chandak has dealt in off market with M/s. Olympia Multitrading P. Ltd in the scrip of Tilak Finance Ltd. Olympia Multitrading P. Ltd is related to Romy Realty Ltd as they have common director, Vijay Kumar Nandlal Agarwal. Romy Realty is related to GROMO. Further, Olympia Multitrading P. Ltd has also dealt in off market with Rupak Developers P. Ltd in the scrip of Ojas Asset Reconstruction Company Ltd. and Rupak Developers P. Ltd is connected to GROMO. Pankaj Agarwal has dealt in off market with M/s. Romy Realty P. Ltd in the scrip of NCL Research And Financial Services Ltd.
14	Beena Vijay Agarwal	AJFPA8335C	Beena Agrawal is having common address with M/s. Surface Finance P. Ltd, Romy Realty P. Ltd which are connected to GROMO. Vijay kumar Nandlal Agarwal (Spouse of Beena Agarwal) is/was director in Romy Realty P. Ltd and M/s. Surface Finance P. Ltd. which are connected to GROMO.
Group A			
15	Jugalkishor Ramchandra Parmar	ASIPP9432F	Entities at S no: 15 and 16 are having common address. Pankajkumar J Parmar is son of Jugalkishor Parmar. Entities at S no: 17 & 18 are having common address, email id and phone number. Shirin Sabirbhai Bhathiyara is wife of Sabirbhai Bhathiyara. On analysis of bank statement of Pankajkumar Parmar (S no: 16), fund transfer observed with Shirin Sabirbhai Bhathiyara. Entities at S no: 19 & 20 are having common phone number. Entity at S no: 19 is Facebook friend of entity at S no: 16
16	Pankajkumar Jugalkishor Parmar (Noticee No 17)	ATYPP6409M	
17	Sabirbhai Sattarbhai Bhathiyara (Noticee No 18)	AUCPB9000F	
18	Shirin Sabirbhai Bhatiyara (Noticee No 19)	BGIPB9055R	
19	Chandrapalsinh Mohansinh Rathod (Noticee No 20)	AZGPR9023D	
20	Narendrasinh Surendrasinh Rathod (Noticee No 21)	AGSPR9856P	

74. The relationship / connection among the Kamalakshi group and suspected entities has been brought out on the basis of a multiplicity of factors including common address, common phone numbers, common email address, common directors, bank account details, fund movements, share transfers in off-market, family relationship, etc.

75. I note that in this regard, the Noticees have not produced any satisfactory material/documents to dispute the inferences regarding their connection other than plain denial.

76. I note that Noticee 5 (Mr. Jayprakash Dhanraj Bohra) that he was not connected to the alleged suspected entities or the Kamlakshi group. The Noticee 5 has also submitted that the off-market transaction with Gromo and Romy Realty Pvt Ltd were on the advice of one Mr. Ramnarayan C. Bohra, who was known to him. The Noticee 5 has also submitted that he had acquired the shares of Gromo in off market from same Mr. Ramnarayan C Bohra who had received the sahres from one Mr. Kushal Jain. However, I note that investigations has shown that Noticee 5 had off-market transfers with Gromo in the scrip of Ojas Asset Reconstruction Company Ltd. Noticee 5 also had fund transfers with Gromo as well as Esaar (I) Ltd, wherein Gromo's MD-Mr. Dheeraj Shah was a director. Further, Noticee 5 has off market transactions with Romy Realty Pvt Ltd in the scrip of Tilak Ventures Ltd, wherein Ms. Nidhi Pradeep Dhanuka (spouse of Mr. Pradeep Dhanuka) was director. Thus, I note that Noticee 5 was part of the Kamalshi Group. I also note the observations of the Hon'ble SAT vide order dated November 05, 2019 in the matter of Mr. Jayprakash Bohra vs. SEBI (Appeal No.162 of 2019) regarding the role of Noticee 5 in the manipulation in the scrip of Gromo, wherein it was observed as follows -

> *"8. We are in complete agreement with the contentions of the learned counsel for the respondent that the submission of the appellant that he was not in any way connected to Gromo or to the Kamalakshi Group is totally unfounded as the connection is writ large ex-facie in the matter. There are off-market transaction between Gromo and the appellant in other shares and the off-market purchase of the shares of Gromo by the appellant is clouded in mystery as the appellant is not disclosing any facts relating to the same. The impugned order itself gives the connection between the appellant and Gromo in clear terms in Table 2 of paragraph 14. Moreover, appellants' explanation regarding receipt of 1,050 shares of Gromo off-market when Gromo itself has a limited floating stock of only about 1300 shares has no veracity. The submission that all the holdings of the appellant are in normal course of business has no merit as the entire issue in the matter is not normal course of business. An unknown company suspended from trading for long; offmarket buying of 1,050 shares of the said company which constitutes more than 2% of its share*

capital and which is in the name of an unknown person (Kushal Jain) on the recommendation of a person from the native place of the appellant with no prior connection etc. can be treated as only a fiction rather than normal business. Coupled with the finding that the appellant had other transactions off-market with Gromo as given in Table 2 page 13-14 of the impugned order is sufficient evidence to prove the connection between Gromo, the appellant and entities in the Kamalakshi Group, many of whom are inter connected in the matter as explained in the said table. Moreover, out of 1,050 shares of Gromo obtained off-market in an inexplicable way by the appellant more than half of it was sold in small tranches; most of the time placing sell order at far away prices than LTP. The said trading pattern and the other connections as explained above is sufficient enough to prove that the appellant was part of the group that created the artifice/ scheme and therefore finding in the impugned order that the appellant has violated the stated provisions of the PFUTP Regulations cannot be faulted."

In view of the above, I find the Noticee 5's argument regarding not being a connected entity to the Suspected / Kamalakshi group to be baseless.

77. I note that Noticee 9 (Mr. Vijay Mahavir Tebriwal) has denied business contact or trading relations with Neeta R. Chandak. In this regard, I note that investigations has brought out that Noticee 9 has off market transaction with the entities Neeta R Chandak and Pankaj Agarwal. I also note that Neeta R Chandak has off market relationship with Olympia Multitrading Pvt Ltd, whereas the said Olympia Multitrading Pvt Ltd is related to Romy Realty Ltd by way of common directorship, and to Rupak Developers Pvt Ltd by waty of off-market transactions. As previously noted Romy and Rupak are related to Gromo, and to Mr. Pradeep Dhanuka and his wife Ms. Nidhi Dhanuka. Further, Noticee 13 (Ms. Kavita Vijay Tebriwal) is part of Kamalkshi group as Noticee 9 and 13 are husband and wife, and have common address. In this regard, Noticee 13 has also denied any conection with Neeta R Chandak and any off market trading relations with Risa International Ltd. However, I find that the orders of Noticee 13 are placed by her husband viz. Noticee 9 and also as per Noticee 13

admittedly handles all her business transactions and related work. Thus, I find no merits in the above arguments of Noticee 9 and 13.

78. I note that Noticee 10 (Ms. Chandadevi Agrwal) has not denied the off market transaction with Rupak in the scrip of Ojas Asset Reconstruction Company Ltd, however has stated that the same was an independent and isolated transaction. Further, Noticee 14 (Mr. Girdhari Kumar Agarwal) has submitted that he and his wife viz. Noticee 10 do not belong to any group and that they have paid the consideration for the purchase of the shares of aforementioned scrip of Ojas Asset Reconstruction Company Ltd. Further, Noticee 10 and 14 have submitted Mr. Pradeep Dhanuka in his statement recorded before SEBI has denied having any knowledge about them. In this regard, I note that in an off-market transfer, the buyer buys from a specific seller and not just place an order with the broker for an online trade. I note that in the case of off-market transfer of shares, only when the buyer and seller are known to each other and the buyer knows about the holding of such shares by the seller, they can negotiate the price and quantity of shares. In view of the above, I note that it can be reasonably concluded that these counterparties in the off-market transfers knew each other and thus, are connected to each other through off-market transfers. Thus, I do not find any merit in the above contentions of Noticee 10 and 14.

79. As regards the connection between Vipul Doshi (Noticee 11) and Romy Realty Pvt. Limited, Vipul Doshi had submitted that he had inadvertently received one share in the scrip of Tilak Finance Limited, in off market from Romy Realty Pvt. Limited. I note that the same is not acceptable, as in my view, it is highly unlikely that both Transferor (Romy Realty Pvt. Limited) and Transferee (Vipul Doshi) failed to notice the transfer of share and took cognizance of the fact only after SEBI passed an interim order in the matter in the year 2015. Noticee 11 has also submitted a letter dated March 25, 2015 from Romy Realty Pvt Ltd, however I find that the same appears to be an afterthought and an attempt to evade the connection and hence cannot be depended upon.

80. With regard to the connection and transfer of funds, Noticee 1 (Gromo) has not disputed the fund transfer however it has submitted that funds were transferred for the purpose of buying shares and afterwards money was returned after selling

shares. The fund transfer transactions per se have been used by SEBI only for the purpose of establishing connection between certain entities. Therefore, it is beyond the present mandate to inquire the genuiness or otherwise of the transactions. As a result, all arguments of the Noticees trying to establish the genuiness or purpose of transactions are of no relevance.

