BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/BM/UR/2022-23/17522-17524]

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

In respect of

Noticee no.	Noticee Name	PAN
1.	Nisha Yadav	AESPY4433P
2.	Jalaj Agrawal	AUDPA0226H
3.	Prabhakar Rao Alokam	ADDPA1386P

In the matter of Covidh Technologies Limited

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") conducted an investigation in the scrip of Covidh Technologies Limited (hereinafter being referred to as "**Covidh**"), to ascertain the violation of the provisions of SEBI Prohibition of Fraudulent and Unfair Trade Practices Regulations' 2003 ("**PFUTP Regulations"**) during the period from February 16, 2017 to February 21, 2017 (hereinafter referred to as the "**investigation period/IP**") against Nisha Yadav (hereinafter referred to as "**Noticee 1**"), Jalaj Agrawal (hereinafter referred to as "**Noticee 2**") and Prabhakara Rao Alokam (hereinafter referred to as "**Noticee 3**") (hereinafter collectively referred to as "**Noticees**")

2. Investigation observed that there was significant rise in volume in the scrip of Covidh during IP as compared to prior period and SMSs were observed to be circulated during the period from February 16, 2017 to February 21, 2017/ IP. Noticee 1 and Noticee 2 (allegedly connected to each other) were observed to

be receiving shares in the off market and Noticee 1, 2 & 3 were top net sellers during the period of volume spurt in the scrip which was not very liquid. Further Noticee 1 & 2 allegedly failed to comply with the summons issued by the Investigation Authority (hereinafter referred to as "**IA**") appointed by SEBI. Thus in view of above adjudication proceedings were initiated for the alleged violations of corresponding provisions of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI act**") and PFUTP regulations as tabulated below

Noticee	Alleged Violations
Noticee 1	a) Regulation 3(a)(b)(c)(d), 4(1), 4(2)(a)(k) of PFUTP Regulations read with Section 12A(a),(b) and (c) of SEBI act; b) Section 11C(3) and Section 11C(5) of SEBI act.
Noticee 2	a) Regulation 3(a)(b)(c)(d), 4(1), 4(2)(a)(k) of PFUTP Regulations read with Section 12A(a),(b) and (c) of SEBI act; b) Section 11C(3) and Section 11C(5) of SEBI act.
Noticee 3	Regulation 3(a)(b)(c)(d), 4(1), 4(2)(a)(k) of PFUTP Regulations read with Section 12A(a),(b) and (c) of SEBI act;

APPOINTMENT OF ADJUDICATING OFFICER

3. The undersigned was appointed as Adjudicating Officer in the matter, conveyed vide communique dated September 20, 2021, under Section 19 read with Section 15-I(1) of the SEBI Act, 1992 (hereinafter referred to as "**SEBI Act**")

and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as "**Adjudication Rules**") to conduct adjudication proceedings in the manner specified under Rule 4 of Adjudication Rules read with Section 15-I(1) and (2) of SEBI Act, 1992, and if satisfied that if liable, impose such penalty deemed fit in terms of Rule 5 of Adjudication Rules and Section 15HA, 15HB and 15A(a) of SEBI Act, 1992.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A common Show Cause Notice dated October 08, 2021 (hereinafter referred to as '**SCN**') bearing reference no. SEBI/EAD-3/BM/UR/28073, 28078-79/2021 was issued to the Noticees under Rule 4(1) of the Adjudication Rules to show cause as to why an inquiry should not be initiated against them and penalty if any, not be imposed upon them for the aforesaid violations alleged to have been committed by them.

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

6. From the Price Volume analysis it was observed that during the investigation period, the price of the scrip opened at Rs. 3.65 and closed at Rs.3.67. The average number of shares traded daily during the investigation period was 4,38,007 which was much higher than the average number of shares traded before IP (3,276 shares) and after IP (12, 484 shares). The Price Volume data of the IP, before the IP (i.e. 3 months before IP) and after the IP (i.e. 3 months after the IP) is given below:

Table 3: Price Volume data

Period	Date		Opening Price and Volume on the first day of the period (Rs.)	Closing Price and Volume on the last day of the period (Rs.)	Low Price and Volume during the period (Rs.)	High Price and Volume during the period	Average No of shares traded daily during the period
Before IP	Nov 17, 2016-Feb 15, 2017	**Price**	3 Nov 17, 2016	3.57 Feb 15, 2017	2.9 Nov 17, 2016	4.72 Jan 09,2017	3,276

Period	Date		Opening Price and Volume on the first day of the period (Rs.)	Closing Price and Volume on the last day of the period (Rs.)	Low Price and Volume during the period (Rs.)	High Price and Volume during the period	Average No of shares traded daily during the period
		Vol.	1821 Nov 17, 2016	1535 Feb 15, 2017	5 Dec 16, 2016	18,550 Jan 06,2017	
During IP	Feb 16, 2017- Feb 21, 2017	**Price**	3.65 Feb16, 2017	3.67 Feb 21, 2017	3.4 Feb 20, 2017	3.76 Feb 17, 2017	4,38,007
		Vol.	2,99,855 Feb 16, 2017	5,01,283 Feb 21, 2017	2,99,855 Feb 16, 2017	5,03,693 Feb 17,2017	
After IP	Feb 22, 2017- May 22, 2017	**Price**	3.7 Feb 22, 2017	1.91 May 22, 2017	1.91 (03,04,05,09,10, 11,12,16,17, 18,19,22) May,2017	3.7 Feb 22, 2017	12,484
		Vol.	21,633 Feb 22, 2017	631 May 22, 2017	30 May 10, 2017	111828 April 03, 2017	

7. It was alleged that the modus operandi in the instant matter had been buying of shares via off-market route (consideration paid in cash), then circulated SMS recommending buy for creation of volume (when shares of scrip was having low liquidity prior to IP) and thereafter provided exit to certain entities

Off market Transfer → SMS Circulation → Exit Opportunities for Certain entities

Off-market transfer:

8. It was observed after analysing the off-market transfers in the scrip of Covidh made by Noticees for the period Nov 01, 2016 – May 31, 2017 that Noticee 1

had received 4,64,205 shares and Noticee 2 had received 4,26,900 shares through off-market route.

9. It was observed that the average shares traded daily during the period November 17, 2016- Feb 15, 2017 (i.e. before the IP) was just 3,276. The shares which had such low liquidity was received by Noticee 1 and Noticee 2 via off-market route and sold these shares on market.

10. Further it was observed in regards to off-market transfers that, Noticees had paid & Transferor/counterparties had received the consideration in cash on the same day of the transfer of shares, however there was a mismatch between considerations paid /received amount and consideration amount mentioned in the Delivery Instruction slip. The details as received from the Noticees and Transferors w.r.t off-market transfers are tabulated below:

Table 4: Details of off-market transfers received from transferor's and Noticee's

Sr. No.	Transferor's Name	Noticee's Name	Transfer Date	No of Securities	Consideration amount as per DIS slip	Actual amount paid by Transferee's (as per entities reply) *
1	SANDESH REDDY VEDERE	NISHA YADAV	20-02-2017	100000	3,54,000	1,60,000
2	SHIVA KUMAR REDDY K	NISHA YADAV	20-02-2017	100000	3,54,000	1,60,000
3	SIVAIAH ALOKAM	NISHA YADAV	17-02-2017	100000	3,59,000	1,50,000
4	RAJASEKHARA REDDY YARRAM	NISHA YADAV	17-02-2017	164209	5,89,510	2,62,734
5	MRUDULA REDDY KOMATIREDDY	JALAJ AGRAWAL	15-02-2017	100000	3,40,000	1,50,000
6	SESHAMMA CHIRUMAMILLA	JALAJ AGRAWAL	15-02-2017	10000	34,000	25,000
7	SRINIVAS LANKIREDDY	JALAJ AGRAWAL	15-02-2017	128980	4,38,532	1,80,500
8	VENKATASUMATHI CHENNUPATI	JALAJ AGRAWAL	14-02-2017	164680	5,59,912	2,47,000

9	KOTAIAH ALOKAM	JALAJ AGRAWAL	14-02-2017	23240	79,016	46,500

11. From the above table it was observed that Noticee 1 and Noticee 2 bought the shares in discount and amount paid was in cash. Further, they received shares at time, when there were no buyers.

Circulation of Bulk SMS:

12. It was observed that several SMSs were circulated during the IP, giving buy recommendation in the scrip.

13. The data for the SMS sender (end user) was sought from the Telephone operators for the following headers:

Sl. No.	Sender ID	Service Provider	Location
1	AM-MMCALL	Airtel	Mumbai

14. Telecom Operator, Airtel, vide its e-mail dated July 12, 2018 informed 17 SMS aggregators for Sender IP “AM-MMCALL”. In view of which information was sought from each aggregator, however out of 17 aggregators, Datagen Internet Private Limited vide email dated June 07 & 08, 2021 submitted that the SMS were sent in the scrip via their resellers RP Infotech. Details of SMS’s sent are as follows:

Script 1: UPPER CIRCUIT CALL :- BUY 5000 SHARE OF \COVIDH\”(BSE :534920) @ 3.70 Target 10 (BOARD MEETING AND RESULT OF LISTED IN NSE OPEN PRICE 10) https://goo.gl/MVcDsU

Script 2: UPPER CIRCUIT CALL:- BUY 50000 SHARE OF “COVIDH”(BSE:534920) @3:70 TARGET 10 WWW.MONEYMAKER.COM

Table 5: Summary w.r.t circulation of SMS

SMS Header	AM-MMCALL
Telephone/Mobile Operator	Airtel
Aggregator (First Level)	Datagen Internet Services Private Limited
Reseller 1st Level	R P Infotech (Santosh Kumar Sharma)
Reseller 2nd Level	SSV Technologies /Shri Sai Venkatesh Technologies (Ajay Suryawanshi)
End User Details	Jalaj Agrawal Nisha Yadav / Yadunath Singh

15. Information from reseller R P Infotech (Proprietor Santosh Kumar Sharma) was sought whereby R P Infotech submitted that the messages were sent by their resellers SSV Technologies. It was observed that Mr. Ajay Suryawanshi is proprietor of SSV Technologies. In this regards SSV Technologies informed that they are re-sellers of bulk SMS wherein they purchase SMS in commercial quantity from operators/large vendors and then sell same on retail basis to others. Further SSV Technologies (Ajay Suryawanshi) vide email dated July 22, 2021 inter-alia informed that:
    i) They were reseller panel under RP Infotech and they resale SMS services to their various client.
    ii) They had sold SMS services to their client Noticee 2 via their sales teams in month of Feb 2017.
    iii) They had financial transactions with Noticee 2 in the month of Feb 2017 as he had taken some other services along with SMS services.
    iv) They didn't send any SMS from their end in the scrip of Covidh. They had given one SMS panel to Noticee 2 under their reseller panel. The SMS had been send by Noticee 2 and not from their end.

16. It was observed from the analysis of bank statement of Axis Bank Account number: 916020015214843 which was in the name of Santosh Kumar Sharma (SMS Reseller Level 1/ Proprietor R P Infotech) that during the month of Jan - March 2017, there were financial transaction with certain entities, Noticee 1, Ajay Suryawanshi, SSV Technologies etc. Further it was observed from bank

statement of Bank Account no. 914010036883690 of Yadunath Singh (husband of Noticee 1) that he had transferred Rs.1 lakh on April 05, 2017 to Santosh Kumar Sharma (SMS Reseller Level 1/ Proprietor R P Infotech).

17. Based on the reply of Datagen Internet Service Private Limited, financial transaction and time of transaction between Santosh Kumar Sharma (SMS Reseller Level 1/ Proprietor R P Infotech) with Ajay suryawanshi (Proprietor SSV Technologies), Yadunath Singh and Noticee 1, it was alleged that payment made by Noticee 1, Yadunath Singh, Ajay Surywanshi (Proprietor SSV Technologies), SSV Technologies were in lieu of sending SMS.

Order Analysis

18. It was observed after analysing order log for the month of February 2017, that just before the investigation period (i.e. before Feb 16, 2017), not a single share was traded on 5 days out of 11 preceding days of IP. Average traded buy order placed during the period Feb 01, 2017- Feb 15, 2017 was just 1104 share and average traded shares were 561. Whereas during the investigation period i.e. Feb 16- Feb 21, 2017, average buy order were 523348 shares i.e. increase of 47281.32% from the average buy order placed (1105 shares) during last 11 preceding trading days of IP and average traded shares during this period was 438007 i.e. increase of 77849.80 % from the average traded shares during (562 shares) last 11 preceding trading days of IP. Thus it was alleged that there was sudden increase in the volume of shares traded in the scrip during the investigation period which is also the period of SMS circulation. Buy and Sell orders placed during the month of February 2017 are summarized below:

Table 6: Summary of buy order and sell order placed during Feb 2017

Date	Buy Order (No. of shares)	Sell Order (No. of shares)	Total no. of shares traded
01/02/2017	520	500	500
02/02/2017	2800	8156	2800

Date	Buy Order (No. of shares)	Sell Order (No. of shares)	Total no. of shares traded
03/02/2017	400	2850	0
06/02/2017	0	1350	0
07/02/2017	850	100	100
08/02/2017	96	1445	46
09/02/2017	1200	1700	1200
10/02/2017	0	195	0
13/02/2017	100	0	0
14/02/2017	0	1027	0
15/02/2017	6184	1535	1535
16/02/2017	**321237**	**239579**	**299855**
17/02/2017	**588190**	**513829**	**503693**
20/02/2017	**520012**	**658301**	**447197**
21/02/2017	**663954**	**607874**	**501283**
22/02/2017	21633	132097	21633
23/02/2017	17059	199006	17059
27/02/2017	6262	240151	6262
28/02/2017	3421	267734	3421

19. From the above table it was observed that there was a sharp fall in number of buy order placed and number of shares trades post investigation period.

20. On February 15, 2017, it was observed that 6184 shares buy orders were placed and 1535 shares sell orders were placed and 1535 number of shares were traded. 5 unique entities placed 6184 buy order. Out of 6184 order placed, 3934 shares buy order were placed by Noticee 1 (63.61 % of total placed buy order). Only 2 unique entities placed sell order of 1535 shares. Out of these

shares, 135 sell orders were placed by Noticee 2 (8.79% of total placed sell orders).

21. It was also observed that Noticee 1 and Noticee 2 had not traded a single share during February 01, 2017 - February 14, 2017 (Before circulation of SMS). It was observed, Noticee 1 and Noticee 2 were instrumental to infuse trading activity just before the IP, as the shares were not traded on 10/02/2017, 13/02/2017,14/02/2017 and 1535 shares were traded on 15/02/2017, out of 1535 shares bought on 15/02/2017, 1534 shares were bought by Noticee 1 (99.93 % of buy trade) and 135 shares were sold by Noticee 2. Thus it was alleged that, Noticee 1 created artificial volume just before IP.

