WTM/SM/IVD/ID8/8388/2020-21

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: S K MOHANTY, WHOLE TIME MEMBER

ORDER

Under Sections 11, 11 (4) and 11B (1) of the Securities and Exchange Board of India Act, 1992

In respect of:

Sl. No	Name of the Noticee	PAN
1.	Dhyana Finstock Ltd.	AABCP8561B
2.	Harshadkumar Patel	AGMPP7021Q
3.	Rajeshkumar Theophilbhai Christie	AKAPC0179L
4.	Pritesh Patel	AJIPP7200L
5.	Nandlalbhai Ghanshyambhai Parelia HUF	AAKHP5230R
6.	Sanjay Nandlalbhai Parelia HUF	AATHS5168J
7.	Harshaben Alpeshbhai Lakhani	ABRPL3759P
8.	Dilipbhai Kantilal Patel	AQSPP8355K
9.	Ramilaben B Patel	AUHPP8735C
10.	Manishaben Bhavanbhai Munjani	BHBPM1185P
11.	Gunjan Rajendrakumar Patel	BFPPP4718F
12.	Mihir Consultancy & Trading Company	BQEPP5529G
13.	AA Plus Commodity Broking Pvt. Ltd.	AAHCA2831P
14.	Priti Jayakarbhai Christian	AQBPC1558Q

15.	Mainak Comtrade Private Limited	AAGCM5750N.
16.	Pranatpal Tradelink Private Limited	AAFCP5109D
17.	Parin Infrastructure Private Limited	AAGCP6T96D
18.	Taru Pallav Projects Private Limited	AADCT4840M
19.	Tosif Yunusbhai Amroniya	ALPPA5918B
20.	Devangkumar Arvindkumar Jani	AFHPJ7902E
21.	Rajendra Dahyalal Pathak	ACKPP8546L
22.	Purvesh Mansukhlal Shah HUF	AALHP2441M
23.	Dixit Mansukhlal Shah HUF	AAGHD7158E
24.	Shushilaben M Shah	AZFPS1106D
25.	Mansukhlal K Shah HUF	AAKHM9690N
26.	Mansukhlal K Shah	AJCPD0760B
27.	Vishnubhai Arjanbhai Desai	AJTPD6594J
28.	Jerambhai Arjanbhai Desai	BWMPB3400Q
29.	Shalomiben Anilbhai Bariya	AOEPJ9432R
30.	Dipakkumar Rajaram Joshi	AOEPJ9432R
31.	Birju Pravinchandra Sanghvi	ALLPS1169E
32.	Noorbanu Farooq Hawa	AAAPH8271Q
33.	Mathivanan M	AAEPM4368F
34.	Shailesh Baldevbhai Patel	AOEPP2788Q
35.	Azim Farooq Hawa	AAAPH2774G
36.	Zahir Farooq Hawa	AAAPH2775H
37.	Harshaddkumar Baldevbhai Patel	AOKPP9234R
38.	Farooq Kasam Hawa	AAAPH2775H
39.	Chetan Marutirao Yangalwar HUF	AAAJC0621R
40.	Marutirao Tukaram Yangalwar	AABPY3816H

41.	Baldevbhai Shankerlal Patel	ACIPP5953F
42.	Hitesh Chinubhai Shah	BGAPS9446R
43.	Gaurang Pathak	BLSPP1179H
44.	Ankit Rajeshbhai Rajput	AAFHR7898G
45.	Ravi Dipakbhai Joshi	AHBPJ4545M
46.	Babubhai Kalabhai Bambhroliya	AUSPB3607L
47.	Labhuben Babubhai Bambhroliya	AUSPB3608F
48.	Nimesh Jitendrabhai Purani	ASXPP1371L
49.	Bimesh Arvindbhai Jani	AHYPJ5331Q
50.	Kalpesh Ugarchand Gadhecha	ABTPG3143L
51.	Ruchirani Shah	AHGPR7583J
52.	Dixit M Shah	AVSPS3790G
53.	Varsha Dixit Shah	ACMPS3879B
54.	Purvesh Mansukhbhai Shah	AVSPS3792E
55.	Alkesh M Patel HUF	AAIHA8200Q
56.	Alkesh Maheshchandra Patel	AAMPP7018F
57.	Bhavesh Ishwarlal Panchasara	AODPP1375E
58.	Pratikbhai Kiritkumar Shah	BQHPS3816E
59.	Amit Dipakbhai Gajjar	AVWPG6845L
60.	Shah Chirag	BBWPS5965G
61.	Ronak Nayankumar Shah	FKQPS0981B
62.	Dholakia Jayshree Kishor	AMLPD5973G
63.	Jayshreeben Kiritkumar Shah	BQMPS6009Q
64.	Chandrikaben Naranbhai Panchal	BXQPP2080R
65.	Nikunj Dineshkumar Soni	BGJPS9140K
66.	Manisha Rajendra Modi	ALTPM1311L