81. Investigation has also brought out that Mr. Pradeep Dhanuka was director in M/s. Rupak (for the period June 11, 2007 – December 02, 2014) and M/s. VRP Financial (for the period June 30, 2001– till the end of IP) and he was putting trade for three Noticees namely; Mr. Girish Rajkumar Goel (Noticee 8), Ms. Sapna Ramdas Jatwal (Noticee 7) and Wakil Rajbhar (Noticee 6). I note that Noticee 4 (Mr. Pradeep Dhanuka) has not done any trade in his personal account. However, he was the one who was actually placing orders and orchestrating the fraudulent scheme on behalf certain co-Noticees as named above. Thus, Mr. Pradeep Dhanuka (Noticee 4) acted as a part of the fraud of manipulating the price of the scrip along with the aforesaid Noticees. In view of the aforesaid, the connections and fund transfers between them as brought out by the investigation, shows that all the above mentioned Noticees are connected.

82. I note that LTP analysis was carried out to ascertain whether any entities manipulated the price of the scrip of KFCL in contravention of the provision of PFUTP Regulations. The analysis of LTP was carried out to check for any manipulation in price from its previously traded price. The findings regarding the LTP contribution by the Noticees is discussed as below -

Trade Manipulations

83. **LTP Contribution :** I note that during Patch -1, i.e., the Price rise period, the price of the scrip opened at Rs. 10.20 on January 15, 2014 which was lowest during investigation period and rose to a high of Rs. 656 and closed at Rs. 656 on January 27, 2015 with a net LTP of Rs. 645.80 and a market positive LTP of Rs. 777.35 with a total traded volume of 2,233 shares. I note that the following top ten entities contributed Rs. 450.45 to net LTP and positive market LTP (i.e., 58.35% to positive market LTP) as below:

Table - 7

S No	Buyer Name	All Trades			LTP Diff.>0			LTP Diff.< 0			LTP Diff.=0		% of +ve LTP to Total Market +ve LTP
		Net LTP	Sum of QTY	No. of trades	Pos LTP	QTY Traded	No. of Trades	Neg LTP	QTY Traded	No. of Trades	QTY Traded	No of Trades	
1	Ram Bhopal Agarwal Sons HUF	240.70	94	24	240.70	68	21	0	0	0	26	3	31.18
2	Vijay Mahavir Tibrewal	34.05	82	7	34.05	77	6	0	0	0	5	1	4.41
3	Pankajkumar Jugalkishor Parmar	28.95	52	8	28.95	52	8	0	0	0	0	0	3.75
4	Vipul Rajendrabhai Gandhi	26.75	38	9	26.75	34	8	0	0	0	4	1	3.47
5	Anisa Alnasir Gilani	24.00	39	10	24.00	39	10	0	0	0	0	0	3.11
6	Chandadevi Agrawal	22.50	71	14	22.50	52	9	0	0	0	19	5	2.91
7	Kavita Vijay Tibrewal	20.75	34	4	20.75	34	4	0	0	0	0	0	2.69
8	Vipul Amratlal Doshi	18.55	28	5	18.55	18	4	0	0	0	10	1	2.40
9	Tushar Agrawal	17.20	6	2	17.20	6	2	0	0	0	0	0	2.23
10	Manoj Shrirampal Kashyap	17.00	10	1	17.00	10	1	0	0	0	0	0	2.20
	TOP 10	**450.45**	**454**	**84**	**450.45**	**390**	**73**	**0.00**	**0**	**0**	**64**	**11**	**58.35**
	OTHERS	**195.35**	**1,779**	**173**	**321.60**	**687**	**100**	**-126.25**	**182**	**18**	**907**	**54**	**41.65**
	GRAND TOTAL	**645.80**	**2,233**	**257**	**772.05**	**1,077**	**173**	**-126.25**	**182**	**18**	**974**	**66**	**100.00**

84. From the above table, I note that the Noticee no. 15 - Ram Bhopal Agarwal Sons HUF (Karta: Noticee No. 16 - Mr. Dayanand Agarwal) individually has contributed more than 5% to LTP. Noticee 15 has submitted they had no intention of increasing price and that if I had the Intention to increase the price the scrip then I would have sold the entire shares into the market after purchasing the shares

85. I note that the Noticee no. 15 - Ram Bhopal Agarwal Sons HUF has purchased 94 shares contributing to net LTP and positive LTP of Rs. 240.70 in 24 trades. On analysis of 24 trades, I find that for 8 trades with aggregate trade quantity of 55 shares, buy orders were placed first contributing to a net and positive LTP of Rs. 121.6 (i.e. 18.82% of net LTP and 15.75% of gross positive LTP). Out of these 8 trades, buy orders for 5 trades were placed for negligible quantities viz. 2, 2,1,1, and 1 at prices higher than LTP. No rationale was provided by Noticee 15 for his trading behavior. Further, it was also observed that except the first two trades, all buy orders were placed considerable time after opening of trading session and there was not even a single sell order in the trading session.

Table - 7

Order date	Buy Order No.	Order time	Buy order Qty	Buy order rate (Rs.)	Top 5 Ask Price Available (Range) (Rs.)	Top 5 Ask Vol. Available (Total)	Counterparty Name	Trade Time	Trade price (Rs.)	Trd QTY	LTP variation (Rs.)
25/11/2014	1416886200004052000	09:00:00.374612	30	399.80	NA	NA	Yogesh Vitthal Jadhav	13:34:25.065971	399.80	5	7.80
26/11/2014	1416972600002133000	09:01:04.746697	30	407.75	NA	NA	Jayprakash Dhanraj Bohra	11:48:17.568852	407.75	30	7.95
26/11/2014	1416972600002133003	12:38:19.291228	25	407.75	NA	NA	Chandrapalsinh Mohansinh Rathod	13:14:08.414047	407.75	5	0.00
28/11/2014	1417145400001311001	12:44:04.349280	2	415.00	NA	NA	Rakeshkumar Jha	13:15:13.050628	423.30	2	8.30
	Buyer updated order	12:44:14.868001	2	423.30	NA	NA					
02/12/2014	1417491000001309000	11:26:21.483097	2	430.00	NA	NA	Gulmohar Dealcom P. Ltd	11:28:43.771061	438.60	1	8.60
	Buyer updated order	11:26:32.296354	2	438.6	NA	NA					
09/01/2015	1420774200001256000	09:27:42.000839	1	534.45	NA	NA	Jayprakash Dhanraj Bohra	09:36:45.552041	534.45	1	25.45
19/01/2015	1421638200001319004	12:36:51.996109	1	611.50	NA	NA	Chandrapalsin Mohansinh Rathod	12:37:39.046025	614.25	1	2.75
	updated	12:37:02.282447	1	614.25	NA	NA					
23/01/2015	1421983800001298005	12:03:59.104997	1	645.75	NA	NA	Dani Reddy Satti	13:19:40.432075	645.75	1	60.75

86. I note that out of 24 trades entered into by Noticee no. 15, buy orders were placed before the sell orders in case of 8 trades. In respect of the remaining 16 trades with aggregate trade quantity of 39 shares, the Noticee no. 15 has placed buy orders at the prevailing sell order rate in case of 14 trades. I note that despite availability of sell orders for large quantity of shares, the Noticee no. 15 has repeatedly placed buy orders for negligible quantity which shows the intention of the Noticee no. 15 to execute trades at higher rate and thereby contributing to positive LTP. A summary of few of the aforementioned trades is tabulated below:

Table - 8

Order date	Buy Order No.	Order time	Buy order qty	Buy order rate (Rs.)	Top 5 Ask Price Available (Range) (Rs.)	Top 5 Ask Vol. Available (Total)	Counterparty Name	Trade Time	Trade price (Rs.)	Trd QTY	LTP variation(Rs.)
08-12-2014	1418009400001306009	15:19:39.129294	1	463.25	463.9-463.25	420	Nitin Rungta	15:19:39.129294	463.25	1	17.35
09-12-2014	1418095800001295004	13:08:33.744703	1	470.50	471-470.95	431	Jugalkishor Parmar	13:08:33.744703	470.50	1	7.25

Order date	Buy Order No.	Order time	Buy order qty	Buy order rate (Rs.)	Top 5 Ask Price Available (Range) (Rs.)	Top 5 Ask Vol. Available (Total)	Counterparty Name	Trade Time	Trade price (Rs.)	Trd QTY	LTP variation(Rs.)
15-12-2014	1418614200001207003	15:17:53.063348	1	474.00	475-479.4	47	Jignesh Shah	15:17:53.063348	474.00	1	4.00
18-12-2014	1418873400001199005	15:01:49.995951	1	478.00	483-478	67	Virender Tigga	15:01:49.995951	478.00	1	4.00
24-12-2014	1419391800001248001	09:50:08.589690	1	484.00	484	9	Virender Tigga	09:50:08.58969	484.00	1	6.00
26-12-2014	1419564600001277501	11:40:39.334860	1	489.00	489	8	Virender Tigga	11:40:39.33486	489.00	1	5.00
30-12-2014	1419910200001256002	12:09:18.065529	1	493.50	494-493.5	17	Hitendra Modi	12:09:18.065529	493.50	1	4.50
31-12-2014	1419996600001226004	13:35:51.669680	1	498.90	499-498.9	40	Hasmukbhai Gohil	13:35:51.66968	498.90	1	5.40
08-01-2015	1420687800001224001	10:22:19.506644	1	509.00	509	7	Virender Tigga	10:22:19.506644	509.00	1	6.05
15-01-2015	1421292600001306004	13:06:33.031690	1	570.80	573-570.79	20	Sabirbhai Bhathiyara	13:06:33.03169	570.80	1	20.80
16-01-2015	1421379000001221001	09:36:28.426543	1	585.00	585	100	Sabarmati Farm P. Ltd	09:36:28.426543	585.00	1	14.20
22-01-2015	1421897400001082030	14:25:20.851385	10	615.00	615	900	Beena Vijay Agrawal	14:25:20.851385	615.00	10	5.00
23-01-2015	1421983800001298004	12:03:48.094570	1	585.00	585	2	Chand Babu	12:03:48.09457	585.00	1	0.00

87. From the above buy order pattern, I note that the Noticee 15 - Ram Bhopal Agarwal Sons HUF (Karta: Noticee 16 - Mr. Dayanand Agarwal) has repeatedly placed buy orders for small quantities even though sell orders for large quantities were available. The Noticee No. 15 Ram Bhopal Agarwal Sons HUF has increased the price of the scrip by repeatedly placing buy orders at negligible quantities at prices higher than LTP and thereby contributing to 31.18% of gross positive LTP. Further, I note that the performance of the company were not supporting the price rise and no material corporate announcements were observed during the investigation period. Hence, I find that trading/dealing in the scrip by the Noticee No. 15 Ram Bhopal Agarwal Sons HUF was done with a manipulative intent/pattern to increase the price of the scrip and thereby created false or misleading appearance of trading in scrip. From the investigation report, I find that there is no specific adverse finding with respect to Noticee 16 as Karta of the HUF other than merely including Noticee 16 by virtue of his position as Karta. Further, I note from the tradelog that Noticee 16 - Mr. Dayanand Agarwal in his individual capacity has not traded in the scrip of Gromo during the IP. Thus, I find that it is not established that the said Noticee 16 has manipulated the price of the scrip and and thereby created false or misleading appearance of trading in scrip.