Analysis of Bank Account/Connection among net sellers:

22. It was observed that, the SMS were circulated to enable exit to certain entities. Bank accounts of sellers along with their counterparties who had contributed more than 5 % of gross sell during the investigation period were analyzed. It was also observed that Noticee 1, Noticee 2 & Noticee 3 had contributed more than 5 % of gross sell during the IP and this constitutes 69.87 % of total market sell in the scrip during the IP.

Table 7: Noticees and counterparty's concentration on BSE during the examination period

Buy Client Name	Total	%age of Trd Vol	Sell Client Name	Total	%age of Trd Vol
SUNIL KUMAR CHOUDHARY	150000	8.56%	NISHA YADAV	467448	26.68%
BHABANI SANKAR SWAMY	50000	2.85%	JALAJ AGRAWAL	447939	25.57%
ANURAG CHANDRA	32268	1.84%	PRABHAKARA RAO ALOKAM	308748	17.62%

- **Noticee 1**: The following bank accounts of Noticee 1 were analysed:

Table 8: Analysis of bank accounts of Noticee 1

Name	Bank	Account Number	Period
Nisha Yadav/ Singh*	HDFC Bank	50100014737166	Jan 01-March 31, 2017

	Axis Bank	916020077284310	Jan 01-March 31, 2017
	Axis Bank	918010005414872	Account was opened on Jan 20, 2018

*Counterparty details received from bank indicates name as Nisha Singh and Nisha Yadav, Nisha Singh both are same entity, as they have common PAN (AESPY4433P)

23. It was observed from the bank statement (Bank account number 916020077284310) of Noticee 1 that after receiving the proceeds (amount) as consideration to their trades during the IP from broker on Feb 28, 2017, she had transferred the amount to Santosh Kumar Sharma (Proprietor of RP Infotech, SMS Aggregator Rs. 50,000 on March 18, 2017 & Rs. 50,000 March 21, 2017).

24. Further it was observed from the bank account of Santosh Kumar Sharma (Axis Bank account number: 916020015214843) that during the period Jan-March 2017 he had credit from SSV Technologies Limited (HDFC Bank Ac no. 14052000003867), Ajay Suryawanshi (IMPS mobile no. : 919926063936)& Noticee 1 (Axis Bank Ac. 916020077284310) and Noticee 2 (ICICI bank ac: 1000176101209) during the period Jan-March 2017 and from bank statement of Yadunath Singh (Axis Bank Ac no: 914010036883690) , Santosh Kumar Sharma received Rs. 1 lakh on April 05, 2017.

25. It was also observed Noticee 1 had transferred Rs.1,00,000 on March 24, 2017 to Noticee 3 (Director& Promoter of Covidh). Further it was observed from the bank statement (HDFC Bank Account number 50100014737166) of Noticee 1 that she had received Rs. 18,000 on Jan 08, 2017, Rs. 18,000 on March 01, 2017 & Rs. 15,000 on March 07, 2017 from Apex Global (From KYC documents of Apex Global, it was observed that Yadunath Singh, is the proprietor of Apex Global).

26. Information was sought from the Noticee 1 vide SEBI Summons dated March 01, 2021 regarding connection/relation directly or indirectly with the list of entities. In reply to the query Noticee 1 inter-alia stated “I have gone through the list of 36 entities mentioned in point 6. I do not have any relationship direct or indirect with any of the entities mentioned in the list except with Mr. Jalaj

Agrawal at serial no. 3 who worked with me in the past in M/S Capital Stroke Pvt. Ltd. In their accounts department during the year 2016".

27. Thus it was alleged that Noticee 1 had connection with Noticee 3 as she had financial transactions with Noticee 3 as mentioned in paragraph 25. Additionally her husband Mr. Yadunath Singh also had transferred Rs. 3,50,000 to Noticee 3 on February 15, 2017. Further as mentioned in paragraph above it was alleged that Noticee 1 and Noticee 2 were connected as they were employed at the same place.

- **Noticee 2**: The following bank accounts of Noticee 2 were analysed:

Table 9: Analysis of bank accounts of Noticee 2

Name	Bank	Account Number	Period
Jalaj Agrawal	HDFC Bank	50100101842353	Jan 01-March 31, 2017
	Axis Bank	917020030218746	April 04, 2017 –Dec 12, 2017
	ICICI Bank	657001564495	Jan 01-March 31, 2017

28. It was observed from Axis Bank account number 917020030218746 of Noticee 2 that he had credit from Yadunath Singh (Husband of Noticee 1) during the period April 04, 2017- Dec 12, 2017. It was observed from ICICI Bank account number of 657001564495 of Noticee 2 that he had received amount from Apex Global (Yadunath Singh). Noticee 2 had also transferred 2,00,000 to Santosh Kumar Sharma on Feb 22, 2017 and Rs. 4,00,000 to Shri Sai Vanktesh technologies (SSV Technologies) on Feb 22, 2017 and the date of transfer of amount was just after the IP.

29. Information was sought from the Noticee 2 vide SEBI Summons regarding connection/relation directly or indirectly with the list of entities. In reply to the query Noticee 2 inter-alia stated "I have gone through the list of 36 entities mentioned in point 6. I do not have any relationship direct or indirect with any of

the entities mentioned in the list except with Ms. Nisha Yadav at serial no. 7 whom I know professionally as I worked in same company for some time with her Capital Stroke Pvt. Ltd.”.

30. It was observed that Noticee 2 and Noticee 1’s connection is not just limited to their working at Capital stroke Pvt. Ltd. They are connected through Yadunath Singh (husband of Noticee 1). Further both Noticee 1 and Noticee 2 had received amount from Apex Global (Proprietor Yadunath Singh) during the period Jan-March 2017.

31. Noticee 2 had also off-market transfer with Kotaiah Alokam, father of Noticee 3 on Feb 14, 2017 and he was connected with Noticee 1 and with Yadunath Singh (via bank transfers).

- **Noticee 3**: The following bank accounts of Noticee 3 were analysed:

Table 10: Analysis of bank accounts of Noticee 3

Name	Bank	Account Number	Period
Prabhakara Rao Alokam	SBI	10123181084	Jan 01-March 31, 2017
	ICICI Bank	018301519425	Jan 01-March 31, 2017

32. It was observed from the ICICI Bank account number 018301519425 of Noticee 3 that he had received Rs.3,50,000 from Yadunath Singh (Husband of Noticee 1) on Feb 15, 2017 and Rs. 1,00,000 from Noticee 1. Further his father Mr. Kotaiah Alokam had off-market transfers with Noticee 2 on February 14, 2017.

33. When asked about his relationship with Noticee 1 on the basis of Bank transfers, Noticee 3 denied of having any relationship. On subsequent enquiry Noticee 3 submitted *“ Upon verification of my old records of 2017, I have observed that Ms. Nisha Yadav was my client in individual capacity as I am a Charted Accountant by profession, I have given professional consultancy to the said person around February 2017. I do not recall of having any kind of relationship with Mr. Jalaj Agrawal*”

34. Information was also sought from Noticee 3 regarding his personal /financial / business or otherwise, any kind of relation/connection/relationship with Yadunath Singh, whereby vide letter dated July 27, 2021, he inter-alia stated that *“Yadunath Singh--- I do not recall of having known person.”*

LTP Analysis:

35. It was observed during the IP, the price of the scrip opened at Rs.3.65 and touched period high of Rs.3.76 and closed at Rs.3.66. Further Noticee 1 was the top LTP contributor with contribution of Rs. 0.35 to net LTP and Rs. 0.72 to total market positive LTP.

Table 11: LTP Contribution of Noticees (as Buyer) during IP:

Sl. No.	Buyer Name	Net LTP			LTP > 0			LTP < 0			LTP = 0		
		LTP impact (all trades) in Rs.	QTY traded (all trades)	No of trades (all trades)	LTP impact in Rs.	QTY traded	No of trades	LTP impact in Rs.	QTY traded	No of trades	QTY traded)	No of trades	% of Pos. LTP to Total Mkt. Pos. LTP
1	Nisha Yadav	0.35	3705	16	0.72	203	5	-0.37	2140	7	1362	4	10.54%
2	Jalaj Agrawal	-0.01	22627	26	0.31	6264	5	-0.32	5541	8	10822	13	4.54%
	Total: Group	**0.34**	**26332**	**42**	**1.03**	**6467**	**10**	**-0.69**	**7681**	**15**	**12184**	**17**	**15.08%**
	Total Market	**0.09**	**1752028**	**1694**	**6.83**	**124313**	**128**	**-6.74**	**318318**	**207**	**1309397**	**1359**	**100.00%**

36. Noticee 1 contributed Rs. 0.72 to the market positive LTP (10.54% of the positive market LTP) through 5 trades and there were 2 unique counterparties for these trades.

Table 12: Details of counterparties and trades of Noticee 1’s buy trades:

Sl.no	Name	Counterparty details	No.of Trades (in Rs.)	Qty traded	Total Positive LTP
01	Nisha Yadav	Jalaj Agrwal	4	103	0.68
02	Nisha Yadav	Sanjay Sharma	1	100	0.04

Table 11: LTP Contribution of Noticees (as Seller) during IP:

Sl. No.	Seller Name	Net LTP			LTP > 0			LTP < 0			LTP = 0		
		LTP impact (all trades) in Rs.	QTY traded (all trades)	No of trades (all trades)	LTP impact in Rs.	QTY traded	No of trades	LTP impact in Rs.	QTY traded	No of trades	QTY traded)	No of trades	% of -ve. LTP to Total Mkt. -ve. LTP
1	Nisha Yadav	-1.12	467448	392	1.38	19993	25	-2.50	122028	67	325427	300	37.09%
2	Jalaj Agrawal	0.00	447939	382	1.24	18269	18	-1.24	72346	42	357324	322	18.40%
5	Prabhakara Rao Alokam	0.16	308748	343	0.46	18540	16	-0.30	19475	10	270733	317	4.45%
	Total:	**-0.96**	**1224135**	**1117**	**3.08**	**56802**	**59**	**-4.04**	**213849**	**119**	**953484**	**939**	**59.94%**
	Total Market	**0.09**	**1752028**	**1694**	**6.83**	**124313**	**128**	**-6.74**	**318318**	**207**	**1309397**	**1359**	**100.00%**

37. It was observed that the Noticees contributed Rs. -0.96 to net LTP and Rs. -4.04 to negative LTP in 119 negative LTP trades.

Analysis of New Low price (NLP)

38. It was observed, during IP, price of the scrip moved from open price of Rs.3.65 to a low price of Rs.3.4 and Rs.0.25 NLP was created. The NLP contribution by Noticee 2 is as follows:

Table 14: NLP contributed by Noticees

Clientname	Quantity	Number Of Trades	Contribution To Market Nlp	% Of Market Nlp	Contribution Among Group	Contribution To Nlp In Sell Order First Trades With Non Group Entities
Jalaj Agrawal	2420	4	-0.16	64.00%	-0.10	0
Total	**2420**	**4**	**-0.16**	**64.00%**	**-0.10**	**0.00**
Market total	**3805**	**5**	**-0.25**	**100.00%**	**-0.10**	**0.00**

39. It was found the Noticee 2 contributed Rs. -0.16 to market NLP. This was 64.00% of market NLP.

Noticees First Trades

40. Details of first trades as buyer by Noticee 1 during the investigation period are given below:

Table 15: First trades as buyers by the Noticee 1

Clientname	Total Number Of First Trades	Traded Quantity First Trades		Number Of First Trades At Positive LTP	Net LTP	Positive LTP	Number Of First Trades Among Group	Positive LTP Contribution In First Trades Among Group
Nisha Yadav	2	200		2	0.12	0.12	1	0.08
Total	**2**	**200**		**2**	**0.12**	**0.12**	**1**	**0.08**
Market total	**4**	**1450**		**3**	**0.13**	**0.17**	**1**	**0.08**

41. It was observed that Noticee 1 was buyer in 2 first trades and contributed Rs 0.12 to market positive LTP.

Table 16: First trades as buyer by the Noticee 1

Clientname	Total Number Of First Trades	Traded Quantity First Trades	Number Of First Trades At Negative Ltp	Net Ltp	Negative Ltp	Number Of First Trades Among Group	Negative Ltp Contribution In First Trades Among Group
Jalaj Agrawal	1	100	0	0.08	0.00	1	0.00
Total	**1**	**100**	**0**	**0.08**	**0.00**	**1**	**0.00**
Market total	**4**	**1450**	**1**	**0.13**	**-0.04**	**1**	**0.00**

42. From the analysis of the trading pattern of top net sellers it was observed that Noticees had major exposure in the scrip of Covidh.

Table 17

Sr. No.	Net Sellers	Shares received in off market	Shares transferred in off market	February 06, 2013 to February 15, 2017			February 16, 2017 to February 21, 2017			Total Buy	Total Sell
				Buy Qty	Sell Qty	Exposure	Buy Qty	Sell Qty	Exposure		
1	Nisha Yadav	464209	0	1534	0	64.62	3705	467448	100	469448	467448
2	Jalaj Agrawal	426900	0	0	135	100	22627	447939	100	449527	448074
3	Prabhakara Alokam	1526860	380000	0	0	0	0	308748	100	1526860	688748

43. From the above it was observed that during the IP all the Noticees had 100% exposure in the scrip of Covidh.

44. The findings based on order-log analysis /trade log analysis in the scrip of the company, analysis of bank statements of net sellers (>5% of market volume), and role of Noticees in circulation of SMS are given below:

- **Noticee 1**
  - It was observed Noticee 1 had only traded for 1534 shares during the period Feb 06, 2013- Feb 15, 2017.
  - Details of shares bought by Noticee 1 via off-market route and as per her reply she had received these shares on discount and consideration was paid in cash to source client.

Table 18

Sr. No.	Source Client Name	Target Client Name	Execution Date	No of Securities	Actual amount paid by Target client
1	SANDESH REDDY VEDERE	NISHA YADAV	20-02-2017	100000	1,60,000
2	SHIVA KUMAR REDDY K	NISHA YADAV	20-02-2017	100000	1,60,000
3	SIVAIAH ALOKAM	NISHA YADAV	17-02-2017	100000	1,50,000
4	RAJASEKHARA REDDY YARRAM	NISHA YADAV	17-02-2017	164209	2,62,734
Total				**4,64,209 (Avg.price/share- Rs. 1.57)**	**Rs.7,32,734**

  - The scrip had nil trading on 10/02/2017,13/02/2017,14/02/2017, and 1535 shares were traded on 15/02/2017 i.e. just one day before the IP. Out of 1535 shares traded 1534 shares were bought by Noticee 1and thus one day prior to IP it was alleged that the trading volume was created by Noticee 1 (i.e. 99.93 % of buy trade).