67.	Kiritbhai Shantilal Shah	AWRPS2401E
68.	Naranbhai J Panchal	AMQPP0054P
69.	Rahim Umarbhai Ravkarda	AWPPR6156H
70.	Dholakiya Kishorbhai S	ANHPD1507F
71.	Rinkeshkumar N Panchal	BYCPP1543E
72.	Yogendra J Prajapati	CIYPP6021L
73.	Hiteshkumar Mahipatlal Patel	APOPP1463R
74.	Manish Shah	BFOPS3849R
75.	Anilbhai Bhalabhai Baria	BWMPB2794M
76.	Hiral Manish	AZQPM9451N
77.	Prajapati Nilesh J	BXCPP8877J
78.	Manthan Rajendrabhai Modi	COPPM3699G
79.	Rohitkumar Shantilal Shah	EHJPS4683H
80.	Hareshkumar P Patel	BFMPP8817G
81.	Gautamsingh Shivsingh Zala	AAIPZ3605N

In the matter of Dhyana Finstock Ltd.

(The aforesaid entities are hereinafter individually referred to by their respective names/Noticee nos. and collectively as "Noticees", unless the context specifies otherwise)

BACKGROUND

1. BSE India Limited (hereinafter referred to as "**BSE**") received complaints from several investors on July 28, 2015 stating that they have entered into buy trades in the scrip of Dhyana Finstock Ltd. (hereinafter referred to as "**the Company**"/"**Dhyana**"), on July 27, 2015 based on the stock tips received through SMS. The investors alleged price manipulation/fraud and requested to carry out investigation in the trading of the Company and to withhold/annul/cancel the pay-out for trading carried out in the securities of the Company on July 27, 2015.

2. Acting upon the aforesaid complaints Securities and Exchange Board of India (hereinafter referred to as **"SEBI"**) conducted a preliminary examination of trading in the scrip of Dhyana. Based on the inputs received from BSE and observations made from the preliminary examination and in order to protect the interest of the investors, an *ad interim ex-parte* order was passed on June 01, 2016 (hereinafter referred to as "**interim order**") vide which, certain entities were restrained from accessing the securities market till further orders. In the said *interim* order, BSE was also directed to withhold the pay-out of funds for trades executed in the scrip of Dhyana on July 27, 2015.

3. Subsequently, an investigation into the trading activities in the scrip of Dhyana was initiated for the period of June 13, 2014 to July 27, 2015 (hereinafter referred to as "**investigation period**") in order to ascertain as to whether any possible violations of provisions of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act**") and rules and regulations made thereunder, have been committed during the said investigation period. For the sake of convenience and better analysis, the period of investigation was divided into patches viz., from June 13, 2014 to November 28, 2014 (**Patch-1**) and from December 01, 2014 to July 24, 2015 (**Patch-2**); and July 27, 2015 was the last day of the investigation period.

4. It is also observed from the records that pending completion of the on-going investigation, various confirmatory orders were passed by SEBI where under, the directions issued vide the *interim* order were confirmed/revoked/modified against certain entities after considering the materials on record and submissions advanced by respective entities.