88. **Positive LTP contribution by Kamalakshi Group Entities**: It was observed that the following Kamalakshi group entities had contributed to positive LTP during Patch –I. The details of LTP contribution are as follows :-

Table - 9

S No	Buyer Name	All Trades			LTP Diff.>0			LTP Diff.< 0			LTP Diff.=0		% of +veLTP to Total Market +ve LTP
		Net LTP	Sum of QTY	No. of trades	Pos LTP	QTY Traded	No.of Trades	Neg LTP	QTY Traded	No.of Trades	QTY Traded	No.of Trades	
1	Vijay Mahavir Tibrewal	34.05	82	7	34.05	77	6	0.00	0	0	5	1	4.41
2	Chandadevi Agrawal	22.50	71	14	22.50	52	9	0.00	0	0	19	5	2.91
3	Kavita Vijay Tibrewal	20.75	34	4	20.75	34	4	0.00	0	0	0	0	2.69
4	Vipul Amratlal Doshi	18.55	28	5	18.55	18	4	0.00	0	0	10	1	2.40
5	Samskara Sales Agency P. Ltd	16.90	35	2	16.90	30	1	0.00	0	0	5	1	2.19
6	Girdhari Kumar Agrawal	8.65	15	4	8.65	10	3	0.00	0	0	5	1	1.12
7	Gulmohar Dealcom P. Ltd	7.00	1	1	7.00	1	1	0.00	0	0	0	0	0.91
8	Shashikant Krishna Shirsat	6.75	1	1	6.75	1	1	0.00	0	0	0	0	0.87
9	Yogesh Vitthal Jadhav	5.30	37	3	11.90	23	2	-6.60	14	1	0	0	1.54
	TOTAL	**140.45**	**304**	**41**	**147.05**	**246**	**31**	**-6.60**	**14**	**1**	**44**	**9**	**19.05**

89. From the above table, I note that Kamalakshi Group Entities had contributed to net positive LTP of Rs.140.45 (i.e. 22% of net market LTP) and gross market positive LTP of Rs.147.05 (19% of gross market positive LTP).

90. The details of LTP contribution by Kamalakshi group by trading among themselves during patch-I is presented below:

Table - 10

Name of the Buyer	Name of the Seller												Total		
	Girish Rajkumar Goel			Jayprakash Bohra			Sapna Ramdas Jatwal			Wakil Rajbhar					
	Pos LTP	No of trades	Trd Qty	Pos LTP	No of trades	Trd Qty	Pos LTP	No of trades	Trd Qty	Pos LTP	No of trades	Trd Qty	Pos LTP	No. of trades	Trd qty
Chandadevi Agrawal				12.15	5	31	7.65	3	11				19.80	8	42
Girdhari Kumar Agrawal	5.70	2	7				2.95	1	3				8.65	3	10
Kavita Vijay Tibrewal				5.30	1	10				10.55	2	10	15.85	3	20
Samskara Sales Agency P. Ltd				16.90	1	30							16.90	1	30
Vijay Mahavir Tibrewal				21.60	4	42							21.60	4	42
Vipul Amratlal Doshi										18.55	4	18	18.55	4	18
Total	**5.70**	**2**	**7**	**55.95**	**11**	**113**	**10.60**	**4**	**14**	**29.10**	**6**	**28**	**101.35**	**23**	**162**

91. From the above tables, I further note that Kamalakshi group has contributed Rs. 147.05 to gross positive LTP (i.e.,19.05% of gross market positive LTP) as buyers. I note that Kamalakshi group by trading themselves has contributed Rs. 101.35 to gross positive LTP (i.e., 13.13% of gross market positive LTP) which was 68.92% of gross positive LTP contributed as buyers. Therefore, I find that the following entities (Noticee 9 to 14) viz. Vijay Mahavir Tibrewal, Chandadevi Agrawal, Kavita

Vijay Tibrewal, Vipul Amratlal Doshi, Samskara Sales Agency P. Ltd, and Girdhari Kumar Agrawal as depicted in the above table by trading among with the seller entities at the above table (Noticee 5 to 8) viz. Girish Rajkumar Goel, Jayprakash Bohra, Sapna Ramdas Jatwal, and Wakil Rajbhar have contributed to significant positive LTP and thereby artificially increased the price of the scrip to the extent of Rs.101.35 which constitutes 13.13% of gross market price rise which suggests a manipulative scheme for creating a false and misleading appearance of trading in the scrip.

92. Noticee 9 (Mr. Vijay Mahavir Tibrewal) has submitted that he purchased 82 shares in the month of October – November 2014 at the rates ranging from Rs. 256.70 to Rs. 325.20. Noticee 13 (Ms. Kavita Vijay Agarwal) has submitted that she purchased shares at the purchased 34 shares in the month of October – November 2014 at the rates ranging from Rs. 246.80 to Rs. 294.65. It was further submitted by the above 2 Noticees that If they had any idea that KFCL shares were likely to gallop from Rs. 10.20 to unprecedented high level, then they would have purchased the scrips when they available at the lowest range instead of buying them at the above levels. In this regard, I note that the prices have gone up even beyond the above levels, therefore, I find that the above 2 Noticees have contributed to the price rise. Further, the above argument of the Noticees is not acceptable as the aforesaid Noticees are connected entities and have also traded amongst other Kamalakshi Group entities and contributed to the positive LTP.

93. Noticee 10 (Ms. Chandadevi Agarwal) has submitted that there is not specific allegation against her. I find no merit in the argument as it has been observed that the Noticee has contributed to LTP by trading amongst the Kamalkshi group also.

94. Noticee 14 (Mr. Girdhari Kumar Agarwal) has submitted that he has not traded a single share in Gromo scrip and all the trades were purchased in the account of Girdhari Lal Agarwal (HUF) (PAN: AAEHG1216N) which were duly executed on the exchange platform. In this regard, I note that as per the exchange records, i.e. Trade log, following trades of Noticee 10 have been executed –

TRADE_DATE	SCRIPCODE	PANNO	CLIENTNAME	ORDER_TIME	ORDER_NO	TRADE_TIME	TRADE_RATE	TRADED_QTY
27/08/2014	501314	AAGPA5881R	GIRDHARI KUMAR AGRAWAL	09:01:22.394966	1409110200001164000	14:29:31.405342	145.1	3

27/08/2014	501314	AAGPA5881R	GIRDHARI KUMAR AGRAWAL	09:01:22.394966	1409110200001164000	14:30:51.632654	145.1	5
28/08/2014	501314	AAGPA5881R	GIRDHARI KUMAR AGRAWAL	09:00:00.108146	1409196600001033000	14:40:09.675858	148	4
01/09/2014	501314	AAGPA5881R	GIRDHARI KUMAR AGRAWAL	09:28:09.725067	1409542200003270000	15:10:11.276214	150.95	3

95. I note from the tradelog that the above trades have been executed for the client - Girdhari Agarwal and not HUF. I note that as such the same cannot be changed by merely claiming so at this point of time. I also note that the Notice in his reply has also confirmed his PAN no. as mentioned in the above table and there is no dispute in respect of the same.

96. I note that Noticee 14 has submitted that his broker viz. Shilpa Stock Broker Private Limited made a mistake while uploading PAN No. However, no such evidence has not been submitted in the present proceedings. Therefore, the arguments are baseless and have no veracity.

97. The Noticee has also submitted his holding statement as on February 18, 2019 obtained from Shilpa Stock Broker Pvt Ltd in support of his contention. I find that the same is from the back office records of the broker and not from the DP module. So the same cannot be accepted as an evidence.

98. In view of the above arguments, I find the arguments of the Noticee 14 (Mr. Girdhari Agarwal) to be baseless.

99. I also note that the Noticee 4 - Mr. Pradeep Dhanuka has placed sell orders on behalf of Noticee 8 - Mr. Girish Rajkumar Goel, Noticee no. 7 -Ms. Sapna Ramdas Jatwal and Noticee no. 6 – Mr. Wakil Rajbhar. Noticee 4 in his reply to the SCN has submitted inter alia that he had been employed by Mr. Giriraj Agarwal in his company and was thus acquainted with him. It was further submitted that he used to follow Mr. Giriraj Agarwal's instructions, for which he used to receive money that he he used to place orders in name of some other persons, however he had nothing to do with the said transactions and profit and loss in those trades. With regard to the above submissions, I note that Noticee 4 was admittedly placing orders in the accounts of other entities. In view of the same, I find that the Noticee 4 - Mr. Pradeep Dhanuka has acted as a party to the price manipulation of the scrip.