- Details of shares bought by Noticee 1 during IP via market route

Table 19

TRADE DATE	NAME	BUY QTY	Unique Counterparties	Connected Counterparties	Avg. BUY RATE	BUY VALUE
16.02.2017	Nisha Yadav	1695	3	Jalaj Agrawal (out of 1695, 1593 shares were sold by Jalaj Agrawal)	3.54	6001.5
17.02.2017	Nisha Yadav	10	1	Prabhakar Rao Alokam	3.65	36.5
21.02.2017	Nisha Yadav	2000	3	-	3.67	7340
Total		**3705**			**Rs.3.61**	**Rs. 13,378**

- It was observed from the above table that Noticee 1 received 4,64,209 shares for Rs.7,32,734 (avg price of share: Rs. 1.57)
- Details of shares sold by Noticee 1:

Table: 20

TRADE DATE	Name	SELL QTY	Avg. SELL RATE	SELL VALUE
20-02-2017	Nisha Yadav	2,67,448	3.62	9,69,498.45
21-02-2017	Nisha Yadav	2,00,000	3.67	7,35,914.05
Total		**4,67,448**	**3.65**	**Rs. 17,05,412.05**

- Timing of buy/sell order placed (for traded shares) by Noticee 1 during the IP.

Table: 21

Date	Type of order	9:15 -9:30 AM	9:31AM-10:30AM	10:31-12:00 PM	12:01PM-3:30 PM
16.02.2017	Buy	1682 shares	0	12 shares	1 shares
17.02.2017	Buy	10 shares	0	0	0
21.02.2017	Buy	2000 shares	0	0	0
20.02.2017	Sell	0	37,070 shares	1,28,879 Shares	1,01,499 shares
21.02.2017	Sell	0	1 share	76,500 shares	1,23,449 shares

- It was observed that from the above table, that majority of buy orders placed by Noticee 1 was in early hours of trading (9:15am-9:30 am) and majority of her sell order were post 12pm. This was allegedly done to create artificial buy volume in the scrip during initial trading hours.
- It was alleged that the volume was created by means of SMS circulation, and initially buy volume was also created by Noticee 1, she was able to sell shares at higher price as compared to price she bought the share via off-market route. (She sold on an avg. Rs. 3.65 per shares compared to buying price of Rs.1.57 shares in off-market, generating alleged profit of 132.48% per share).
- On the basis of trade log and order log analysis, it is alleged that Noticee 1 bought shares of Covidh just one day before investigation period i.e. on 15/02/2017 to create misleading trading volume by buying 1534 shares out of total 1535 shares bought, as there were no trading during preceding last 3 days.
- It was observed during the investigation period, Noticee 1 bought 3705 shares and she contributed significantly to market +ve LTP, she contributed 10.54% of market positive LTP. Even if the contribution of Noticee 1 in terms of price is only Rs. 0.72 to market positive LTP, this was allegedly an act of creating misleading appearance of trading in the scrip by indulging in such buy trades. Rs.0.68 to market positive LTP was created by trading with Noticee 2.
- During the investigation period, Noticee 1 had 2 first trades and also contributed Rs.0.12 to market positive LTP.
- Further, Noticee 1 had contributed Rs. (-)2.50 to negative market LTP during the IP, which was 37.09 % to negative market LTP. She allegedly created artificial buy volume and earned profit by selling the shares even if the price is impacted negatively as she had received shares on discount via off-market route.

➢ **Noticee 2:**

- It was observed Noticee 2 had only traded 135 shares during the period Feb 06, 2013- Feb 15, 2017.
- Details of shares bought by Noticee 2 via off-market route and as per his reply he had received these shares on discount and consideration was paid in cash to transferors/counterparties.

Table 22

Sr. No.	Source Client Name	Target Client Name	Execution Date	No of Securities	Actual amount paid by Target client
1	MRUDULA REDDY KOMATIREDDY	JALAJ AGRAWAL	15-02-2017	100000	1,50,000
2	SESHAMMA CHIRUMAMILLA	JALAJ AGRAWAL	15-02-2017	10000	25,000
3	SRINIVAS LANKIREDDY	JALAJ AGRAWAL	15-02-2017	128980	1,80,500
4	VENKATASUMATHI CHENNUPATI	JALAJ AGRAWAL	14-02-2017	164680	2,47,000
5	KOTAIAH ALOKAM	JALAJ AGRAWAL	14-02-2017	23240	46,500
Total				**4,26,900 (Avg.price/share- Rs. 1.52)**	**Rs.6,49,000**

- Details of shares bought by Noticee 2 during IP via market route

Table: 23

TRADE DATE	NAME	BUY QTY	Unique Counterparties	Connected Counterparties	Avg. BUY RATE	BUY VALUE
16.02.2017	Jalaj Agrawal	5000	1	-	3.55	17,750
20.02.2017	Jalaj Agrawal	17627	14	-	3.66	64,593.53
Total		**22,627**			**3.63**	**82,343.53**

- Details of shares sold by Noticee 2:

Table: 24

TRADE DATE	Name	SELL QTY	Avg. SELL RATE	SELL VALUE
16.02.2017	Jalaj Agrawal	2,36,918	3.67	8,70,146.6
17.02.2017	Jalaj Agrawal	1,20,000	3.65	4,38,766.65
20.02.2017	Jalaj Agrawal	58,521	3.51	2,05,654.34
21.02.2017	Jalaj Agrawal	32,500	3.7	1,20,250
Total		**4,47,939**	**3.64**	**Rs. 16,34,817.59**

- Timing of buy/sell order placed (for traded shares) by Noticee 2 during the IP.

Table: 25

Date	Type of order	9:15- 9:30 AM	9:31- 10:30AM	10:31-12:00 PM	12:01- 3:30 PM
16.02.2017	**Buy**	0		5000 shares	
16.02.2017*	Sell	4000 shares	3500 shares	69,315 shares	1,60,003 shares
17.02.2017	Sell	25,000 shares	26,000 shares	0	69,000 shares
20.02.2017	**Buy**	0	17227 shares	400 shares	0
20.02.2017	Sell	0	0	20,000 shares	38,521 Shares
21.02.2017	Sell	0	0	0	32,500 shares

*on 16.02.2017, sell orders for 100 shares were placed at 9:01:37.

- It was observed that from the above table, that majority of buy orders placed by Noticee 2 was in early hours of trading (9:31am-10:30 am) and majority of his sell order were post 12 pm. This was allegedly done to create artificial buy volume in the scrip during initial trading hours. Further this was done to provide impression that SMS circulated recommending buy is genuine and thereafter creating demand/increase in volume.
- It was observed since, the volume was allegedly created by means of SMS circulation, and initially buy volume was also created by Noticee 2 (on 16/02/2017 & 20/02/2017), he was allegedly able to sell shares at higher price as compared to price he bought the share via off-market route. (he sold on an avg. Rs. 3.64 per shares compared to buying price of Rs.1.52 shares in off-market, profit of 139.47% per share).

- On the basis of trade and order log analysis, it is alleged that Noticee 2 had bought 22,627 shares during the investigation period to create misleading buy volume.
- It was observed during the investigation period, Noticee 2 contributed 4.54% to market +ve LTP. Even if the contribution of Noticee 2 in terms of price was only Rs. 0.31 to market positive LTP, this was alleged to be an act of creating misleading appearance of trading in the scrip by indulging in such buy trades.
- It was observed during the IP, Noticee 2 had contributed Rs. (-)1.25 to negative market LTP during the IP, which was 18.40 % to negative market LTP. Negative contribution of entity suggest that he had only intention to sell the shares even if price is impacted negatively as he had received the shares at discount price via off-market route.
- It was observed during the IP, Noticee 2 had contributed 64 % market NLP during the IP and as a seller he had one first trade.

➢ **Noticee 3:**

- During the IP (Feb 16-Feb 21, 2017), Noticee 3 had sold 3,08,748 shares.
- Details of shares sold by Noticee 3:

Table: 26

TRADE DATE	Name	SELL QTY	Avg. SELL RATE	SELL VALUE
17.02.2017	Prabhakar Rao Alokam	2,68,748	3.68	9,88,754.15
20.02.2017	Prabhakar Rao Alokam	40,000	3.7	1,48,000
Total		**3,08,748**	**3.68**	**Rs. 11,36,754.15**

- Timing of buy/sell order placed (for traded shares) by Noticee 3 during the IP.

Table: 27

Date	Type of order	9:15:9:30 AM	9:31- 10:30AM	10:31-12:00 PM	12:01- 3:30 PM
17.02.2017	**Sell**	0	0	50,000 shares	2,18,748 shares
20.02.2017	Sell	0	0	0	40,000 shares

- It is observed that from the above table, that majority of sell orders placed by Noticee 3 were post 12 pm.The selling of majority of shares post 12 pm was common among Noticee 1, 2 & 3. Sell orders were not placed in the initial hours; as initial bulk sell order would have given weak signal in the scrip
- During the IP, it was observed Noticee 3 had contributed Rs. (-)0.30 to negative market LTP during the IP, which was 4.45 % to negative market LTP.

45. In view of the above it was alleged that Noticee 1, Noticee 2 and Noticee 3 were connected and collectively sold 69.89% of the total market volume during the IP. They were part of manipulative, fraudulent or unfair trade practices in the securities market i.e involved in disseminating of alleged misleading SMS, which influenced the investors to deal in the scrip of Covidh. This resulted into spurt in trading volume of the scrip and enabled net sellers Noticee 1, 2 & 3 to exit in the scrip which was not very liquid. Thus, Noticee 1, 2 & 3 allegedly indulged in an act leading to creation of artificial volume and created a false and misleading appearance of trading in the scrip of Covidh Technologies Ltd which was illiquid and allegedly violated Section 12 A(a),(b),(c) of SEBI Act 1992 r/w Regulation 3(a),(b),(c),(d) and Regulation 4(1), 4(2) (a) &(k) of SEBI PFUTP Regulations, 2003.

Non Compliance of Summons:

46. During investigation the Investigation Authority (hereinafter referred to as "**IA**") appointed by SEBI issued summons to Noticee 1&2 under Section 11C(3) and 11 C (5) of the SEBI Act seeking information /documents to be furnished to the questions put to Noticee 1&2 by IA. It was observed that Noticee 1 and Noticee

2 did not provide information/documents sought by IA and also did not appear in person and thereby did not co-operate in the investigation.

In view of the above it is alleged that Noticee 1 & 2 violated provisions of Section 11C(3) and 11 C (5) of the SEBI Act.

47. Show Cause Notice no. SEBI/EAD-3/BM/UR/28073/2021 dated October 08, 2021 (hereinafter referred to as '**SCN**') was issued to Noticee 1 in terms of Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as the '**Adjudication Rules'**) read with section 15-I of the SEBI Act at the last known address of the Noticee 1 through Speed Post Acknowledgement Due ("SPAD") and through Digitally signed e-mail which was returned "undelivered". Further in affixture was done however the service through affixture also could not be completed. Subsequently service of SCN and the date of hearing was done through newspaper publication as follows :

Date of Publication	**Newspapers**	**Date when confirmation to be sent by persons attending hearing**	**Date and time of hearing**
January 14, 2022	"The Times of India" and "Nai Dunia"	January 25, 2022	February 03, 2022 at 03:00 pm

However Noticee 1 had neither filed any reply nor had availed the opportunity of personal hearing on February 03, 2022 at 03:00 pm.

48. Noticee 2 was issued SCN dated October 08, 2021 bearing reference no. SEBI/EAD-3/BM/UR/28078/2021 vide SPAD and vide digitally signed e-mail.

The said SCN was delivered to the Noticee 2 vide SPAD on October 21, 2021 and vide e-mail on October 12, 2021.

49. Similarly Noticee 3 was issued SCN dated October 08, 2021 bearing reference no. SEBI/EAD-3/BM/UR/28079/2021 vide SPAD and vide digitally signed email. The said SCN was delivered to Noticee 3 vide SPAD on October 16, 2021. Noticee 3 vide e-mail dated October 30, 2021 requested for extension of 10 days to reply to the SCN. Vide e-mail dated October 30, 2021, Noticee 3 was informed that his request for the extension of time to reply to the SCN is being acceded to. Noticee 3 further vide e-mail dated November 09, 2021 informed that he would like to avail settlement mechanism provided under SEBI (Settlement Proceedings), 2018 and as mentioned in Point 17 of the SCN. In this regard, vide e-mail dated November 11, 2021 Noticee 3 was informed that he may apply to the settlement division of SEBI under the SEBI (Settlement Proceedings) Regulations, 2018 with the intimation to AO. Vide e-mail dated December 14, 2021, information regarding settlement application form was sought from Noticee 3. In this regard, vide email dated February 21, 2022, Noticee 3 requested for another one week time due to health reasons to send the said application. Vide e-mail dated March 15, 2022, information was again sought from the Noticee 3 on the status of his settlement application and time till March 17, 2022 was given to the Noticee 3 to reply. Vide e-mail dated April 05, 2022, Noticee 3 informed that his settlement application was rejected due to delay in submission.

50. Vide Hearing Notice dated December 24, 2021 bearing reference no. SEBI/EAD-3/BM/UR/39200/2021, Noticee 2 was granted an opportunity of hearing on February 03, 2022, however Noticee 2 did not appear for the aforesaid hearing. In the interest of Principles of Natural Justice, Noticee 2 was again given opportunity of hearing vide Hearing Notice dated April 25, 2022 on May 04, 2022, however Noticee 2 did not appear for the aforesaid hearing. Vide e-mail dated May 10, 2022 Noticee 2 informed that he had undergone surgery and requested for another opportunity of hearing. In view of the request of

Noticee 2 vide e-mail dated May 10, 2022, final opportunity of hearing was provided to the Noticee on May 18, 2022. The said hearing was completed on scheduled day and time. The Noticee made oral submissions before the undersigned. During the hearing, Noticee 2 submitted that on instructions of Yadunath Singh (Noticee 3) he had bought shares Off-market and sold shares in the market and received 2,00,000 in lieu of it. The hearing minutes duly acknowledged by Noticee 2 is on records. Noticee 2 was advised to submit reply to the SCN dated October 08, 2021 and he was advised to submit the following information-

a) How instructions were given by Yadunath Singh
b) Phone number of Noticee wherein instructions were given.
c) On which account number the payout was transferred by him.

51. Vide letter sent through e-mail dated June 03, 2022, Noticee 2 submitted his reply to the SCN and information sought during the hearing which is as follows:

- He submitted that he bought shares off-market and sold on the exchange on instruction of Yadunath Singh.
- Further Noticee 2 submitted that Yadunath Singh has given instruction through telephonic conversation.
- He submitted that he had received the call from no. 8815055555.
- He submitted that he received Rs. 6,00,000/- (Six Lakhs) in his account and as per instructions he had transferred the same to SS Technologies.