5. After completion of the investigation, based on the findings of facts that indicated probable contraventions of various provisions of law relating to securities market, a detailed Show Cause Notice dated April 20, 2018 (hereinafter referred to as "**the SCN**") was issued to entities specifying therein, the facts, the nature of trades allegedly executed by the Noticees thereby violating the provisions of law, while dealing in the scrip of Dhyana. The factual findings and the alleged violations committed by the Noticees as per the SCN that are necessary for the consideration and adjudication of the allegations as made in the SCN *inter alia* are summarized here under:

   i. The Company was incorporated on February 17, 1995 and its equity shares were initially listed on Ahmedabad Stock Exchange.

ii. On November 30, 2013, the Company had issued 64,25,000 shares of ₹ 10.00 each under preferential allotment to 49 entities.

iii. The equity shares of the Company got listed on BSE w.e.f. June 12, 2014 in the category of "Trade for Trade" (hereinafter referred to T2T) Group securities and the first trade in its scrip on BSE took place on June 13, 2014.

iv. The analysis of the bank account statements of the preferential allottees revealed that out of 49 allottees, 7 preferential allottees viz., Noticee nos. 5 to 11 had received ₹ 15.00 Lakh each on November 28, 2013 from Noticee no. 12 (Mihir Consultancy & Trading Company) (hereinafter referred to as "**Mihir**") and on the next day of receiving such funds (i.e. November 29, 2013), the funds were transferred to the Company towards preferential allotment application money. It was also observed that prior to the receipt of funds from Mihir, the Noticee nos. 5 to 11 did not have adequate funds in their respective bank accounts to subscribe to the shares under the preferential allotment.

v. It was also observed that on November 28, 2013 (the day on which Mihir had transferred funds to Noticee nos. 5 to 11), Mihir had received ₹ 01.00 Crore from AA Plus Commodity Broking Pvt. Ltd. (Noticee no.13) and ₹ 05.00 Lakh from Mainak Comtrade Pvt. Ltd. (Noticee no.15) (hereinafter referred to as "**Mainak**").

vi. Both, Noticee nos. 13 and 15 were having connection to the Company as one of the Directors of Noticee no. 13 (namely Shaluben Nikeshbhai Shah) was one of the promoters of Dhyana and one of the Directors of Noticee no. 15 (namely Priti Jayakarbhai Christian- Noticee no.14) was also another promoter of the Company, i.e., Dhyana. Further, in the Annual Reports for the Financial Years 2013-14 and 2014-15, the Company had shown Noticee no. 15 as a related party.

vii. The price of the scrip of the Company witnessed rise from the level of ₹ 251.00 to ₹ 354.00 during the period of June 13, 2014 to November 28, 2014 (Patch-1).

viii. Based on various parameters like KYC documents, common directorship, fund transfers, off-market transfers of shares etc., a group of 89 entities (hereinafter referred to as "**suspected entities**") were noticed to be inter-connected with each other.

ix. During Patch-1 of the investigation period, the total market positive Last Traded Price variation (hereinafter referred to as "**LTP**") was ₹ 422.35. It was noticed that a group of 26 entities traded amongst themselves in the shares of Dhyana and contributed ₹ 101.00 to market positive LTP (23.91% of the total market positive LTP). The said group of 26 entities comprised of Noticee no.17, Noticee no. 18, Noticee no. 19, Noticee no. 20, Noticee no. 21, Noticee no. 43, Noticee no. 44, Noticee no. 45, Noticee no. 80 and, Noticee no. 81, **on the buy side**; while, Noticee no. 22, Noticee no. 23, Noticee no. 24, Noticee no. 25, Noticee no. 26, Noticee no. 27, Noticee no. 28, Noticee no. 46, Noticee no. 47, Noticee no. 50, Noticee no. 51, Noticee no. 52, Noticee no. 53, Noticee no. 54, Noticee no. 55, Noticee no. 56, traded as counter parties to the above named buy side entities, by being on the **sell side.**

x. Further, it was also observed in the course of investigation that during the 109 trading days of Patch-1, a New High Price (hereinafter referred to as "**NHP**") was discovered in 64 trades, spread across 27 trading days. Out of the said 64 trades, the NHP was achieved/discovered due to 39 instances of trades executed amongst the suspected entities. The said 39 instances included trades executed by Noticee no. 3, Noticee no. 18, Noticee no. 19, Noticee no. 43, Noticee no. 44, Noticee no. 49 and Noticee no. 81 on the buy side and Noticee no. 22, Noticee no. 23, Noticee no. 24, Noticee no. 25, Noticee no. 26, Noticee no. 27, Noticee no. 28, Noticee no. 46, Noticee no. 47, Noticee no. 50, Noticee no. 51, Noticee no. 52, Noticee no. 53, Noticee no. 54, Noticee no. 55, Noticee no. 56, on the sell side.