100. **LTP Contribution as sellers by Kamalakshi group:** I note that Kamalakshi group entities contributed to gross positive LTP by placing sell orders in small quantities in addition to contribution to positive LTP by trading among themselves. I note that following Kamalakshi group entities, namely, Jayprakash Dhanraj Bohra (Noticee 5), Wakil Rajbhar (Noticee 6), Sapna Ramdas Jatwal (Noticee 7), Girish Rajkumar Goel (Noticee 8) and Beena Vijay Agrawal had sold shares (didn't buy) during patch - I. Details of positive net LTP contribution of Kamalakshi group as sellers is tabulated below:

Table - 11

S no	Seller Name	All Trades			LTP Diff.>0			LTP Diff.< 0			LTP Diff.=0		% of +ve LTP to Total Market +ve LTP
		Net LTP	QTY Traded	No. of trades	LTP Impact	QTY Traded	No. of Trades	LTP Impact	QTY Traded	No. of Trades	QTY Traded	No .of Trades	
1	Jayprakash Dhanraj Bohra	189.60	1050	64	208.30	417	38	-18.70	63	4	570	22	26.98
2	Wakil Rajbhar	138.50	273	81	138.50	251	75	0.00	0	0	19	5	17.94
3	Girish Rajkumar Goel	26.20	31	8	26.20	31	8	0.00	0	0	0	0	3.39
4	Sapna Ramdas Jatwal	23.40	54	14	23.40	34	8	0.00	0	0	20	6	3.03
5	Beena Vijay Agrawal	10.00	259	6	10.00	110	2	0.00	0	0	149	4	1.30
	TOTAL	**387.70**	**1667**	**173.00**	**406.40**	**843**	**131**	**-18.70**	**63**	**4**	**758**	**37**	**52.64**

I note from the above table that entities from S no: 01 to 05 contributed Rs. 406.40 to positive LTP (i.e. 52.64% of gross market positive LTP). The Net LTP contribution was Rs. 387.70.

101. I note that the entities at sl. No. 1 to 4 in the above table had placed sell orders in negligible quantities and therefore the details of sell orders placed by the aforementioned entities excluding the trades with Kamalakshi group entities were analyzed and tabulated below:

Table - 12

Sn	Name of the Seller	No of	Trd qty	Positive	% of gros	Sell order Qty range (1 to 5)	Sell order Qty range (6 to 10)	Sell order Qty range (1 to 10)

o		trades (LTP >0)		LTP	s mark. +ve LTP	No of trades	Trd qty	Pos LTP	% of gross mark. +ve LTP	No of trades	Trd Qty	Pos LTP	% of gross mark. +ve LTP	No of trades	Trd Qty	Pos LTP	% of gross mark. +ve LTP
1	Jayprakash Dhanraj Bohra	27	304	152.35	19.73	12	54	57.35	7.43	9	83	36.10	4.68	21	137	93.45	12.10
2	Wakil Rajbhar	69	223	109.40	14.17	69	223	109.40	14.17	0	0	0.00	0.00	69	223	109.40	14.17
3	Girish Rajkumar Goel	6	24	20.50	2.66	6	24	20.50	2.66	0	0	0.00	0.00	6	24	20.50	2.66
4	Sapna Ramdas Jatwal	4	20	12.80	1.66	3	14	9.10	1.18	1	6	3.70	0.48	4	20	12.80	1.66
	Grand Total	**106**	**571**	**295.05**	**38.22**	**90**	**315**	**196.35**	**25.43**	**10**	**89**	**39.8**	**5.16**	**100**	**404**	**236.15**	**30.59**

102. I note from the above table that the Noticee 5 - Jayprakash Dhanraj Bohra has contributed to positive LTP of Rs. 152.35 (i.e., 19.73% of gross market positive LTP) in 27 trades. Out of 27 trades that contributed to positive LTP, for 21 trades sell orders were placed in the quantity range of 1 to 10 shares contributing Rs. 93.45 to gross positive market LTP (i.e.12.10%). I therefore note that the Noticee 5 - Jayprakash Dhanraj Bohra had repeatedly placed sell orders in negligible quantities (1 to 10 shares) at prices higher than LTP contributing to LTP of Rs. 93.45 (i.e., 61.34% of Mr. Bohra's gross market positive LTP contribution as seller with other entities) and thereby contributing to price rise of the scrip. Normally sellers selling at higher price cannot be considered to be manipulative, however, where counterparty connections / manipulative patterns are established, the above general trading principle will not hold good.

103. I note that Noticee 5 has submitted that all his trades were not above LTP. However, I note that majority of orders of the Noticee were above LTP i.e. 38 trades out of 64 trades. Further, I Note that the Noticee has submitted that he only contributed Rs. 189.60 out of a total of Rs. 736.51 of the market +ve LTP (i.e. 26.98%), therefore it was clear that his trades have not impacted the price of the scrip of Gromo which was continuously in its normal course of trading rising. In this regard, I note that the same is a significant contribution. Further, I note that Noticee 5 has submitted that at the time the sell orders were placed by him, buy orders for large quantity were already pending on the market at a price higher than the last traded price and hence as a seller he was bound to place buy orders at the same price to fetch the best possible price for the shares held by him so as to gain maximum profit. In this regard, I note that even though buy orders for large quantities were existing, the seller himself was selling shares in

miniscule quantities. Thus, I find no merits in the above contention of the Noticeee. In this regard, I would like to rely on the observations of Hon'ble SAT in its order dated January 04, 2021 in the matter of *Tanuj Khandelwal vs SEBI* (Appeal No. 357 of 2020) wherein it was observed as follows –

> *"7. Having heard the learned counsel for the appellant and upon perusal of the impugned order we are of the opinion that the case of the appellant is distinguishable and consequently the decision in M/s. Nishith M. Shah HUF (supra), Rajesh Marchya (supra) and Mr. Jayant Indulal Sethna (supra) cases are not applicable and are distinguishable on facts. We find that except on three occasions the appellant only sold one share at a time on a daily basis. This trading pattern created misleading appearance with intention to manipulate the market if not the price. Thus, even if there is no connection with the buyer the trading pattern shows a concerted effort to manipulate the market and therefore we are of the opinion that the appellant was not acting as a genuine seller. We also find that the appellant had no bonafide intention to sell because inspite of sufficient buy orders being placed with abundant quantity being available in the market the appellant was only placing sell orders of one share at a time. This clearly shows his intention of manipulating the market for vested reasons."*

104. Noticee 5 has contended that SEBI on one hand is stating that entities placed sell order for smaller quantities and contributed to positive LTP and on the other hand is saying that the same trades created a false or misleading appearance of trading in the scrip. Noticee 5 has also contended that he was not connected to his counterpartparties and had also sold to enttiies other than Kamlakshi group entities. Noticeee 5 has also contended that it has not been alleged that his trades were synchromnized or circular trades. In this, I note that the trades need not necessarily be synchronized or circular trades to be manipulative. Further, regarding the role of Noticee 5 in manipulation in the scrip of Gromo, I would like to place reliance on the order dated November 05, 2019 of Hon'ble SAT in the matter of Jayprakash Bohra (supra), weherein it was observed as follows -

" 7. … SEBI took us through the complete picture regarding the scheme or artifice employed by multiple entities which included the directors of Gromo and entities collectively called the Kamalakshi Group. The modus operendi, according to the learned counsel, is to revive, on paper, a dormant listed company with very little share capital; go for a preferential allotment and by trading in very small number of shares at inflated prices or far away prices from LTP between the group entities to show considerable activity of trading in the scrip and thereby induce the retail/other investors and thereby provide an exit route to the group entities, including the preferential allottees. All these symptoms are present in this matter. The Company's (Gromo) share capital was only Rs. 5,00,000 (rupees five lakh) with 50,000 shares; it was suspended from trading for a long period, then came the preferential allotment and soon afterwards small size trading in the scrip at higher and higher prices for a period of time thereby taking the price from just about Rs. 10 in January 2014 to 656 in January 2015. However, in the instant case, the preferential allottees could not off-load any fresh allotment since SEBI started investigation in 2014 and the ex-parte order was passed on February 20, 2015. Moreover, the preferential allotments had a lock-in period. Therefore only part of the shares belonging to the original allotment could be transacted since the free float was only about 1300 shares.

8. We are in complete agreement with the contentions of the learned counsel for the respondent that the submission of the appellant that he was not in any way connected to Gromo or to the Kamalakshi Group is totally unfounded as the connection is writ large ex-facie in the matter. There are off-market transaction between Gromo and the appellant in other shares and the off-market purchase of the shares of Gromo by the appellant is clouded in mystery as the appellant is not disclosing any facts relating to the same. The impugned order itself gives the connection between the appellant and Gromo in clear terms in Table 2 of paragraph 14. Moreover, appellants' explanation regarding receipt of 1,050 shares of Gromo off-market when Gromo itself has a limited floating stock of only about 1300 shares has no veracity. The submission that all the holdings of the appellant are in normal course of business has no merit as the entire issue *in the matter is not normal course of business. An unknown company suspended from trading for long; offmarket buying of 1,050 shares of the said company which constitutes more than 2% of its share capital and which is in the name of an unknown person (Kushal Jain) on the recommendation of a person from the native place of the appellant with no prior connection etc. can be treated as only a fiction rather than normal business. Coupled with the finding that the appellant had other transactions off-market with Gromo as given in Table 2 page 13-14 of the impugned order is sufficient evidence to prove the connection between Gromo, the appellant and entities in the Kamalakshi Group, many of whom are inter connected in the matter as explained in the said table. Moreover, out of 1,050 shares of Gromo obtained off-market in an inexplicable way by the appellant more than half of it was sold in small tranches; most of the time placing sell order at far away prices than LTP. The said trading pattern and the other connections as explained above is sufficient enough to prove that the appellant was part of the group that created the artifice/ scheme and therefore finding in the impugned order that the appellant has violated the stated provisions of the PFUTP Regulations cannot be faulted."*

In view of the above, I find no merits in the contentions of the Noticee 5 and find that Noticee 5 was part of the manipulation in the scrip of Gromo.