Subsequently vide email dated June 20, 2022, Noticee 2 informed that reply dated June 03, 2022 is final reply in regards to 11C also and Yadunath singh instructed to him for that.

52. Vide Hearing Notice dated April 07, 2022 bearing reference no. SEBI/EAD-3/BM/UR/15449/2022, Noticee 3 was granted an opportunity of hearing on April

21, 2022, however Noticee vide e-mail dated April 21, 2022 requested for the adjournment of hearing. Vide Hearing Notice dated April 25, 2022, bearing reference no. SEBI/EAD-3/BM/UR/17514/2022, Noticee 3 was granted final opportunity of hearing on May 04, 2022. Noticee vide e-mail dated April 28, 2022 appointed his Authorized Representative (hereinafter referred to as "**AR**") to attend the hearing on his behalf. With regard to the fund transfer to Noticee 1 it was submitted that Noticee 3 is a Chartered Accountant and he gave some consultation to Noticee 1 for which he received the amount of Rs. The hearing was completed on scheduled day and time. The hearing minutes in this regards are on record. During the hearing AR to Noticee 3 submitted that since the Noticee applied under settlement mechanism so reply was not given. Following information was sought from the Noticee 3 during the hearing-

- Copy of Project report for which consultation was given along with acknowledgement of Noticee 1.
- Terms of such consultation and fees charged from Noticee 1 for such consultation.
- Details and reasons of trades in off-market, including from/to whom the off-market trades were made along with proof of consideration received/given.
- Board's resolution for Noticee's investment as director of the company (Covidh Technologies Limited as unsecured loan in the company).

  Noticee was advised to submit the information by May 09, 2022

53. Noticee 3 vide e-mail dated May 09, 2022 submitted his reply to the SCN wherein he submitted:

- He wishes to avail settlement mechanism through Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018. He further requested to condone the delay in filing reply to show cause notice as he was having trouble with his health.
- In regards to allegation in the SCN regarding receiving amount of Rs. 1,00,000/- from Noticee 1 and Rs.3,50,000/- from the Yadunath Singh

(Spouse of Noticee 1) and forming the scheme along with other Noticee's and took the advantage of increased volume to sell the shares. Noticee 3 submitted that he as a qualified Chartered Accountant has exposure in financial advisory services. Due to his past experience, he had extended professional advisory services to Nisha Yadav in the individual capacity. Since it is in the individual capacity, he did not pay much attention in maintaining proper documentation for such advisory services. The relevant advisory fee has been received from Nisha Yadav and from her Spouse individual accounts. He had received his fee in two trances of Rs. 1,00,000 and Rs. 3,50,000 with clear narration of sender name in the bank statement. Since there was no sender name mentioned bank statement, he was of the opinion that amount is received from Nisha Yadav. Since it is mentioned in the said show cause notice that amount is received from Mr. Yadunath Singh, to bring to your further clarity that Mr. Yadunath Singh might have sent professional fee towards advisory services on behalf of Nisha Yadav (Noticee-1). Barring this he had no other relationship with Mr. Yadunath Singh. In this regards he enclosed certificate of membership for reference as Annexure 1. Further he enclosed his relevant bank statement as Annexure 2.

- In regards to allegation in the SCN regarding Receipt of Amount from Venkatarao Kommineni of Rs.1,80,000/- and Rs. 1,30,000/- (Page 12(iii)(a)), Noticee 3 submitted that he keeps availing hand loans from Mr. Kommineni Venkata Rao as they are having distance relationship between them.
- With regard to denying initially about his connection with Noticee 1i.e. Nisha Yadav, he submitted that as a professional he provides professional services in individual capacity and most of the persons to whom he provides services are not repeated in general, hence it might be difficult to remember. Since more than 4 years has elapsed since his engagement with Nisha Yadav, he might have not recalled her name in the first instance.

- In regards to allegation in the SCN regarding having the common mail id of his father Mr. Alokam Kotaih, off market transfers with Noticee 2 forming relationship scheme of unfair trade he submitted that he had provided his email ID to his father as he was not having email id at the time of opening demat account. Further he stated that his father's trading account is not handled by him even though his email id is registered.
- With regard to the allegation in the SCN that he transferred and received shares in the scrip via off-market during the period Feb 06,2013 to Feb 15,2017 he submitted that he had not done any off market transactions during the above said period. He enclosed demat account statement in this regard for the relevant period. Further he submitted that shares were sold through online mode and relevant disclosures were filed with stock exchange and company.
- With regard to the allegation in the SCN that, sell orders placed of Rs.11,36,754.15/- during investigating period effected the market, Noticee 3 submitted that the sale of shares was due to personal financial emergency and were sold through online mode only and required disclosures were made. The amount of Rs. 11,36,754.15/- was very meagre compared to loans given by him to the Company for working capital purposes. The outstanding amount of unsecured loans given by him to the company is Rs.3,62,89,712/- as on 31st March 2016. In this regard he enclosed details as annexures, regarding his unsecured loans along with minutes copy and Financials.
- Finally he submitted that he had sold his shares in the relevant period due to huge financial crisis and has not been involved in price manipulation as alleged in the SCN.

54. I note that sufficient opportunities have been given to Noticees 1 to represent her and the principles of natural justice have been complied with. However, despite service of the SCN and hearing notices through publication Noticee 1 did not avail the opportunity of personal appearance. The Hon'ble Securities

Appellate Tribunal (SAT) in the matter of **Classic Credit Ltd. v. SEBI** [2007] 76 SCL 51 (SAT -MUM), inter alia, held 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*". Similarly, the Hon'ble SAT also, in the case of **Sanjay Kumar Tayal & Ors. v. SEBI** (in appeal No. 68/2013) decided on February 11, 2014, held 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 levelled against them in the show cause notices*". Since no replies to the SCN was filed by Noticee 1, it can be reasonably presumed that the allegations have been admitted to by Noticee 1 in this case.

55. In view of the above, I am compelled to proceed ex-parte in the matter against Noticee 1. I am of the view that Noticee 1 has nothing to submit and in terms of Rule 4(7) of SEBI Adjudication Rules, the matter can thus be proceeded ex-parte on the basis of material available on record. Therefore, the present proceedings against Noticee 1 is undertaken ex-parte on the basis of available documents and information.

56. Further in regards to Noticee 2 & 3 I shall now proceed to decide the matter on the basis of SCN issued, replies made by the Noticee 2 & 3 and material available on record.

CONSIDERATION OF ISSUES AND FINDINGS

57. I have carefully perused the charges levelled against Noticee 1, 2 & 3 in the SCN, their reply and the materials documents available on record. The issues that arise for consideration in the instant matter are:

Issue no. 1: Whether Noticee 1, 2 & 3 were connected to each other?

Issue no 2 : Whether the Noticee 1, 2 & 3 were part of the dissemination of alleged misleading SMS and creation of artificial volume and manipulating the price of the scrip of Covidh and thus have violated the provisions of Regulations 3(a), (b), (c), (d), 4(2)(a) & (k) of PFUTP Regulations read with Section 12 A (a), (b), (c) of SEBI act,?

Issue no. 3 Whether Noticee 1 & 2 have violated the provisions of Section 11C(3) and 11C(5) of SEBI Act, 1992 by their non-compliance of summons issued by the Investigating Authority (IA), SEBI ?

Issue no. 4: Does the violations, if any, on the part of the Noticee 1,2 & 3 attract monetary penalty under Section 15HA, 15HB and 15A(a) of SEBI Act ?

Issue no. 5: If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in section 15J of SEBI Act?

58. Before proceeding further, I would like to refer to the relevant provisions of the SEBI act and PFUTP Regulations:

Securities and Exchange Board of India Act, 1992

11C. (3) *The Investigating Authority may require any intermediary or any person associated with securities market in any manner to furnish such information to, or produce such books, or registers, or other documents, or record before him or any person authorised by it in this behalf as it may consider necessary if the furnishing of such information or the production of such books, or registers, or other documents, or record is relevant or necessary for the purposes of its investigation.*

(5) *Any person, directed to make an investigation under sub-section (1), may examine on oath, any manager, managing director, officer and other employee of any intermediary or any person associated with securities market in any* *manner, in relation to the affairs of his business and may administer an oath accordingly and for that purpose may require any of those persons to appear before it personally.*

***12A**. No person shall directly or indirectly—*

***(a)** use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;*

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

***(c)** engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;*

Regulation 3. 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 proposedto be listed in a recognised stock exchange, any manipulative or deceptive device or contrivancein contravention of the provisions of the Act or the rules or the regulations made thereunder;*

***(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 recognised stock exchange;*

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

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

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

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

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

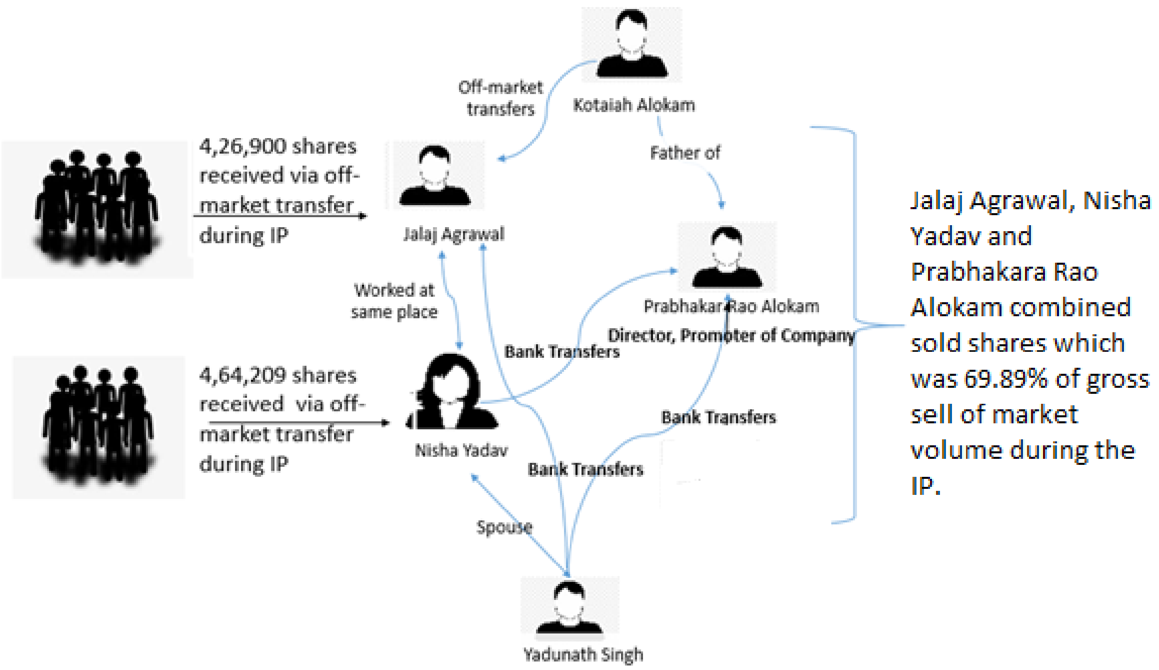
(k) *disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading and which is designed or likely to influence the decision of investors dealing in securities*

Issue no. 1: Whether Noticee 1, 2 & 3 were connected to each other?

59. I observe from the SCN that Noticee 1, 2 & 3 who traded significantly in the scrip of Covidh during the period February 16, 2017 to February 21, 2017 were connected with each other some way or the other. The details of the connection are tabulated as below:

Noticee no. .	**Name**	**Connections among Noticees**
1.	Nisha Yadav	• Financial transactions with Noticee 3 • Employed at the same place as Noticee 2
2.	Jalaj Agarwal	• Financial transactions with Mr. Yadunath Singh (husband of Noticee 1). • Received shares in off-market from father of Noticee 3. • Employed at the same place as Noticee 1
3.	Prabhakar Alokam	• Financial transactions with Noticee 1 and her husband Mr. Yadunath Singh • Off-market transfer by his father to Noticee 2.

60. The pictorial representation showing the connection among the Noticees are as follows:



61. From the material available on record and the submissions of the Noticees with respect to the alleged connection it is observed as follows:

a. Noticee 1 received Rs. 51,000 from Apex Global whose proprietor is Mr. Yadunath Singh. Mr. Yadunath singh is the husband of Noticee 1 and he had financial transactions with Noticee 2 & 3. Noticee 1 worked with Noticee 2 at the same place. Noticee 1 did not respond to the SCN or appear for hearing. With respect to the alleged connection she has not submitted any response. Thus it can be construed that she is admitting to the connection as brought out in the SCN. Hence it can be concluded that Noticee 1 is connected to Noticee 2 and 3.

b. Noticee 2 worked with Noticee 1 at Capital Ways Investment Pvt. Ltd. Further from the trading of the Noticees it is observed that Noticee 2 had fund transfers from Mr. Yadunath Singh (husband of Noticee 1). Noticee 2 had off market trade with father of Noticee 3, who was director and promoter in the company. In view of the same, it is concluded that Noticee 2 is connected with Noticee 3 and Noticee 1.

c. Noticee 3 is the Promoter and Director of the company Covidh. He received Rs. 1,00,000 from Noticee 1 and Rs. 3,50,000 from husband of Noticee 1. Further father of Noticee 3 had off market transfers with Noticee 2. Thus Noticee 3 was connected to Noticee 1 & 2. Apart from the above, all the Noticees had traded among themselves during the IP. Thus the trading pattern of Noticees also shows the connection.

62. In view of the above it is established that Noticee 1, Noticee 2 and Noticee 3 are connected with each other.

Issue No. II Whether the Noticee 1, 2 & 3 were involved in disseminating of misleading SMS and creation of artificial volume and manipulating the price of the scrip of Covidh and thus have violated the provisions of Regulations 3(a), (b), (c), (d), 4(2)(a) & (k) of PFUTP Regulations read with Section 12 A (a), (b), (c) of SEBI act?