105. I also note that the Noticee 6 – Mr. Wakil Rajbhar has contributed to positive LTP of Rs. 109.40 (i.e., 14.17% of gross market positive LTP) in 69 trades. It was observed that for all 69 trades sell orders were placed in the quantity range of 1 to 5 shares contributing Rs.109.40 to gross positive market LTP. I therefore note that the Noticee 6 – Mr. Wakil Rajbhar had repeatedly placed sell orders in negligible quantities (1 to 5 shares) at prices higher than LTP contributing to LTP of Rs.109.40 (i.e., 100% of Mr. Wakil's gross market positive LTP contribution as seller with other entities) and thereby contributing to price rise of the scrip.

106. I note that Noticee 8 (Mr. Girish Rajkumar Goel) in his reply on merits has submitted that he was working with Noticee 4 (Mr. Pradeep Dhanuka) as a clerk.

Further, it was submitted that he was carrying out the instructions of Mr. Pradeep Dhanuka and Mr. Giriraj Agarwal in good faith. Further it was submitted that Mr. Pradeep Dhanuka used to place orders in his name for which he used to receive money from him. He has further contended that he had nothing to do with the transactions and the profit and loss from the trading.

107. I further note that Noticee 7 (Ms. Ms. Sapna Ramdas Jatwal) has submitted that she has no knowledge about trading. It was further submitted that she knew Mr. Pradeep Dhanuka and one Mr. Giriraj Kishor Agarwal, and they had misued her signature and may have done trading in her name.

108. With regards to above, I note that the Noticee 8 – Mr. Girish Rajkumar Goel has contributed to positive LTP of Rs. 20.50 (i.e., 2.66% of gross market positive LTP) in 24 trades. It was observed that for all 24 trades sell orders were placed in the quantity range of 1 to 5 shares contributing Rs. 20.50 to gross positive market LTP. I therefore note that the Noticee 8 – Mr. Girish Rajkumar Goel had repeatedly placed sell orders in negligible quantities (1 to 5 shares) at prices higher than LTP contributing to LTP of Rs. 20.50 (i.e., 100% of Mr. Girish's gross market positive LTP contribution as seller with other entities) and thereby contributing to price rise of the scrip. I also note that the Noticee 7 – Ms. Sapna Ramdas Jatwal has contributed to positive LTP of Rs. 12.80 (i.e., 1.66% of gross market positive LTP) in 4 trades. It was observed that for all 4 trades sell orders were placed in the quantity range of 1 to 10 shares contributing Rs. 12.80 to gross positive market LTP. I therefore note that the Noticee 7 – Ms. Sapna Ramdas Jatwal had repeatedly placed sell orders in negligible quantities (1 to 5 shares) at prices higher than LTP contributing to LTP of Rs. 12.80 (i.e.100% of Sapna's gross market positive LTP contribution as seller with other entities) and thereby contributing to price rise of the scrip. I am of the view that the Noticee 7 and 8 cannot absolve responsibility for misuse of their accounts by third parties by merely stating that they were not concerned with transactions or do not knew the purpose for which their accounts were used. I also note from the replies, that Noticee 7 and 8 have not taken any steps against Noticee 4 for the purported misuse of their accounts. Name lending is a serious offence which enables manipulators to carry out their nefarious activities by masking their identity and the ultimate beneficiary of manipulative scheme of things. Such activities not only

threatens the integrity of the market but also adversely affects the interest of investors. Therefore, I am not inclined to view the acts of name lending by Noticee 7 and 8 leniently, as such acts have facilitated market operators to devise and deploy deceptive, fraudulent and manipulative schemes in the scrip of KFCL. In this regard, I take note of the observation of the Hon'ble SAT in ***Rahul H. Shah Vs. SEBI*** (Appeal No. 83 of 2012 decided on May 11, 2012) wherein it was observed that name lending "*is a fraudulent activity and requires to be curbed for maintaining the sanctity of the securities market*".

109. Further, the above four entities are connected. As stated earlier, I note that the Noticee 4 – Mr. Pradeep Dhanuka was admittedly placing orders on behalf of the three entities having similar trading (sale) pattern like sale of shares in small quantities, despite large number of buy orders were available in the trading system and more number of shares were held by them, which allegedly indicates that the orders were placed for the purpose of manipulating the scrip price thereby creating false or misleading appearance of trading in the scrip.

LTP contribution by GROUP ‘A’ entities:

110. The Group A comprises of the following six entities - Mr. Jugalkishor Ramchandra Parmar, and Noticee 17 to 21 viz. Mr. Pankajkumar Jugalkishor Parmar, Mr. Sabirbhai Sattarbhai Bhathiyara, Ms. Shirin Sabirbhai Bhatiyara, Mr. Chandrapalsinh Mohansinh Rathod, Mr. Narendrasinh Surendrasinh Rathod, respectively. I note that Mr. Jugalkishor Ramchandra Parmar has contributed to negative LTP. I note from the reply of Noticee 17 that Mr. Jugalkishor Ramchandra Parmar and Noticee 17 are from same family (i.e. father and son). Regarding the connections between the said entities, I note that Noticee 17, 18 and 19 are connected (Noticee 18 and 19 are husband and wife, and have common address, email id, phone number, and fund transfer is observed between Noticeee 17 and 19); and Noticee 20 and 21 are connected amongst themselves through common phone number. The connection between the Group A entities is that Noticee 16 and 19 are facebook friends. In this regard, Noticee 16 and 19 have submitted that being a facebook friend does not guarantee any kind of connection between two parties. It was submitted that Facebook's algorithm automatically discovers friends from one's friends list and

provides it as a suggestion to different people. Considering the same, I find that only Noticee 17 to 19 are connected amongst themselves, and Noticee 20 and 21 are connected with each other. Therefore, Noticee 17 to 21 cannot be termed as one group.

111. Noticee 17 to 19 have contended in their replies that the trade log provided to them is for the period from January 01, 2014 to January 17, 2014. However, I note that complete tradelog for the IP i.e. for the period from January 15, 2014 to February 20, 2015 has been given as annexure to the SCN.

112. Details of LTP contribution by five Group 'A' entities during Patch-I is as follows:

Table - 13

S No	Buyer Name	All Trades			LTP Diff.>0			LTP Diff.< 0			LTP Diff.=0		% of +ve LTP to Total Market +ve LTP
		Net LTP	Sum of QTY	No. of trades	Pos LTP	QTY Traded	No. of Trades	Neg LTP	QTY Traded	No. of Trades	QTY Traded	No. of Trades	
1	Pankajkumar Jugalkishor Parmar	28.95	52	8	28.95	52	8	0.00	0	0	0	0	3.75
2	Sabirbhai Sattarbhai Bhathiyara	15.40	36	7	15.40	24	4	0.00	0	0	12	3	2.00
3	Chandrapalsinh Mohansinh Rathod	13.75	55	6	19.75	10	2	-6.00	15	1	30	3	2.56
4	Narendrasinh Surendrasinh Rathod	6.60	8	1	6.60	8	1	0.00	0	0	0	0	0.86
5	Shirin Sabirbhai Bhatiyara	0.50	11	1	0.50	11	1	0.00	0	0	0	0	0.07
	GROUP A TOTAL	**65.20**	**162**	**23**	**71.20**	**105**	**16**	**-6.00**	**15**	**1**	**42**	**6**	**9.22**

113. Trades of the entities that contributed to gross positive market LTP have been further analyzed to check for indulgence of any manipulative trading pattern and trades of the entities are analyzed as under:

Table - 14

S no	Trade Date	Buyer	Seller	Trade ID	Buy Order Time	Sell Order Time	Buy Ord rate	Sell Ord rate	Buy Ord Qty	Sell Ord Qty	Trade Time	Trade rate	Traded Qty	LTP rate ₹
1	08/09/2014	Pankajkumar Jugalkishor Parmar	Wakil Rajbhar	1	12:26:06	14:18:24	166.55	166.55	20	4	14:18:24	166.55	4	3.25
2	09/09/2014	Pankajkumar Jugalkishor Parmar	Girish Rajkumar Goel	1	10:15:39	15:05:12	169.85	169.85	20	4	15:05:12	169.85	4	3.30