63. Investigation observed that during the IP i.e February 16, 2017 to February 21, 2017, there was spurt in the volume in the scrip of Covidh as compared to the volume prior to the IP. The price volume data prior to IP during the IP and post IP is as given below:

Period	**Date**		**Opening Price and Volume on the first day of the period (Rs.)**	**Closing Price and Volume on the last day of the period (Rs.)**	**Low Price and Volume during the period (Rs.)**	**High Price and Volume during the period**	**Average No of shares traded daily during the period**
Before IP	Nov 17, 2016-Feb 15, 2017	**Price**	3 Nov 17, 2016	3.57 Feb 15, 2017	2.9 Nov 17, 2016	4.72 Jan 09,2017	3,276
		Vol.	1821	1535	5	18,550	

Period	Date		Opening Price and Volume on the first day of the period (Rs.)	Closing Price and Volume on the last day of the period (Rs.)	Low Price and Volume during the period (Rs.)	High Price and Volume during the period	Average No of shares traded daily during the period
			Nov 17, 2016	Feb 15, 2017	Dec 16, 2016	Jan 06,2017	
During IP	Feb 16, 2017- Feb 21, 2017	**Price**	3.65 Feb16, 2017	3.67 Feb 21, 2017	3.4 Feb 20, 2017	3.76 Feb 17, 2017	4,38,007
		Vol.	2,99,855 Feb 16, 2017	5,01,283 Feb 21, 2017	2,99,855 Feb 16, 2017	5,03,693 Feb 17,2017	
After IP	Feb 22, 2017- May 22, 2017	**Price**	3.7 Feb 22, 2017	1.91 May 22, 2017	1.91 (03,04,05,09,10, 11,12,16,17, 18,19,22) May,2017	3.7 Feb 22, 2017	12,484
		Vol.	21,633 Feb 22, 2017	631 May 22, 2017	30 May 10, 2017	111828 April 03, 2017	

64. Investigation observed that several SMSs were circulated during the period February 16, 2017 to February 21, 2017 i.e. during the IP. Investigation observed that Noticee 1, Noticee 2 and Noticee 3 had gross sell of 26.68%, 25.57% and 17.62% respectively of the total market gross sell volume and thus Noticees traded extensively during the IP. On analysis of the off-market trade data it was observed that Noticee 1 & 2 received shares through off-market route and after circulation of SMSs Noticee 1, 2 & 3 sold in the market and were the net sellers. The modus operandi observed in the instant matter was buying shares via off-market route, then circulating SMS recommending buy for creation of volume and thereafter providing exit to certain entities.

Off market Transfer → SMS Circulation → Exit Opportunities for Certain entities.

65. The pictorial representation of modus –operandi w.r.t to SMS circulation in the instant matter is given below:

Off market transfers:

66. Off market transfers by the Noticees was analysed for the period November 1, 2016 –May 31, 2017. The analysis of the off-market transfer are summarized below:

Sr. No.	Source Client Name	Target Client Name	Execution Date	No of Securities
1	SANDESH REDDY VEDERE	NISHA YADAV	20-02-2017	100000
2	SHIVA KUMAR REDDY K	NISHA YADAV	20-02-2017	100000
3	SIVAIAH ALOKAM	NISHA YADAV	17-02-2017	100000
4	RAJASEKHARA REDDY YARRAM	NISHA YADAV	17-02-2017	164209
5	MRUDULA REDDY KOMATIREDDY	JALAJ AGRAWAL	15-02-2017	100000
6	SESHAMMA CHIRUMAMILLA	JALAJ AGRAWAL	15-02-2017	10000
7	SRINIVAS LANKIREDDY	JALAJ AGRAWAL	15-02-2017	128980
8	VENKATASUMATHI CHENNUPATI	JALAJ AGRAWAL	14-02-2017	164680
9	KOTAIAH ALOKAM	JALAJ AGRAWAL	14-02-2017	23240

67. It was observed after analysing the Off-market transfers for the period November 01, 2016 – May 31, 2017 that Noticee 1 had received 4,64,205 shares and Noticee 2 had received 4,26,900 shares through off-market route. It was observed during the period November 16, 2016 to February 15, 2017 the average shares traded was just 3276. The shares which had such low liquidity was purchased by Noticee 1 and Noticee 2 through off market route.

68. It was also observed that, Noticee 1 & 2 had paid the transferor/counterparties consideration in cash on the same day of the transfer of shares, however there was a mismatch between consideration paid /received amount and consideration amount mentioned in the Delivery Instruction slip. On enquiry

from source client they reconfirmed the amount paid by Noticee 1 & Noticee 2 and also informed that they sold the shares to Noticee 1 & 2 as there were no buyers at that point of time. Further I note that the scrip of Covidh was Illiquid scrip. The details of the consideration paid by Noticee 1 & 2 are given below:

Table 4: Details of off-market transfers and consideration received from transferor's and Noticee 1 & 2

Sr. No.	Transferor's Name	Noticee's Name	Transfer Date	No of Securities	Consideration amount as per DIS slip	Actual amount paid by Transferee's (as per entities reply) *
1	SANDESH REDDY VEDERE	NISHA YADAV	20-02-2017	100000	3,54,000	1,60,000
2	SHIVA KUMAR REDDY K	NISHA YADAV	20-02-2017	100000	3,54,000	1,60,000
3	SIVAIAH ALOKAM	NISHA YADAV	17-02-2017	100000	3,59,000	1,50,000
4	RAJASEKHARA REDDY YARRAM	NISHA YADAV	17-02-2017	164209	5,89,510	2,62,734
5	MRUDULA REDDY KOMATIREDDY	JALAJ AGRAWAL	15-02-2017	100000	3,40,000	1,50,000
6	SESHAMMA CHIRUMAMILLA	JALAJ AGRAWAL	15-02-2017	10000	34,000	25,000
7	SRINIVAS LANKIREDDY	JALAJ AGRAWAL	15-02-2017	128980	4,38,532	1,80,500
8	VENKATASUMATHI CHENNUPATI	JALAJ AGRAWAL	14-02-2017	164680	5,59,912	2,47,000
9	KOTAIAH ALOKAM	JALAJ AGRAWAL	14-02-2017	23240	79,016	46,500

69. It was thus observed that Noticee 1 & 2 received the shares in the off-market at a discount and also purchased the shares when there were no buyers.

<u>Circulation of Bulk SMS:</u>

70. It was observed during investigation that several SMSs were circulated during the IP i.e. February 16, 2017 to February 21, 2017, giving buy recommendation in the scrip.

71. The data for the SMS sender (end user) was sought from the Telephone operators for the following headers:

Sl. No.	Sender ID	Service Provider	Location
1	AM-MMCALL	Airtel	Mumbai

72. Airtel, vide its email dated July 12, 2018 informed following SMS aggregators:

Sr No	Company name	Designation	Name	Contact no.	Email ID
1	Nascent Communication Pvt Ltd	Director	Amit Kothari	9910091143	amit.kothari@nascentonline.com
2	Shine NetCore	Proprietor	Gopal Jha	8512096571	ggg.gha@gmail.com
3	Web Tech Solutions	CEO	Pratik Patel	9898014452	info@webarrival.com
4	Dhruva Systems Pvt Ltd	Primary SPOC-Head business operations	Santosh Kumar P	9618856785	dhruvasystemspvtltd@gmail.com
5	Web Arrival i Technology	Owner	Utsav	9429982882	support@webarrival.in
6	Datagen Internet Services Private Limited	GM	Pramod Chandraker	9958891277	pramod@datagenit.com
7	Spectrum Technologies	Head Technical Support	Devendra Kale	9892583227	ndnc@messageme.co.in
8	Instacamp Marketing Private Limited	Asst Manager	Vineet Kumar	9711058418	arvind.singh@vfirst.com:NDNC@vfirst.com, vineet.kumar@vfirst.com, ashish.bhola@vfirst.com
9	My Inbox Media Pvt Ltd	Manager Accounts	Manoj Kumar Mahalik	8800494396	accounts@myinboxmedia.com
10	RT Infotech	Senior Executive	Nitin Bansal	9897123939	rohitgupta.sms@gmail.com
11	Solutions Infini Technologies Pvt Ltd	Director	Ashish Agarwal	9900000147	ashish@solutionsinfini.com
12	Biocipher Technologies Private Limited	Director	Pawan Kumar Kaushal	9810203130	pawan.kaushal@rhythmus.in
13	Bluewaves Media	Proprietor	Ashish Kalanoria	9830048870	ashish@bluewavesmedia.in
14	Alot Digital Solutions India Pvt Ltd	Tech Head	Shoaib Pantave	9594786967	shoaib@alotsolutions.com
15	All Digital Marketing	Proprietor	Ashish Agarwal	9837206037	ashesh.agarwal33@gmail.com
16	Smart Technology	Partner	Mr. Saurabh Tyagi	9712222776	info@smppsmshub.in
17	ACL Mobile Limited	Assistant Manager	Ayushi Arora	8527526448	ayushi@acl-mobile.com

73. Information was sought from each aggregator, however out of 17 aggregators, Datagen Internet Private Limited acknowledged that the SMS were sent in the scrip via their resellers RP Infotech.

74. Datagen Internet Service Private Limited vide email dated June 07 & 08, 2021 submitted that messages were sent by one of their resellers named RP Infotech.

75. Details of SMS sent were:

Script 1 : UPPER CIRCUIT CALL :- BUY 5000 SHARE OF \COVIDH\"(BSE :534920) @ 3.70 Target 10 (BOARD MEETING AND RESULT OF LISTED IN NSE OPEN PRICE 10) https://goo.gl/MVcDsU

Script 2 : UPPER CIRCUIT CALL:- BUY 50000 SHARE OF "COVIDH"(BSE:534920) @3:70 TARGET 10 WWW.MONEYMAKER.COM

76. Further, information from reseller R P Infotech was sought. R P Infotech vide email dated June 10, 2021 submitted that the messages were sent by their resellers SSV Technologies.

77. In reply to query of SEBI regarding Copy of Agreement between RP Infotech & SSV Technologies, they had stated that there was no written agreement between them. They had acted purely as SMS credit resellers on the basis of oral understanding and on barter/exchange of services during the concerned period.

78. SSV Technologies vide letter dated July 09, 2021 inter-alia stated that they are re-sellers of bulk SMS wherein they purchase SMS in commercial quantity from operators/large vendors and then sell same on retail basis to others.

79. On further query SSV Technologies (Ajay Suryawanshi) vide email dated July 22, 2021 inter-alia submitted following:

a. They were reseller panel under RP Infotech and they resale SMS services to their various client.
b. They had sold SMS services to their client Noticee 2 via their sales teams in month of Feb 2017.
c. They had financial transactions with Noticee 2 in the month of Feb 2017 as he had taken some other services along with SMS services.
d. They didn't send any sms from their end in the scrip of Covidh Technologies Limited. They had given one SMS panel to Noticee 2 under their reseller panel. The SMS had been send from Noticee 2 and not from their end.
e. The contact information of Noticee 2 provided by SSV Technologies was : "Email id : agarwaljalaj666@gmail.com " and "Phone no: 91650-63050"

80. Information was sought from RP Infotech (Santosh Kumar Sharma) vide email dated July 28, 2021. Santosh Kumar Sharma vide letter dated July 29,2021 inter-alia submitted that they come to know that Mr. Yadunath Singh is a client of SSV Technologies and Noticee 1 is a wife of Mr. Yadunath Singh. They had not raised any invoices/bills in the name of Noticee 1. Further they had stated that as per their internal investigation and through other viable external sources, they had received information that Yadunath Singh might be associated with the origination of the concerned TEXT content. For the purpose of investigation, they had provided the contact details of Mr. Yadunath Singh i.e. "Contact Number: 8815055555, 9516051745" and "Email id : yadunike@gmail.com".

81. Based on analysis of the bank statement of Axis Bank Account number :916020015214843 which was in the name of Santosh Kumar Sharma (SMS Reseller Level 1), it was observed that during the month of Jan -March 2017, there were financial transaction with certain entities, Noticee 1, Ajay Suryawanshi, SSV Technologies etc. and from the bank statement of Yadunath

Singh (Bank Account no. 914010036883690) it is observed that he had transferred Rs.1 lakh on April 05, 2017 to Santosh Kumar Sharma.

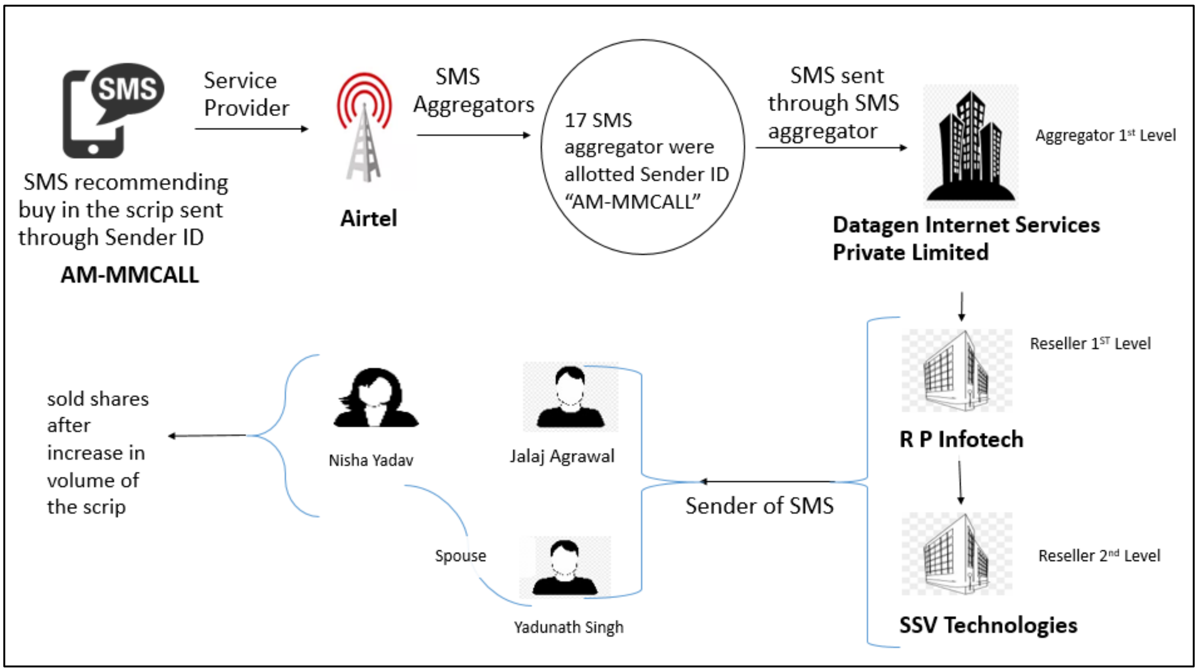
82. As seen in above paragraphs, Datagen Internet Service Private Limited was the SMS aggregator of the sender id: AM-MMCALL. RP Infotech (Proprietor Santosh Kumar Sharma) was 1st level reseller and SSV Technologies (Proprietor Ajay Suryawanshi) was 2nd level reseller and the end users of the sender id were Noticee 1 and Noticee 2.

83. Summary w.r.t circulation of SMS is tabulated below:

SMS Header	AM-MMCALL
Telephone/Mobile Operator	Airtel
Aggregator (First Level)	Datagen Internet Services Private Limited
Reseller 1st Level	R P Infotech (Santosh Kumar Sharma)
Reseller 2nd Level	SSV Technologies /Shri Sai Venkatesh Technologies (Ajay Suryawanshi)
End User Details	Jalaj Agrawal Nisha Yadav / Yadunath Singh

84. It was observed that several SMSs were circulated through sender id: AM-MMCALL during the IP, giving buy recommendation in the scrip.

85. The pictorial representation of modus –operandi w.r.t to SMS circulation in the instant matter is given below:



Analysis of Bank Account / Connection among Noticee 1, 2 & 3:

86. Bank accounts of Noticees as sellers along with their counterparties during the investigation period were analyzed. It was observed that Noticee 1, Noticee 2 & Noticee 3 had contributed more than 5 % of gross sell during the IP and their trades constituted 69.87 % of total market sell in the scrip during the IP.

Table 6: Noticee's and counterparty's concentration on BSE during the examination period

Buy Client Name	Total	%Age Of Trd Vol	Sell Client Name	Total	%Age Of Trd Vol
Sunil Kumar Choudhary	150000	8.56%	Nisha Yadav	467448	26.68%
Bhabani Sankar Swamy	50000	2.85%	Jalaj Agrawal	447939	25.57%
Anurag Chandra	32268	1.84%	Prabhakara Rao Alokam	308748	17.62%

87. **<u>Noticee 1</u>**

a. The following bank accounts of Noticee 1 were analyzed:

Name	Bank	Account Number	Period
Nisha Yadav/ Singh*	HDFC Bank	50100014737166	Jan 01-March 31, 2017
	Axis Bank	916020077284310	Jan 01-March 31, 2017
	Axis Bank	918010005414872	Account was opened on Jan 20, 2018

***Counterparty details received from bank indicates name as Nisha Singh .and Nisha Yadav, Nisha Singh both are same entity, as they have common PAN (AESPY4433P)

b. It was observed from the bank statement (Bank account number 916020077284310) of Noticee 1 that after receiving the proceeds (amount) from broker on Feb 28, 2017 i.e. after offloading her shares in the exchange, she had transferred the amount to Santosh Kumar Sharma (Proprietor of RP Infotech, SMS Aggregator Rs. 50,000 on March 18, 2017 & Rs. 50,000 March 21, 2017).

c. Further bank account of Santosh Kumar Sharma was analyzed. It was observed from his bank statement (Axis Bank account number: 916020015214843) that during the period Jan-March 2017 he had credit from SSV Technologies Limited (HDFC Bank Ac no. 14052000003867), Ajay Suryawanshi (IMPS mobile no. : 919926063936), Noticee 1 (Axis Bank Ac. 916020077284310) and Noticee 2 (ICICI bank ac: 1000176101209) during the period Jan-March 2017.

d. It was observed that Noticee 1 had transferred Rs. 50,000 on March 23, 2017 & Rs. 7,00,000 on March 31, 2017 to Yadunath Singh. (Yadunath Singh is husband of Noticee 1)

e. It was also observed that she had transferred Rs.1,00,000 on March 24, 2017 to Noticee 3 (Director& Promoter of Covidh Technologies Limited).

f. It was further observed from the bank statement (HDFC Bank Account number 50100014737166) of Noticee 1 that she had received Rs. 18,000 on

Jan 08, 2017, Rs. 18,000 on March 01, 2017 & Rs. 15,000 on March 07, 2017 from Apex Global (it was observed that Yadunath Singh, is the proprietor of Apex Global).

88. **Noticee 2**

a. The following bank accounts of Noticee 2 were analyzed:

Name	Bank	Account Number	Period
Jalaj Agrawal	HDFC Bank	50100101842353	Jan 01-March 31, 2017
	Axis Bank	917020030218746	April 04, 2017 –Dec 12, 2017
	ICICI Bank	657001564495	Jan 01-March 31, 2017

b. It was observed from Axis Bank account number 917020030218746 of Noticee 2 that he had credit from Yadunath Singh (Husband of Noticee 1) during the period April 04, 2017- Dec 12, 2017.

c. It was observed from ICICI Bank account number of 657001564495 of Noticee 2 that he had received amount from Apex Global (Yadunath Singh). Noticee 2 had also transferred 2,00,000 to Santosh Kumar Sharma on Feb 22, 2017 and Rs. 4,00,000 to Shri Sai Vanktesh technologies (SSV Technologies) on Feb 22, 2017.

d. Santosh Kumar Sharma (SMS Reseller 1) and SSV technologies (SMS Reseller 2) are bulk SMS resellers, further date of amount transfer was just after the IP. (duration of SMS circulation being Feb 16-21, 2017).

e. Further, account of Apex Global was analyzed. It was observed from the Apex Global HDFC Account no.: 502000005745826 (analysis period: Jan 2017- March 2017) that on Jan 20, 2017 Apex Global had transferred funds to Noticee 2.

f. Noticee 2 during the hearing submitted that he had received Rs. 6,00,000 in his account and as per instruction of Mr. Yadunath Singh he had transferred the same to SS Technologies. Noticee 2 inter-alia stated that he made cash payment to the sellers through his own savings and bank withdrawls. Thus Noticee 2 gave contrary statements.

Noticee 3

a. The following bank accounts of Noticee 3 were analyzed:

Name	Bank	Account Number	Period
Prabhakara Rao Alokam	SBI	10123181084	Jan01-March 31, 2017
	ICICI Bank	018301519425	Jan 01-March 31, 2017

b. It was observed from the ICICI Bank account number 018301519425 of Noticee 3 that he had received Rs.3,50,000 from Yadunath Singh (Husband of Noticee 1) on Feb 15, 2017.

c. Further Noticee 3 had also received Rs. 1,00,000 from Noticee 1 on March 24, 2017.

89. Thus it can be established from the analysis of bank statement that Noticee 1, 2 and 3 connected to each other and bank transactions also indicates that the amount was paid to SMS resellers by the connected entities i.e. Noticee 1 & Noticee 2

Order Analysis:

90. During the IP, average buy order were 523348 shares i.e. increase of 47281.32% from the average buy order placed (1105 shares) during last 11 preceding trading days of IP and average traded shares during this period was 438007 i.e. increase of 77849.80 % from the average traded shares during (562 shares) last 11 preceding trading days of IP. It is therefore observed that there was sudden increase in the volume of shares traded in the scrip during the

investigation period which is also the period of SMS circulation. The summary of buy order and sell order placed during this period is placed below:

Table 6: Summary of buy order and sell order placed during Feb 2017

Date	Buy Order (No. of shares)	Sell Order (No. of shares)	Total no. of shares traded
01/02/2017	520	500	500
02/02/2017	2800	8156	2800
03/02/2017	400	2850	0
06/02/2017	0	1350	0
07/02/2017	850	100	100
08/02/2017	96	1445	46
09/02/2017	1200	1700	1200
10/02/2017	0	195	0
13/02/2017	100	0	0
14/02/2017	0	1027	0
15/02/2017	6184	1535	1535
16/02/2017	**321237**	**239579**	**299855**
17/02/2017	**588190**	**513829**	**503693**
20/02/2017	**520012**	**658301**	**447197**
21/02/2017	**663954**	**607874**	**501283**
22/02/2017	21633	132097	21633
23/02/2017	17059	199006	17059
27/02/2017	6262	240151	6262
28/02/2017	3421	267734	3421

a) It is observed from the above table, that just before the investigation period (i.e. before Feb 16, 2017), not a single share was traded on 5 days out of 11 preceding days of IP.

b) Average traded buy order placed during the period Feb 01, 2017- Feb 15, 2017 was 1104 share and average traded shares were 561.

c) During the investigation period i.e. Feb 16- Feb 21, 2017, average buy order were 523348 shares i.e. increase of 47281.32% from the average buy order placed (1105 shares) during last 11 preceding trading days of IP and average traded shares during this period was 438007 i.e. increase of 77849.80 % from the average traded shares during (562 shares) last 11 preceding trading days of IP. Thus it can be seen that there was sudden increase in the volume of shares traded in the scrip during the investigation period which is also the period of SMS circulation.

d) It is observed that there is sharp fall in number of buy order placed and number of shares trades post investigation period. For illustration, fall of 96.74 % was observed in number of buy order placed shares on next trading day post IP when compared with last trading day of IP and fall of 95.68 % in number of traded shares next trading day post IP when compared with last trading day of IP.

e) Further, there was no corporate announcements which could had been the reason for the sudden rise in number of shares placed & traded during the IP. Thus the volume generated during the IP was not genuine.

f) On Feb 15, 2017, it is observed that 6184 shares buy orders were placed and 1535 shares sell orders were placed and 1535 number of shares were traded. 5 unique entities placed 6184 buy order. Out of 6184 order placed, 3934 shares buy order was placed by Noticee 1 (63.61 % of total placed buy order).

g) Only 2 unique entities placed sell order of 1535 shares. Out of these shares, 135 sell orders were placed by Noticee 2. Thus Noticee 1 & Noticee 2 were instrumental to infuse trading activity just before the IP,

h) It is also observed that entities Noticee 1 & Noticee 2 had not traded a single share during Feb 01 2017 - Feb 14, 2017 (Before circulation of SMS).

i) From the order analysis, it is observed that the spurt in order/trade volume was due to SMS circulation during the IP as SMS was circulated on February 16, 2017 to February 21, 2017.

LTP Analysis:

91. During the period, the price of the scrip opened at Rs.3.65 and touched period high of Rs.3.76 and closed at Rs.3.66. The contribution to the variance in LTP by the Noticees as buyers and sellers are given below:

92. LTP contribution of the Noticees as Buyers during the IP

Table : LTP Contribution of Noticee 1, 2 and 3 (as Buyer) during IP

Sl. No.	Buyer Name	Net LTP			LTP > 0			LTP < 0			LTP = 0		
		LTP impact (all trades) in Rs.	QTY traded (all trades)	No of trades (all trades)	LTP impact in Rs.	QTY traded	No of trades	LTP impact in Rs.	QTY traded	No of trades	QTY traded)	No of trades	% of Pos. LTP to Total Mkt. Pos. LTP
1	Nisha Yadav	0.35	3705	16	0.72	203	5	-0.37	2140	7	1362	4	10.54%
2	Jalaj Agrawal	-0.01	22627	26	0.31	6264	5	-0.32	5541	8	10822	13	4.54%
	Total: Group	**0.34**	**26332**	**42**	**1.03**	**6467**	**10**	**-0.69**	**7681**	**15**	**12184**	**17**	**15.08%**
	Total Market	**0.09**	**1752028**	**1694**	**6.83**	**124313**	**128**	**-6.74**	**318318**	**207**	**1309397**	**1359**	**100.00%**

93. It was observed that Noticee 1 was the highest contributor to the total market positive LTP and contributed Rs. 0.72 to the market positive LTP (10.54% of the positive market LTP) through 5 trades and there were 2 unique counterparties for these trades.

Sl.no	Name	Counterparty details	No.of Trades (in Rs.)	Qty traded	Total Positive LTP
01	Nisha Yadav	Jalaj Agrwal	4	103	0.68
02	Nisha Yadav	Sanjay Sharma	1	100	0.04

94. It was observed from above table that out of 2 unique counterparties, one of the counterparty to Noticee 1's trade is Noticee 2 who are connected to each other as established before.

95. LTP Contribution of Noticees as sellers during IP:

Table : LTP Contribution of Noticee 1, 2 and 3 (as sellers) during IP

Sl. No.	Seller Name	Net LTP			LTP > 0			LTP < 0			LTP = 0		
		LTP impact (all trades) in Rs.	QTY traded (all trades)	No of trades (all trades)	LTP impact in Rs.	QTY traded	No of trades	LTP impact in Rs.	QTY traded	No of trades	QTY traded)	No of trades	% of -ve. LTP to Total Mkt. -ve. LTP
1	Nisha Yadav	-1.12	467448	392	1.38	19993	25	-2.50	122028	67	325427	300	37.09%
2	Jalaj Agrawal	0.00	447939	382	1.24	18269	18	-1.24	72346	42	357324	322	18.40%
5	Prabhakara Rao Alokam	0.16	308748	343	0.46	18540	16	-0.30	19475	10	270733	317	4.45%
	Total:	**-0.96**	**1224135**	**1117**	**3.08**	**56802**	**59**	**-4.04**	**213849**	**119**	**953484**	**939**	**59.94%**
	Total Market	**0.09**	**1752028**	**1694**	**6.83**	**124313**	**128**	**-6.74**	**318318**	**207**	**1309397**	**1359**	**100.00 %**

96. It was observed Noticees contributed Rs. -0.96 to net LTP and Rs. -4.04 to negative LTP in 119 negative LTP trades. Counterparties to their negative LTP trades were analyzed, it was observed that in their 3 negative LTP trades, the counterparties were connected entities and through trades among themselves they contributed 1.78% to market negative LTP. In remaining 116 negative LTP trades with non-group entities, they contributed Rs. -3.92 to negative LTP of which in 2 trades they placed sell order first and contributed Rs. -0.02 to negative LTP.

Analysis of New Low Price (NLP)

97. It was observed, during the IP, price of the scrip moved from open price of Rs.3.65 to a low price of Rs.3.4 and Rs.0.25 NLP was created. Details of NLP contribution by the Noticee 2 is given below:

NLP contributed by Noticee 2

Clientname	Quantity	Number Of Trades	Contribution To Market Nlp	% Of Market Nlp	Contribution Among Grou p	Contribution To Nlp In Sell Order First Trades With Non Connected entities
Jalaj Agrawal	2420	4	-0.16	64.00%	-0.10	0
Total	**2420**	**4**	**-0.16**	**64.00%**	**-0.10**	**0.00**
Market total	**3805**	**5**	**-0.25**	**100.00%**	**-0.10**	**0.00**

98. It was found that the Noticee 2 contributed Rs. -0.16 to market NLP. This was 64.00% of market NLP.

First Trades of Noticees

99. Details of first trades as buyer by the Noticees during the IP are given below:

Clientname	Total Number Of First Trades	Traded Quantity First Trades	Number Of First Trades At Positive LTP	Net LTP	Positive LTP	Number Of First Trades Among Group	Positive LTP Contribution In First Trades Among connected entities
Nisha Yadav	2	200	2	0.12	0.12	1	0.08
Total	**2**	**200**	**2**	**0.12**	**0.12**	**1**	**0.08**
Market total	**4**	**1450**	**3**	**0.13**	**0.17**	**1**	**0.08**

100. It was observed that Noticee 1 was buyer in 2 first trades and contributed Rs.0.12 to market positive LTP. In 1 first trades the counterparty was a connected entity. In first trades among themselves connected entities contributed Rs.0.08 to positive LTP. Further Noticee 1 contributed Rs. 0.12 to net LTP through her first trades.