S no	Trade Date	Buyer	Seller	Trade ID	Buy Order Time	Sell Order Time	Buy Ord rate	Sell Ord rate	Buy Ord Qty	Sell Ord Qty	Trade Time	Trade rate	Traded Qty	LTP rate ₹
3	10/09/2014	Pankajkumar Jugalkishor Parmar	Girish Rajkumar Goel	1	10:16:09	14:30:18	169.85	173.20	20	3	14:30:18	173.20	3	3.35
4	12/09/2014	Pankajkumar Jugalkishor Parmar	Jayprakash Dhanraj Bohra	1	10:50:20	12:24:06	180.10	180.10	20	10	12:24:06	180.10	10	3.50
5	15/09/2014	Pankajkumar Jugalkishor Parmar	Jayprakash Dhanraj Bohra	1	10:58:41	13:02:53	183.70	183.70	10	10	13:02:53	183.70	10	3.60
6	16/09/2014	Sabirbhai Sattarbhai Bhathiyara	Wakil Rajbhar	1	10:55:00	14:40:35	187.35	187.35	10	5	14:40:35	187.35	5	3.65
7	17/09/2014	Pankajkumar Jugalkishor Parmar	Sapna Ramdas Jatwal	1	10:24:10	14:14:51	191.05	191.05	10	6	14:14:51	191.05	6	3.70
8	18/09/2014	Sabirbhai Sattarbhai Bhathiyara	Sapna Ramdas Jatwal	1	10:27:34	15:06:44	194.85	194.80	10	5	15:06:44	194.85	5	3.80
9	19/09/2014	Sabirbhai Sattarbhai Bhathiyara	Jayprakash Dhanraj Bohra	1	10:03:53	14:18:47	198.70	198.70	10	10	14:18:47	198.70	10	3.85
		Updated			10:04:01				20				20	
10	23/09/2014	Pankajkumar Jugalkishor Parmar	Jayprakash Dhanraj Bohra	1	09:44:07	15:13:21	206.70	206.70	20	10	15:13:21	206.70	10	4.05
11	24/09/2014	Sabirbhai Sattarbhai Bhathiyara	Wakil Rajbhar	1	09:33:53	13:46:20	210.80	210.80	20	4	13:46:20	210.80	4	4.10
12	25/09/2014	Pankajkumar Jugalkishor Parmar	Wakil Rajbhar	1	11:38:55	14:59:15	215.00	215.00	20	5	14:59:15	215.00	5	4.20
13	07/11/2014	Chandrapalsinh Mohansinh Rathod	Girish R Goel	1	10:08:34	13:59:04	331.70	331.70	20	5	13:59:04	331.70	5	6.50
14	11/11/2014	Shirin Sabirbhai Bhatiyara	Jugalkishor Ramchandra Parmar	4	14:57:56	14:58:06	337.50	337.50	11	11	14:58:06	337.50	11	0.50
15	12/11/2014	Narendrasinh Surendrasinh Rathod	Hasmukhbhai Dhanabhai Gohil	1	13:49:53	13:50:05	344.10	344.10	8	8	13:50:05	344.10	8	6.60
16	18/11/2014	Chandrapalsinh Mohansinh Rathod	Rakeshkumar Jha	2	10:26:57	14:51:28	371.25	0.00	25	5	14:51:28	371.25	5	13.25

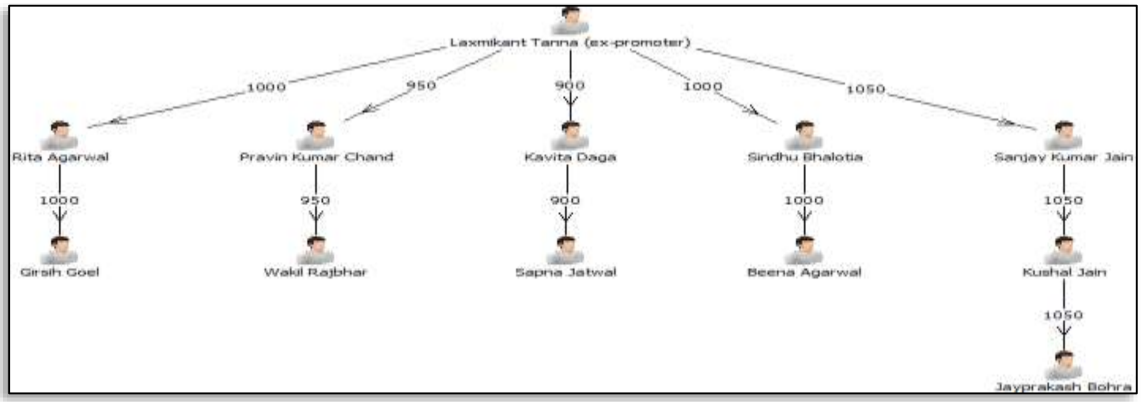
114. On analysis of the trades as above, I note that in majority of the instances (i.e. in 13 out of 16 instances), the buy order quantity is much higher than the sell order quantity; and further in remaining 3 instances the buy order quantity is same as sell order quantity. I note the trades have been executed in small

quantities at higher LTPs as the seller entities have been putting orders for small quantities, even though the buy orders for larger quantities are available. Further, I note that the above seller entities like Mr. Wakil Rajbhar, Ms. Sapna Ramdas Jatwal, and Mr. Girish R Goel belong to the Kamlakshi group and these accounts have been operated by Mr. Pradeep Dhanuka (Noticee 4). The trading pattern of these sellers have been discussed in previous paragraphs, wherein it was found that these entities have placed sell orders at negligible quantities at higher LTP and have caused price rise in the scrip and created false or misleading appearance of trading in the scrip. Further, I note that Noticee 17 to 21 are not observed to be connected to the Kamalakshi Group. I note that no trading pattern or any connection with counterparty (Kamalakshi group) has been established. In this regard, reliance is placed on the observations of Hon'ble SAT in the matter of *Tanuj Khandelwal vs SEBI* (Appeal No. 357 of 2020; Order dated January 04, 2021) which has been discussed elsewhere in this Order. Considering the trading pattern of Noticee 17 to 21 which appears to be non manipulative, and the fact that no connection of these entities with Kamlakshi group and further the finding that all the five entities cannot be grouped as one group as has been explained previously, I find that the allegation of manipulation and creating a false or misleading appearance of trading is not established against Noticee 17 to 21.

115. **Source of shares traded in the scrip during Patch-I:** I note that five entities belonging to Kamalakshi group namely Mr. Jayaprakash Bohra (1050 shares), Mr. Wakil Rajbhar (273 shares), Ms. Beena Vijay Agarwal (259 shares), Ms. Sapna Jatwal (54 shares) and Mr. Girish R Goel (31 shares) {collectively known as '**Kamalakshi group sellers**'} had collectively sold 1,667 shares (i.e. 74.65% of traded quantity) collectively during this patch. The aforementioned entities didn't buy any shares during this patch.

116. I note that there were 37 sellers during this patch who collectively sold 2,233 shares. Kamalakshi group sellers had sold 1,667 shares. The remaining 32 sellers bought from the market and sold 566 shares in the market. From the above, I note that all the shares delivered during this Patch were originated only from Kamalakshi group sellers.

117. It was observed in the IR that the main source of shares for Kamalakshi group sellers is ex-promoter namely Mr. Laxmikant Tanna. Pictorial representation of transfer of shares in off-market is as follows:



118. As mentioned in preceding paragraphs, Kamalakshi group sellers have placed orders in small quantities with an intention of inflating price of the scrip. From the above, I note that entire supply of shares available for trading during this patch was from Kamalakshi group sellers who in turn received the shares from ex-promoter in tranches.

119. Further, I note that Noticee no. 4 Mr. Pradeep Dhanuka in his statement dated June 28, 2017 recorded before Investigating Authority *inter-alia* stated that Kamalakshi Group entities namely Mr. Wakil Rajbhar, Mr. Girish Goel and Ms. Sapna Jatwal were his ex-employees and he had placed orders in the scrip of KFCL in the trading accounts of the aforementioned entities with the brokers namely SMC Global Securities (Wakil Rajbhar), C.D.Equisearch P..Ltd. (Girish R Goel and Sapna Jatwal) and Destimoney Securities Pvt.Ltd. (Girish R Goel) during the above referred period. He further stated that he had placed orders in the aforementioned trading accounts in the scrip KFCL only on the standing instructions of Mr. Girraj Agrawal. However, no documentary evidence was provided by Mr. Pradeep Dhanuka in support of instructions received from Mr. Girraj Agrawal. I also note that from the voice recordings of orders placed in the trading account of Mr. Wakil Rajbhar provided by the trading member SMC Global Securities Ltd. that Mr. Pradeep Dhanuka/ Mr. Girish Goel placed sell orders in the trading account of Mr. Wakil Rajbhar.

120. I also note that Mr. Pradeep Dhanuka was director of M/s. Rupak and Ms. Nidhi Dhanuka (wife of Mr. Pradeep Dhanuka) was director of M/s. Romy. It is pertinent to mention that it was explained in the preceding paragraphs that Kamalakshi group entities namely Mr. Wakil Rajbhar, Ms. Sapna Jatwal, Mr. Girish Goel were connected to M/s. Rupak and Mr. Jayprakash Bohra was connected to M/s. Romy and Kamalakshi.

121. During the year 2014, Rupak received Rs. 27,40,000 from Gromo on three dates and paid Rs. 21,02,500 to Kamalakshi on two dates; Rupak being controlled by Mr. Pradeep Dhanuka. Thus, I note that the investigations have established the connection of the company i.e. Gromo with the entities alleged to have indulged in the manipulation. However, I note that it has not been brought out in the investigations that the funds transferred by Gromo has been further transferred to other Noticees who have indulged in the price manipulation. Thus, I note that it is not established that funds provided by Gromo have been used for manipulation purposes, however the same do show the connection. In this regard, the company has submitted that they had no role to play in the trading done by various entities in the scrip. It was further submitted that no role of the company or its directors in the trades.