101. Details of first trades as sellers by the Noticees during the IP are given below:

Clientname	Total Number Of First Trades	Traded Quantity First Trades	Number Of First Trades At Negative Ltp	Net Ltp	Negative Ltp	Number Of First Trades Among Group	Negative Ltp Contribution In First Trades Among connected entities
Jalaj Agrawal	1	100	0	0.08	0.00	1	0.00
Total	**1**	**100**	**0**	**0.08**	**0.00**	**1**	**0.00**
Market total	**4**	**1450**	**1**	**0.13**	**-0.04**	**1**	**0.00**

102. The contribution by Noticee 2 to the Net LTP by her first trades was Rs. 0.08.

103. From the analysis of the trading pattern of the Noticees it is observed that they had 100% exposure in this scrip only and they have predominantly sold shares in February 2017.

Sr. No.	Net Sellers	Shares received in off market	Shares transferred in off market	February 06, 2013 to February 15, 2017			February 16, 2017 to February 21, 2017			Total Buy	Total Sell
				Buy Qty	Sell Qty	Exposure	Buy Qty	Sell Qty	Exposure		
1	Nisha Yadav	464209	0	1534	0	64.62	3705	467448	100	469448	467448
2	Jalaj Agrawal	426900	0	0	135	100	22627	447939	100	449527	448074
3	Prabhakara Alokam	1526860	380000	0	0	0	0	308748	100	1526860	688748

104. On analysing the trading pattern of the aforesaid top sellers across market, it was observed that Noticee 3 had not traded in the scrip during pre-analysis period. From the above table it was observed that Noticee 1 had sold 467448 shares, Noticee 2 had sold 447939 and Director/Promoter of the company Noticee 3 had sold 308748 shares during the IP.

105. The findings based on order-log analysis /trade log analysis in the scrip of the company, analysis of bank statements of net sellers/ Noticees and role of Noticees in circulation of SMS is given below:

Noticee 1

a. Noticee 1 had only traded for only 1534 shares during the period Feb 06,2013- Feb 15, 2017.

b. The scrip had nil trading on 10/02/2017,13/02/2017,14/02/2017, and 1535 shares were traded on 15/02/2017. Before the SMS circulation period (i.e on February 15, 2017), the trading volume was created by Noticee 1 (i.e. 99.93 % of buy trade).

c. Details of shares bought by Noticee 1 during IP via market route.

TRADE DATE	NAME	BUY QTY	Unique Counterparties	Connected Counterparties	Avg. BUY RATE	BUY VALUE
16.02.2017	Nisha Yadav	1695	3	Jalaj Agrawal (out of 1695, 1593 shares were sold by Jalaj Agrawal)	3.54	6001.5
17.02.2017	Nisha Yadav	10	1	Prabhakar Rao Alokam	3.65	36.5
21.02.2017	Nisha Yadav	2000	3	-	3.67	7340
Total		**3705**			**Rs.3.61**	**Rs. 13,378**

d. Details of shares bought by Noticee 1 on 17/02/2017 and 20/02/2017 via off-market route and as per her reply she had received these shares on discount and consideration was paid in cash to source client.

Sr. No.	Source Client Name	Target Client Name	Execution Date	No of Securities	Actual amount paid by Target client
1	SANDESH REDDY VEDERE	NISHA YADAV	20-02-2017	100000	1,60,000
2	SHIVA KUMAR REDDY K	NISHA YADAV	20-02-2017	100000	1,60,000
3	SIVAIAH ALOKAM	NISHA YADAV	17-02-2017	100000	1,50,000
4	RAJASEKHARA REDDY YARRAM	NISHA YADAV	17-02-2017	164209	2,62,734
Total				**4,64,209 (Avg.price/share- Rs. 1.57)**	**Rs.7,32,734**

e. It was observed from the above table that she had received 4,64,209 shares for Rs.7,32,734 (avg price of share: Rs. 1.57) on 17/02/2017 and 20/02/2017.

f. Details of shares sold by Noticee 1:

TRADE DATE	Name	SELL QTY	Avg. SELL RATE	SELL VALUE
20-02-2017	Nisha Yadav	2,67,448	3.62	9,69,498.45
21-02-2017	Nisha Yadav	2,00,000	3.67	7,35,914.05
Total		**4,67,448**	**3.65**	**Rs. 17,05,412.05**

g. Timing of buy/sell order placed (for traded shares) by Noticee 1 during the IP.

Date	Type of order	9:15:9:30 AM	9:31AM-10:30AM	10:31-12:00 PM	12:01PM-3:30 PM
16.02.2017	Buy	1682 shares	0	12 shares	1 shares
17.02.2017	Buy	10 shares	0	0	0
21.02.2017	Buy	2000 shares	0	0	0
20.02.2017	Sell	0	37,070 shares	1,28,879 Shares	1,01,499 shares
21.02.2017	Sell	0	1 share	76,500 shares	1,23,449 shares

h. It was observed that from the above table, that majority of buy orders placed by Noticee 1 were in early hours of trading (9:15am-9:30 am) and majority of her sell order were post 12pm. I note from the aforementioned trading pattern of the Noticee 1 that it was done to create artificial buy volume in the scrip during initial trading hours.

i. It was also observed that, SMS were sent during the IP i.e. February 16, 2017 to February 21, 2017 and subsequent to the SMS circulation Noticee 1 offloaded shares in the exchange and hence the volume was created due to SMS circulation, Initially buy volume was also created by Noticee 1 and she was able to sell shares at higher price as compared to price she bought the share via off-market route. (She sold on an avg. Rs. 3.65 per shares compared to buying price of Rs.1.57 shares in off-market, profit of 132.48% per share).

j. On the basis of trade log and order log analysis, I note that Noticee 1 had bought before investigation period to create artificial trading volume by buying 1535 shares as there were no trading during preceding last 3 days.

k. It was observed during the IP, Noticee 1 bought 3705 shares and she contributed significantly to market +ve LTP, she contributed 10.54% of market positive LTP.

l. During the investigation period, she had 2 first trades and also contributed Rs.0.12 to market positive LTP.

m. Further, Noticee 1 had contributed Rs. (-)2.50 to negative market LTP during the IP, which was 37.09 % to negative market LTP. I note that Noticee 1 had created artificial buy volume and earned profit by selling the shares even if the price is impacted negatively as she had received shares on discount via off-market route.

Noticee 2

a. It was observed that Noticee 2 had traded for only 135 shares during the period Feb 06, 2013- Feb 15, 2017.

b. It was observed the scrip had nil trading on 10/02/2017,13/02/2017,14/02/2017, and 1535 shares were traded on 15/02/2017. Before the SMS circulation period (i.e. Feb 16- Feb 21,2017), the trading volume was created by Noticee 1 (99.93 % of buy trade) and out of 1535 shares sold, 135 shares were sold by Noticee 2.

c. Details of shares bought by Noticee 2 during IP via market route

TRADE DATE	NAME	BUY QTY	Unique Counterparties	Connected Counterparties	Avg. BUY RATE	BUY VALUE
16.02.2017	Jalaj Agrawal	5000	1	-	3.55	17,750
20.02.2017	Jalaj Agrawal	17627	14	-	3.66	64,593.53
Total		**22,627**			**3.63**	**82,343.53**

d. Noticee 2 bought 4,26,900 shares via off-market route and as per his reply he had received these shares on discount and consideration was paid in cash to source client. From the table below it can been seen that he received 4,26,900 shares for Rs.6,49,000 (avg. price of share: Rs. 1.52).

Sr. No.	Source Client Name	Target Client Name	Execution Date	No of Securities	Actual amount paid by Target client
1	MRUDULA REDDY KOMATIREDDY	JALAJ AGRAWAL	15-02-2017	100000	1,50,000
2	SESHAMMA CHIRUMAMILLA	JALAJ AGRAWAL	15-02-2017	10000	25,000
3	SRINIVAS LANKIREDDY	JALAJ AGRAWAL	15-02-2017	128980	1,80,500
4	VENKATASUMATHI CHENNUPATI	JALAJ AGRAWAL	14-02-2017	164680	2,47,000
5	KOTAIAH ALOKAM	JALAJ AGRAWAL	14-02-2017	23240	46,500
Total				**4,26,900 (Avg.price/share-Rs. 1.52)**	**Rs.6,49,000**

e. Details of shares sold by Noticee 2:

TRADE DATE	Name	SELL QTY	Avg. SELL RATE	SELL VALUE
16.02.2017	Jalaj Agrawal	2,36,918	3.67	8,70,146.6
17.02.2017	Jalaj Agrawal	1,20,000	3.65	4,38,766.65
20.02.2017	Jalaj Agrawal	58,521	3.51	2,05,654.34
21.02.2017	Jalaj Agrawal	32,500	3.7	1,20,250
Total		**4,47,939**	**3.64**	**Rs. 16,34,817.59**

f. Timing of buy/sell order placed (for traded shares) by Noticee 2 during the IP.

Date	Type of order	9:15:9:30 AM	9:31- 10:30AM	10:31-12:00 PM	12:01- 3:30 PM
16.02.2017	**Buy**	0		5000 shares	
16.02.2017*	Sell	4000 shares	3500 shares	69,315 shares	1,60,003 shares
17.02.2017	Sell	25,000 shares	26,000 shares	0	69,000 shares
20.02.2017	**Buy**	0	17227 shares	400 shares	0
20.02.2017	Sell	0	0	20,000 shares	38,521 Shares
21.02.2017	Sell	0	0	0	32,500 shares

*on 16.02.2017, sell orders for 100 shares were placed at 9:01:37.

g. It is observed that from the above table, that majority of buy orders placed by Noticee 2 was in early hours of trading (9:31am-10:30 am) and majority of his sell order were post 12pm. I note from the above trading pattern of Noticee 2 that it was done to create artificial buy volume in the scrip during initial trading hours further to this was done to provide impression that SMS circulated recommending buy is genuine and thereafter creating demand/increase in volume.

h. It was observed that, the volume was created by means of SMS circulation, and initially buy volume was also created by Noticee 2 (on 16/02/2017 & 20/02/2017) as he had bought 22,627 shares during the IP, and thus he was able to sell shares at higher price as compared to price he bought the share via off-market route. (he sold on an avg. Rs. 3.64 per shares compared to buying price of Rs.1.52 shares in off-market, profit of 139.47% per share).

i. On the basis of trade and order log analysis, I note that Noticee 2 had bought 22,627 shares during the IP to create misleading buy volume and sold shares received via off-market route at higher price.

j. It was observed during the IP, Noticee 2 contributed 4.54% to market +ve LTP. The contribution of Noticee 2 in terms of price is Rs. 0.31 to market positive LTP.

k. It was observed during the IP that he had contributed 64 % market NLP during the investigation period and as a seller he had one first trade.

l. I note as per scheme of fraudulent activity, buying of shares was to provide misleading appearance as buyer and by means of SMS circulation attracting new buyers in the scrip so that Noticees could sell these shares to the buyers during the volume spurt period.

Noticee 3

a. During the IP (Feb 16-Feb 21, 2017), Noticee 3 had sold 3,08,748 shares. Further it was observed that Noticee 3 did not buy during the IP.

b. Details of shares sold by Noticee 3:

TRADE DATE	Name	SELL QTY	Avg. SELL RATE	SELL VALUE
17.02.2017	Prabhakar Rao Alokam	2,68,748	3.68	9,88,754.15
20.02.2017	Prabhakar Rao Alokam	40,000	3.7	1,48,000
Total		**3,08,748**	**3.68**	**Rs. 11,36,754.15**

c. Timing of buy/sell order placed (for traded shares) by Noticee 3 during the IP.

Date	Type of order	9:15:9:30 AM	9:31- 10:30AM	10:31-12:00 PM	12:01- 3:30 PM
17.02.2017	**Sell**	0	0	50,000 shares	2,18,748 shares
20.02.2017	Sell	0	0	0	40,000 shares

d. It was observed that from the above table, that majority of sell orders placed by Noticee 3 were post 12pm.I note that the selling of majority of shares post 12pm is common among Noticee 3, Noticee 1, Noticee 2. Sell orders were not placed in the initial hours; as initial bulk sell order would have given weak signal in the scrip.

e. During the IP, it was observed Noticee 3 had contributed Rs. (-)0.30 to negative market LTP during the IP, which was 4.45 % to negative market LTP. Negative contribution of entity suggest that he had only intention to sell the shares even if price is impacted negatively as there were buyers available due to SMS circulation during the period.

106. Thus from the above it is observed that Noticee 1, 2 & 3 collectively sold 69.89% of total market volume during the IP. Further Noticee 1, 2 & 3 contributed 59.94% of –ve LTP to total market –ve LTP and Noticee 1 & 2 contributed 15.08% of +ve LTP to total market +ve LTP.

107. The event of activities by Noticee 1, 2 and 3 are as summarized below:

Notice 1 and Noticee 2 received 4,64,205 shares and 4,26,900 shares in off-market at a discount. Further Noticee 3 being the director and promoter of Covidh held 14.98% of the shareholding of Covidh. Noticee 1 and Noticee 2 simultaneously disseminated SMS recommending buy in the scrip of Covidh. Noticee 1 and Noticee 2 also created artificial buy volume in the market by placing majority of their buy orders during early hours of trading. Noticee 1,2 & 3 then offloaded the shares on the exchange and thus received the consideration. The consideration received in lieu of their exchange trades by Noticee 1 and Noticee 2 was more than 130% of the consideration they paid for their off-market buy trades.

108. From the above it is concluded that Noticee 1, Noticee 2 and Noticee 3 were connected and collectively sold 69.89% of the total market volume during the Investigation period. They were part of manipulative, fraudulent or unfair trade practices in the securities market i.e involved in disseminating of misleading SMS, which influenced the investors to deal in the scrip of Covidh Technologies Limited. There was no corporate announcement made hence buying of shares was to provide misleading appearance as buyer and by means of SMS circulation attract new buyers in the scrip and Noticees could sell these shares to the buyers during the volume spurt period. This resulted into spurt in trading volume of the scrip and enabled net sellers Noticee 1, Noticee 2 and Noticee 3. Thus, Noticee 1, Noticee 2 and Noticee 3 were indulged in an act leading to creation of artificial volume and created a false and misleading appearance of trading in the scrip of Covidh. Thus they had violated Regulation 3(a),(b),(c),(d) and Regulation 4(1), 4(2) (a) &(k) of SEBI PFUTP Regulations, 2003 read with Section 12 A(a),(b),(c) of SEBI Act 1992.

Issue no. 2: Whether Noticee 1 & 2 have violated the provisions of Section 11C(3) and 11C(5) of SEBI Act, 1992 by their non-compliance of summons issued by the Investigating Authority (IA), SEBI ?

109. IA was appointed by SEBI to investigate into the aforesaid fraudulent and manipulative practices employed by the Noticees.