122. I note that Sheetal Shah (Noticee 3), one of the directors of Gromo, submitted that she had resigned on November 28, 2014 and she was not involved in the day-to-day activities of the company. In this regard, I note that Noticee 3 was an independent director in the company as per the investigation report and annual report of the company. Similarly, Dheeraj Shah (Noticee 2), husband of Noticee 3, had submitted that he resigned on January 11, 2017 and he was also not involved in the day-to-day activities of the company. It was further submitted that there are 6 other directors in the Company, however, only they both have been charged in the SCN and other directors have been left out. Noticee 2 and 3 in their reply have submitted that they have been erroneously clubbed with other alleged entities, who have traded in the scrip and they had no role in the trading done by them. I further note that Noticee 2 and 3 have made reference to the Order dated October 14, 2019 passed by Hon’ble SAT wherein it has *inter alia* been observed as follows -

"3. After hearing the learned counsel for the parties and without going into the merit as to whether the appellant was involved in the huge rise in the price of the scrip, we are of the opinion that the present appeal can be disposed of in terms of the debarment already undergone.

……

5. Thus, without going into the merits of the case and without considering the submissions of the counsel for the parties on merits, we dispose of the appeal holding that the restraint order restraining the appellants from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever will come to an end from today.

…..

7. We make it clear that the Adjudicating Officer of SEBI will consider the matter on merits without being influenced by the findings given by the WTM of SEBI.

8. In the light of the aforesaid, the appeal is disposed of. In the circumstances of the case, the parties shall bear their own costs."

123. Considering the aforesaid reply of the Noticee 1 to 3 and the material available on record, I note that sufficient material has not been brought out to establish that Noticee 1 – Gromo and its directors i.e Noticee 2 and 3, though directors at the relevant point in time, had connived with the Kamalakshi group entities who had indulged in price manipulation in the scrip and created false and misleading appearance of trading in the scrip.

124. As explained in preceding paragraphs, I find that Noticee 15 (Ram Bhopal Agarwal Sons) placed orders at higher LTP in miniscule quantities, and Kamalakshi group entities indulged in price manipulation of the scrip by way of increasing the price by trading among themselves, selling of shares in minuscule quantities even though more number of buy orders exist in the system and the entities were holding more number of shares. In view of the findings in preceding paragraphs, I note that the Noticee 4 to 15 had indulged in price manipulation of the scrip and thereby created false and misleading appearance of trading in the scrip. In view of the same, I conclude that the aforesaid Noticees' actions have

led to the violation of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(e) of the PFUTP Regulations.

125. **Noticee 12 (Samskara sales Agency Pvt Ltd) :** I note from the MCA website that the status of the Noticee 12 viz. Samsakara Sales Agency Pvt Ltd (CIN: U52390MH2013PTC248877) has been shown as "Strike Off". Further, on perusal of the Form No. STK-7, Notice of Striking Off and Dissolution No. ROC-MUM/Section 248/2nd Drive/STK-7/7254 dated September 12, 2018, as available in the MCA website, issued by the Registrar of Companies, Mumbai, Maharashtra, I note that it has been stated in the said notice that pursuant to Section 248(5) of the Companies Act, 2013, Noticee 12 has been struck off the register of companies, and stands "dissolved" since September 11, 2018. Since the Noticee has been "dissolved", in the facts and circumstances of the instant case, I note that the proceedings qua the Noticee 12 initiated vide SCN dated November 02, 2018 is disposed of without imposition of penalty.

<u>Utilisation of funds raised through preferential allotments</u>

126. I note that the allegation against Noticee 1 is that it has not complied with the requirements stipulated in clause 43 of the Listing Agreement and has thus violated the provisions of clause 43 of the Listing Agreement read with Section 21 of SCRA. As stated earlier, the Noticee 1 – GROMO has made three preferential allotments of shares on November 09, 2013, February 17, 2014 and June 24, 2014 having raised Rs. 9.95 crore, Rs. 19.31 crore and Rs. 13 crore respectively aggregating to Rs. 42.26 crore.

127. I note that as per material available on record, the objects of the three preferential Issues as observed from the copies of certified copies of special resolutions passed at EGMs dated October 31, 2013, February 07, 2014 and AGM dated June 14, 2014 (Copies of the same were annexed as Annexure 10 of the SCN) were stated as follows:

*"**RESOLVED FURTHER THAT** the funds so raised shall be fulfill the additional fund requirements for capital expenditure including acquisition of companies / business, funding long term working capital requirements, marketing, setting up of offices abroad and for other approved corporate purposes."*

The copies of the above special resolutions has also been attached by the Noticee in its reply.

128. From the copies of the above referred special resolutions passed at EGMs, I note that GROMO had disclosed to its shareholders and public that the purpose of aforesaid fund raising through preferential allotments was to meet requirements for:

a) Capital expenditure including acquisition of company/business
b) Funding long term working capital requirements
c) Marketing
d) Setting up of offices abroad and
e) For other approved corporate purposes.

129. The summary of the utilization of Issue proceeds of the three preferential allotments by Noticee is as follows:

S No	Details of utilization of Issue Proceeds	I Preferential Issue	% of total amount	II Preferential Issue	% of total amount	III Preferential Issue	% of total amount
1	Loans & Advances Given	2,15,00,000	21.61	16,99,17,000	88.02	2,20,00,000	16.73
2	Share Trading	2,53,78,000	25.51	55,00,000	2.85	78,00,000	5.93
3	Fixed Deposit	0	0.00	0	0.00	8,80,00,000	66.92
4	Temporary Loans Repaid	0	0.00	0	0.00	1,20,00,000	9.13
5	Others	10,63,000	1.07	14,88,136	0.77	15,00,000	1.14
6	Balance with Bank	5,15,39,000	51.81	1,61,44,864	8.36	2,00,000	0.15
	TOTAL	**9,94,80,000**	**100.00**	**19,30,50,000**	**100.00**	**13,15,00,000**	**100.00**

130. I note from the above table that major amount of the proceeds has been used to extend loans & advances and share trading i.e. 47.12%, 90.87% and 22.66% of the total issue proceeds for the allotments made on November 09, 2013, February 17, 2014 and June 24, 2014 respectively.

131. It was further observed from the annual report that the Noticee 1 – GROMO had no fixed assets and capital work in progress. Extract of fixed assets and revenue from operations from Annual report of the Noticee 1 for the year ended March 2015 is given below:

Non-current assets	31-Mar-15	31-Mar-14
(a) Fixed assets	8,323	10,318
(b) Non-current investments	9,12,495	64,93,079
(c) Long Term Loans and Advances	1,02,000	1,02,000
Total	**10,22,818**	**66,05,397**

It can be observed from the above table that the Noticee 1 – GROMO was not having any fixed assets/capital work in progress, which has raised Rs. 42.26 crore through preferential allotments during the Investigation period

132. I further note that Noticee– GROMO has mentioned in the Annual report year ended March 31, 2015 that it has diversified its business line from finance to consultancy and trade. Extract from Annual Report with regard to the change in object of the Noticee– GROMO is produced below:

Change in Main Object of the Company
As the members of the Company know that the Company was originally incorporate with the main object of doing business of Finance and related activities. However Company does not hold valid Certificate of Registration from RBI under Section 45IA of Reserve Bank of India Act, 1949. To make good of said default Company diversified its business line from Finance to Consultancy and Trade. During the year under review manage to generate more than 50% revenue otherwise that finance business i.e. from sale of fabric and textile. The members of the Company had accorded their assent for the same through Postal Ballot on 24th March, 2015.

133. Extract of revenue from operations from Annual report of the Noticee no. 1 – GROMO for the year ended March 2015 is given below:

Revenue From Operations	**31-Mar-15**	**31-Mar-14**
Revenue from Sale of Shares	1,20,94,000	2,15,77,250
Revenue from Sale of Textiles	5,07,77,693	
Interest income	3,51,91,065	34,13,803
Total	**9,80,62,758**	**2,49,91,053**

It was observed from the above table that the company is mainly dealing in the sale of shares for the years 2013-14 and 2014-15, as the members has given their consent for the change of objects of the company only on March 24, 2015.

134. I note that the Noticee 1 has submitted that after it received the issue proceeds, considering the unfavourable market conditions the funds could not be deployed immediately as per object of the issue and therefore part of the same were utilised in accordance with its business as set out in its main object. In this regard, I note that Noticeee 1 has not explained the details of unfavourable conditions or how it was affected by them. I note that a company comes out with plans of raising monies with concrete plans in mind. In the present matter, I note that Gromo had listed out various objects for issuance of preferential shares like capital expenditure including acquisition of companies / business, funding long term working capital requirements, marketing, setting up of offices abroad and

for other approved corporate purposes. Therefore, an issuer company is expected to have concrete plans in respect of its object of issue. On the contrary, it is highly unacceptable to digest, too general and baseless reasons such as “unfavourable market conditions” as has been argued in the present matter.

135. From the above, I note that the Noticee 1 has admittedly not utilized the preferential issue proceeds either for capital expenditure/Funding long term working capital requirements/ Marketing Setting up of offices abroad/ for other corporate purposes, as stated in the notices to the general meetings wherein preferential allotments of shares was approved, instead used it for share trading, extending loans & advances and creation of fixed deposits. The Notice has submitted that the funds raised under the preferential issue were not misutilized and therefore there was no requirement for application of the terms of the Clause 43 of Listing Agreement. The argument of the Noticee is wrong that there was no misutilisation of its issue proceeds, as nowhere it is required that only misutilisations need to be reported. I note that clearly there has been a material deviation between the purpose stated in the special resolutions passed at the EGMs for considering the prefernial issues and the actual utilization of funds. The said variation was required to be furnished to the stock exchange on a quarterly basis along with the unaudited / audited financial results, which Noticee 1 has not done. I note from available records, that BSE vide email dated August 10, 2017 has replied that the Noticee 1 – GROMO has not submitted any information as required under clause 43 of the Listing agreement during the period from Novemeber 09, 2013 to February 20, 2015. The Noticee has also contended that the company has obtained ratification and approval of the shareholders vide Special Resolution passed in the 44th AGM held on September 29, 2017 to all acts, deed and things done by the company in entering into and giving effect to the utilisation of proceeds as received in all three preferential allotments. However, I note that the same is an afterthought, and the same does not absolve the Noticee from the requirement of not disclosing the material information at the relevant time. Therefore, I find no merits in the above contentions of the Noticee.