110. Vide e-mail dated March 03, 2021, summons under Section 11C (3) of the SEBI act dated March 01, 2021 was sent to Noticee 1 wherein information as contained in annexure to the summons was required to be submitted by the Noticee 1. In this regards reminder vide letter dated June 25, 2021 was sent to the Noticee 1 whereby he was required to submit the information as required vide summons dated March 01, 2021 by July 10, 2021. However as complete details were not submitted by Noticee 1, Summons dated July 20 2021 under section 11C (3) and 11C (5) was issued again to the Noticee 1 to furnish the information and for production of documents and for personal appearance. In this regard, vide email dated July 23, 2021, Noticee 1 had inter-alia replied that it is inconvenient for her to travel and also requested to send questions on email so that she can submit prompt reply to SEBI. SEBI vide email dated July 24, 2021, considered Noticee 1's request and sought information and gave exemption from personal appearance and advised to submit the information by July 25, 2021. However, Noticee 1 failed to reply to the SEBI queries sought vide email dated July 24, 2021 even after reminder email dated July 26, 2021. Summons dated July 30, 2021 under Section 11 C (3) & 11 C (5) was issued again to the Noticee 1 wherein she was summoned to appear before the IA on August 09, 2021. Subsequently summons dated August 12, 2021 was issued again to Noticee 1, however Noticee 1 did not personally attend nor did she submit the documents as sought.

111. Summons dated March 01, 2021 under Section 11C (3) was sent to Noticee 2 wherein information as sought from the annexures to the summons was required to be submitted by Noticee 2. In view of which several e-mails and reminders were sent by IA however no satisfactory reply/ no reply was received from Noticee 2. In view of which Summons dated July 20, 2021 was issued again to Noticee 2 wherein he was required to submit the information and

appear personally to the said proceedings. In this regard, vide email dated July 24, 2021, Noticee 2 had inter-alia replied that he needs adjournment to get vaccinated and also stated that he will submit prompt reply to SEBI. SEBI vide email dated July 24, 2021, considered Notice 2s' request and sought information from him and advised to submit the information by July 25, 2021. Information sought was related to him and readily available. However, Noticee 2 failed to reply to the SEBI queries sought vide email dated July 24, 2021 even after reminder email dated July 26, 2021. Summons dated July 30, 2021 was sent to Noticee 2 requiring his personal attendance and documents as gought before the IA on August 09, 2021. Subsequently summons dated August 12, 2021 was issued against Noticee 2 requiring him to appear personally before the IA on August 23, 2021 , however Noticee 2 did not personally attend nor did he submit the documents as sought.

112. The details of summons issued and information sought from the Noticee 1 & 2 are given below:

Sl.no	Entity Name	Date of Summons/email & Section under which Summons/email were sent	Delivered (Yes/No)
01	Nisha Yadav	July 20, 2021 –Summons for production of documents and personal appearance before the IA u/s 11C(3) and 11 C(5) of the SEBI Act, 1992	Yes (via email) Entity replied via email acknowledging the receipt of Summons but failed to appear
		Reminder email dated July 23, 2021 w.r.t Summons for production of documents and personal appearance before the IA u/s 11C(3) and 11 C(5) of the SEBI Act, 1992 Information sought vide email dated July 24, 2021 and reminder email on July 26, 2021 & July 27, 2021	Yes

		July 30, 2021 - Summons for production of documents and personal appearance before the IA u/s 11C(3) and 11 C(5) of the SEBI Act, 1992	Yes (via email)
		August 12, 2021 - Summons for production of documents and personal appearance before the IA u/s 11C(3) and 11 C(5) of the SEBI Act, 1992	Yes (via email)
02	Jalaj Agrawal	July 20, 2021 –Summons for production of documents and personal appearance before the IA u/s 11C(3) and 11 C(5) of the SEBI Act, 1992	Yes (via email) Entity replied via email acknowledging the receipt of Summons but failed to appear
		Reminder email dated July 23, 2021 w.r.t Summons for production of documents and personal appearance before the IA u/s 11C(3) and 11 C(5) of the SEBI Act, 1992 Information sought vide email dated July 24, 2021 and reminder email on July 26, 2021 & July 27, 2021.	Yes
		July 30, 2021 - Summons for production of documents and personal appearance before the IA u/s 11C(3) and 11 C(5) of the SEBI Act, 1992	Yes (via email & speed post)
		August 12, 2021 - Summons for production of documents and personal appearance before the IA u/s 11C(3) and 11 C(5) of the SEBI Act, 1992	Yes

113. As stated in table above, it is on record that the summons were delivered to the Noticee 1 & 2. Noticee 1 and Noticee 2 had replied via email to SEBI, however, they failed to reply/ appear before IA when Summons were sent to their respective emails.

114. The information sought by the IA is hereinafter placed as Annexure 1 and Annexure 2.

115. The information sought from Noticee 1 also includes:
   a. The reason/purpose for receiving/transferring shares through off-market route along with the supporting documents.
   b. relationship/connection with the respective transferor/transferee.
   c. Copy of ITR for the Financial year 2017-2018.

116. The information sought from Noticee 2 also includes:
   a. Income tax returns for the year 2016-2017, 2017-2018 & 2018-19.
   b. Details of bank account during the period Jan 2017-Mar 2017.
   c. Details of your designation & work profile during the period Jan 2017—Mar 2017 along with present employment details.

117. The nature of the information suggests that this information was available only with the Noticee 1 & 2 and that such information could not have been procured from any other source. This has delayed the investigation and its subsequent process which was detrimental to the investigation in general.

118. It is pertinent to mention here that it is the responsibility of every person from whom information is sought vide summons to fully co-operate with Investigating Authority and promptly produce all documents, records, information, etc., to the Investigating Authority. If persons are allowed to flout the summons issued to them during the course of the investigation, SEBI, as the watchdog of the securities market, will not be able to discharge its statutory obligations in protecting the interests of the investors and safeguarding the integrity of the securities market. The information was sought from the Noticee against the background of serious irregularities.

119. Non submission of the requisite information has adversely affected the investigation process. The Hon'ble Securities Appellate Tribunal in its Order

dated 22.10.2013, in the matter of **Rich Capital & Financial Services Limited and Mr. Shashwat Agarwal vs. SEBI** observed that-

> *"We note that requisite information and relevant records are pre-requites for a meaningful investigation. In the absence of cooperation by the concerned company, the SEBI cannot move an inch. Therefore, every company is obliged to reasonably respond to any letters or summons to be issued by the regulator by furnishing the required information and/or documents for a smooth investigation, unless such a request/demand by the regulator is shown to be the outcome of ill-will, or is tainted with malice and/ or is otherwise arbitrary in the fact situation of a given case. If companies are allowed to take the statutory summons, letters or other statutory commands of the Regulator lightly, every investigation will be thwarted even before it begins."*

In this context, it is also important to refer to the judgment of the Hon'ble SAT in the matter of **Mr. Jalaj Batra vs. SEBI** (Appeal no. 184 of 2010, date of decision dated December 06, 2010) wherein it observed:

> *"......We have observed time and again that it is of utmost importance that market players like the appellant should fully cooperate with the investigations that are carried out by the Board, the watchdog of the securities market. If market players and intermediaries avoid appearing before the investigating officer or furnish the necessary information sought from them, the Board as a market regulator will not be able to carry out its statutory functions and duties of protecting the integrity of the securities market and the investigations would be grossly hampered. Non co-operation with the market regulator has to be viewed seriously. We do not know what else would have come to light if the appellant had appeared before the investigating officer or if he had furnished the requisite information that was sought from him."*

Further, The Hon’ble SAT in Appeal No.95/04 in **Mayfair Paper & Board Pvt. Ltd. V SEBI** observed that failure to furnish information to the Investigating Authority of SEBI shall attract the penalty prescribed under section 15A of the SEBI Act 1992.

Hon’ble Supreme Court in **SEBI vs. Bhavesh Pabari (**CIVIL APPEAL NO(S).11311 OF 2013) held that:

> *“……Adjudicating Officer had, therefore, rightly recorded that non-compliance of summons had hampered the further course of investigation. The failure was without any justification. Agreeing with the said findings, the Appellate Tribunal has observed that details were withheld with a view to delay the investigation being conducted by SEBI to the detriment of investors from whom funds were collected by the appellants in contravention of CIS Regulations.*
>
> *51. We do not find any fault with the reasoning given. We are of the opinion that the fault squarely lied with the appellants and, thus, penalty of Rs.1,00,00,000/- (Rupees one crore only) for violation of Section 11C(3) under Section 15A(a) of the SEBI Act does not call for any interference”*

Hon’ble SAT in **Concord Realty Private Limited Vs. SEBI** (Appeal No. 22 of 2016) observed:

> *“….9. As regards the penalty of Rs. 2,00,000 imposed for violating section 11C(3) and Rs. 2,00,000 for violating section 11C(5) of the SEBI Act it is not in dispute that the appellant had failed to furnish all particulars sought in the summons issued against the appellant and that the appellant had failed to appear inspite of receiving the summons. Counsel for the appellant, however, submitted that in the present case, inadvertently the date of summoning was mistaken to be the date before which the letters, documents were to be filed with*

SEBI and accordingly it is submitted that it is not a fit case for imposing penalty on the ground the appellant has violated section 11C(3) and section 11C(5) of the SEBI Act. 10. Once it is established that there is failure to furnish requisite particulars called for and there is failure to appear before the concerned officer of SEBI as per the summons issued to the appellant, it obviously means that there is violation of section 11C(3) and section 11C(5) of SEBI Act. Penalty for such violations under section 15A(b) of the SEBI Act is Rs. 1 lakh per day subject to a maximum of Rs. 1 crore. Thus as against the penalty of Rs. 1 crore imposable for violating section 11C(3) and penalty of Rs. 1 crore imposable for violating section 11C(5), the AO of SEBI after considering all mitigating factors has imposed penalty of Rs. 2 lakh for violating section 11C(3) and Rs. 2 lakh for violating section 11C(5) of SEBI Act which cannot be said to be unreasonable and excessive. Accordingly, the penalty imposed for violating section 11C(3) and 11C(5) is upheld."

Given the above, there is no hesitation to hold that the Noticee 1 & 2 has violated the provisions of 11C (3) and 11(5) of the SEBI Act by not complying with the summons issued thereunder

Issue no. 3: Does the violations, if any, on the part of the Noticee 1,2 & 3 attract monetary penalty under section 15 HA, 15HB and 15A(a) of SEBI Act?

120. As has been established in foregoing paragraphs that the trading activities of Noticee 1, Noticee 2 and Noticee 3 created artificial volume in the scrip of Covidh which was illiquid and thus were manipulative, fraudulent or unfair trade practices. Thus I observed Noticee 1, 2 & 3 have violated Regulation 3(a),(b),(c),(d), and 4(1), 4(2)(a), 4(2)(k) of PFUTP Regulations read with Section 12A(a), (b) and (c) of SEBI act and therefore, I am convinced that it is

a fit case for imposition of monetary penalty under the provisions of Section 15 HA of SEBI Act. Further Noticee 1 & 2 by not complying with requirement under Section 11C(3) and 11C(5) are fit to be imposed penalty under Section 15A(a) and 15HB of the SEBI act.

"Penalty for failure to furnish information, return, etc.

15 A. If any person, who is required under this Act or any rules or regulations made thereunder, -

(a) to furnish any document, return or report to the Board, fails to furnish the same, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less".

Penalty for contravention where no separate penalty has been provided.-

15HB. Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which may extend to one crore rupees.]

Penalty for fraudulent and unfair trade practices.

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

121. The Hon'ble Supreme Court of India in the matter of SEBI vs. Shri Ram Mutual Fund *interalia* held " *once the violation of statutory regulations is established, imposition of penalty becomes sine qua non of violation and the intention of parties committing such violation becomes totally irrelevant. Once the contravention is established then the penalty is to follow."*

122. While imposing monetary penalty it is important to consider the factors stipulated in section 15J of SEBI Act, which reads as under :

15J – Factors to be taken into account by the adjudicating officer :

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

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

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

(c) The repetitive nature of the default."

123. The material available on record has not quantified the amount of disproportionate gain or unfair advantage, if any, made by the Noticee and the loss, if any, and suffered by the investors as a result of the Noticee's failure. I also note that no prior default of the Noticee is available on record. However, I note that the Noticees entered into fraudulent trade which has the effect of disrupting the securities market and has the potential to mislead and induce genuine investors to trade in the scrip. This violation of the Noticees, if dealt with lightly could seriously undermine investors confidence in the securities market and has to be viewed seriously and calls for appropriate penalty.

ORDER

124. Having considered the facts and circumstances of the case, the material available on record, the factors mentioned in Section 15J of the SEBI Act, the purpose of SEBI PFUTP Regulations 2003, taking note of Section 15HA of the SEBI Act, and also taking into account judgement of the Hon'ble Supreme Court in *SEBI vs. Bhavesh Pabari (2019) 5 SCC 90* and in exercise of power conferred upon me under section 15-I of the SEBI Act, 1992 read with rule 5 of the Adjudication Rules, 1995, I hereby impose following penalty under section 15HA of the SEBI Act, 1992 on the Noticee:

Name of the Noticee	Violated provisions	Penalty
Nisha Yadav	a) Regulation 3(a)(b)(c)(d), 4(1), 4(2)(a)(k) of PFUTP Regulations read with Section 12A(a),(b) and (c) of SEBI act;	Rs. 15,00,000 (Rupees Fifteen Lacs Only)
	b) Section 11C(3) and Section 11C(5) of SEBI act.	Rs. 10,00,000 (Rupees Ten Lacs Only)
Jalaj Agrawal	a) Regulation 3(a)(b)(c)(d), 4(1), 4(2)(a)(k) of PFUTP Regulations read with Section 12A(a),(b) and (c) of SEBI act;	Rs. 15,00,000 (Rupees Fifteen Lacs Only)
	b) Section 11C(3) and Section 11C(5) of SEBI act.	Rs. 10,00,000 (Rupees Ten Lacs Only)
Prabhakara Rao Alokam	Regulation 3(a)(b)(c)(d), 4(1), 4(2)(a)(k) of PFUTP Regulations read with Section 12A(a),(b) and (c) of SEBI act;	Rs. 10,00,000 (Rupees Ten Lacs Only)

125. 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

126. The aforesaid Noticees shall forward said Demand Draft or the details / confirmation of penalty so paid to "The Division Chief (Enforcement Department 1 DRA-2), Securities and Exchange Board of India, SEBI Bhavan, Plot No. C –

4 A, “G” Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.” The Noticees shall also provide the following details while forwarding DD / payment information:

- Name and PAN of the Noticee
- Name of the case / matter
- Purpose of Payment – Payment of penalty under AO proceedings
- Bank Name and Account Number
- Transaction Number

127. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings 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.

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

Date: June 30, 2022	**BARNALI MUKHERJEE**
Place: Mumbai	**ADJUDICATING OFFICER**