136. In view of the above, I conclude that the Noticee 1 has violated the provisions of provisions of clause 43 of the Listing Agreement read with Section 21 of SCRA

ISSUE-II: Does the violations, if any, attract monetary penalty under Section 15HA of SEBI Act, 1992 and Section 23E of SCRA, as applicable?

137. I note that the Hon'ble Supreme Court of India in the matter of ***SEBI v/s Shri Ram Mutual Fund [2006] 68 SCL 216(SC)*** held that *"In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant..."*

138. Therefore, I am of the view that monetary penalty needs to be imposed upon the Noticee 4 to 11, and 13 to 15 under Section 15HA of the SEBI Act, 1992 for the violation of the provisions of Regulations 3(a), (b), (c) & (d), 4(1) and 4(2)(a) & (e) of PFUTP Regulations. Further, the violation of Section 21 of SCRA read with Clause 43 of Listing Agreement by Noticee 1 makes it liable for penalty under Section 23E of SCRA. The text of Section 15HA of SEBI Act, 1992 and Section 23E of SCRA are reproduced hereunder : -

> ***SEBI Act, 1992***
>
> ***Penalty for fraudulent and unfair trade practices.***
>
> *15HA. If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty [1][which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher].*
>
> ***<u>SCRA</u>***
>
> ***Penalty for failure to comply with provision of listing conditions or delisting conditions or grounds.***
>
> *23E. If a company or any person managing collective investment scheme or mutualfund [2][or real estate investment trust or infrastructure investment trust or alternative investment fund], fails to comply with the listing conditions or delisting conditions or grounds or commits a breach thereof, it or he shall be [3][liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees.]*

---

[1] *Substituted for the words "twenty-five crore rupees or three times the amount of profits made out of such failure, whichever is higher" by the Securities Laws (Amendment) Act, 2014, w.e.f. 08-09-2014*
[2] *Inserted by the Finance Act, 2018 w.e.f. 08-03-2019.*
[3] *Substituted for the words "liable to a penalty not exceeding twenty-five crore rupees" by the Securities Laws (Amendment) Act, 2014, w.e.f 08-09-2014.*

ISSUE–III: If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of SEBI Act, 1992 and Section 23J of SCRA?

139. While determining the quantum of monetary penalty under Section 15HA of SEBI Act, 1992 and Section 23E of SCRA, I have considered the factors stipulated in Section 15J of SEBI Act, 1992 and Section 23J of SCRA which are as under:

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

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

(c) the repetitive nature of the default.

140. The material made available on record has not quantified the amount of disproportionate gain or unfair advantage made by the Noticees and the loss suffered by the investors as a result of the Noticees's default.

141. I note that Noticee 11 (Mr. Vipul Amratlal Doshi) has submitted he had also been issued Show Cause Nofice under Section 11(1), 11(4) and 11B of the SEBI Act, 1992 in the matter and the Whole Time Member of SEBI had already issued directions vide Order October 30, 2018, whereby he had been restrained had been restrained from accessing the securities market and also buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with securities market, whatsoever, for a period of 5 years. The above Noticeee has argued that the same amounts to double jeopardy. I note that the arguments of certain Noticees that they have already been issued with the SCN and debarred under Section 11B of the SEBI Act, 1992.In this regard, I note that proceedings under Section 11B and adjudication proceedings are different and can be parallely initiated. Thus, the question of double jeopardy does not arise in such parallel proceedings. In this regard, I note that the Hon'ble SAT, in its order dated April 21, 2017 in the matter of *Sunita Gupta vs. SEBI*, has made the following observations:

"*6. Where a person violates the provisions contained in the SEBI Act and the* *regulations made thereunder, then, SEBI is empowered to initiate penalty proceedings against that person under Chapter VIA of SEBI Act and also issue directions in the interests of investors or securities market as it deems fit under Chapter IV of SEBI Act. Thus, the powers conferred on the Board under Chapter IV are independent from the powers to impose penalty under Chapter VIA of SEBI Act. Accordingly, in the present case, since the appellant had indulged in synchronized/ circular trades in gross violation of SEBI Act/ PFUTP Regulations and the same was detrimental to the interests of the investors and securities market, the Board deemed it fit to issue direction under Chapter IV in addition to the penalty imposed under Chapter VIA of SEBI Act. Therefore, in the facts of present case, initiation of proceedings under Chapter IV even after initiating proceedings under Chapter VIA cannot be faulted."*

142. Further, in light of recent order dated August 02, 2019 of Hon'ble SAT in the matter of *P G Electroplast vs SEBI,* I also note that, vide order dated October 30, 2018, Hon'ble Whole Time Member of SEBI also prohibited Mr. Jayprakash Dhanraj Bohra, Mr. Wakil Rajbhar, Ms. Sapna Ramdas Jatwal, Mr. Girish Rajkumar Goel, Mr. Vijay Mahavir Tibrewal, Ms. Chandadevi Agrawal, Mr.Vipul Amratlal Doshi, Ms. Kavita Vijay Tibrewal, and Mr. Girdhari Kumar Agrawal from accessing the securities market and further prohibit them from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of five years. It was also directed that the period of debarment already suffered by the above Noticees from the date of the ad-interim ex-parte order dated February 20, 2015 shall stand reduced from the aforesaid period. Further, I note that vide the said dated October 30, 2018, Mr. Pradeep Dhanuka, and Ram Bhopal Agarwal Sons HUF restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of five years, from the date of the order.

ORDER

143. In view of the foregoing, after taking into consideration all the facts and circumstances, observations and in exercise of power conferred upon me under Section15-I of the SEBI Act, 1992 read with Rule 5 of the SEBI Adjudication

Rules, and Section 23-I of SCRA read with Rule 5 of SCR Adjudication Rules, I hereby impose the following penalty on the Noticees under Section 15HA of the SEBI Act, 1992 and Section 23E of SCRA for their violation of the provisions of PFUTP Regulations and the Listing Agreement read with SCRA, as discussed in this order:

Noticee	**Penal Provisions**	**Penalty**
M/s Gromo Trade & Consultancy Ltd. (Noticee 1)	Section 23E of SCRA	Rs. 5,00,000/- (Rupees Five Lakh Only)
Mr. Pradeep Dhanuka (Noticee 4)	Section 15HA of SEBI Act, 1992	Rs. 7,00,000/- (Rupees Seven Lakh Only)
Mr. Jayprakash Dhanraj Bohra (Noticee5)	Section 15HA of SEBI Act, 1992	Rs. 5,00,000/- (Rupees Five Lakh Only)
Mr. Wakil Rajbhar (Noticee 6)	Section 15HA of SEBI Act, 1992	Rs. 5,00,000/- (Rupees Five Lakh Only)
Ms. Sapna Ramdas Jatwal (Noticee 7)	Section 15HA of SEBI Act, 1992	Rs. 5,00,000/- (Rupees Five Lakh Only)
Mr. Girish Rajkumar Goel (Noticee 8)	Section 15HA of SEBI Act, 1992	Rs. 5,00,000/- (Rupees Five Lakh Only)
Mr. Vijay Mahavir Tibrewal (Noticee 9)	Section 15HA of SEBI Act, 1992	Rs. 5,00,000/- (Rupees Five Lakh Only)
Ms. Chandadevi Agrawal (Noticee 10)	Section 15HA of SEBI Act, 1992	Rs. 5,00,000/- (Rupees Five Lakh Only)
Mr.Vipul Amratlal Doshi (Noticee 11)	Section 15HA of SEBI Act, 1992	Rs. 5,00,000/- (Rupees Five Lakh Only)
Ms. Kavita Vijay Tibrewal (Noticee 13)	Section 15HA of SEBI Act, 1992	Rs. 5,00,000/- (Rupees Five Lakh Only)
Mr. Girdhari Kumar Agrawal (Noticee 14)	Section 15HA of SEBI Act, 1992	Rs. 5,00,000/- (Rupees Five Lakh Only)
M/s Ram Bhopal Agarwal Sons HUF (Noticee 15)	Section 15HA of SEBI Act, 1992	Rs. 10,00,000/- (Rupees Ten Lakh Only)

In respect of Noticee 2, 3, 12, and 16 to 21 no penalty is imposed in view of the reasons as discussed in the preceeding paragraphs.

144. I am of the view that the said penalty is commensurate with the lapse/omission on the part of the Noticees. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, OR through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT → Orders →Orders of AO → PAY NOW.

145. The Noticees shall forward said Demand Draft or the details / confirmation of penalty so paid to “The Division Chief (Enforcement Department - DRA-I), Securities and Exchange Board of India, SEBI Bhavan, Plot No. C – 4 A, “G” Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.”. The Noticee shall also provide the following details while forwarding Demand Draft / payment information:

i. Name and PAN of the Noticee
ii. Name of the case / matter
iii. Purpose of Payment – Payment of penalty under AO proceedings
iv. Bank Name and Account Number
v. Transaction Number

146. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 28A of the SEBI Act, 1992 for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

147. In terms of the provisions of Rule 6 of the SEBI Adjudication Rules and Rule 6 of SCR Adjudication Rules, copy of this order are being sent to the Noticees and also to the Securities and Exchange Board of India.

Date: May 17, 2021 **K SARAVANAN**
Place: Mumbai **ADJUDICATING OFFICER**