xi. The aforesaid Noticees have apparently executed fraudulent trades to create NHP and thereby allegedly inflated the price of the scrip artificially. The total NHP created during Patch-1 was ₹ 116.50 out of which, the contribution by the aforesaid group entities was ₹ 45.30 (38.88%).

xii. **During Patch-2 (**December 01, 2014 to July 24, 2015), the price of the scrip increased from ₹ 352.00 to ₹ 395.00, thereby witnessing a rise of ₹ 43.00. It was noticed that during the said period of price rise in the scrip, there was a total market positive LTP (variation) of ₹ 1062.05. Out of the said amount of ₹ 1062.05, ₹ 83.60 (7.87% of the market positive LTP) was contributed in 53 trades executed between **16 buyer side** suspected entities on one side with **21 counter party sellers** entities on the other. The buyer side entities included Noticee no.

29, Noticee no. 30, Noticee no. 31, Noticee no. 43, Noticee no. 44, Noticee no. 45, Noticee no. 49, Noticee no. 58, Noticee no. 59, Noticee no. 60, Noticee no. 61, Noticee no. 62, Noticee no. 63, Noticee no. 64, Noticee no. 65, and Noticee no. 81, while the seller side entities included Noticee no. 9, Noticee no. 11, Noticee no. 15, Noticee no. 16, Noticee no. 18, Noticee no. 32, Noticee no. 33, Noticee no. 34, Noticee no. 35, Noticee no. 36, Noticee no. 38, Noticee no. 39, Noticee no. 40, Noticee no. 41, Noticee no. 42, Noticee no. 46, Noticee no. 47, Noticee no. 50, Noticee no. 66, and Noticee no. 81 .

xiii. It was also observed that during 163 trading days of Patch-2, a NHP was discovered in 26 trades/occasions, spread across 7 trading days. Out of the said 26 trades establishing NHP, NHP of ₹38.00 was achieved/discovered through 21 trades which were executed by 11 Noticees, thereby contributing the aforesaid NHP of ₹ 38.00 that constituted 88.37% of total market NHP. The said 11 Noticees were Noticee no. 15, Noticee no. 16, Noticee no. 17, Noticee no. 42, Noticee no. 45, Noticee no. 57, Noticee no. 60, Noticee no. 63, Noticee no. 64, Noticee no. 80 and Noticee no. 81.

xiv. Further, out of the afore-mentioned 21 trades, on 13 different occasions, 9 Noticees viz., Noticee no. 15, Noticee no. 16, Noticee no. 17, Noticee no. 45, Noticee no. 57, Noticee no. 60, Noticee no. 63, Noticee no. 64 and Noticee no. 80 traded amongst the group entities and such trades had contributed to NHP by ₹ 29.90 (69.53% of the total market positive LTP).

xv. Again, out of the afore-said 21 trades, 11 trades were executed by Noticee no. 15, Noticee no. 16, Noticee no. 17, Noticee no. 57 and Noticee no. 80 as buyers with another Noticee viz., Noticee no. 50 as counter party seller. The said 11 trades had contributed ₹ 11.00 to the NHP (25.58% of the market NHP).

xvi. During Patch-2 (December 01, 2014 to July 24, 2015), around 85% of the market volume in the scrip of the Company on gross sell basis, was created due to the sale of shares by the preferential allottees. Based on the analysis of the top 30 counter party buyers who had purchased 20,000 or more shares each, it was observed that all the said counter party buyers (except two viz., Noticee nos. 30 and 49) were funded by six Company-related entities to enable them to buy those shares, which were being sold by the preferential shareholders. The said six Company-related entities who provided funds to the buyers were Noticee no. 12,

Noticee no. 14, Noticee no. 15, Noticee no. 16, Noticee no. 17 and Noticee no. 18.

xvii. As Noticee nos. 6, 9 and 11 were allegedly allotted shares fraudulently and free of purchase cost (funded by the Company related entities) , out of which they had sold certain shares in the market during the investigation period, it is alleged that these Noticees have made ill-gotten gains of ₹. 59698755.00, ₹ 45572686.70 and ₹ 53311008.50, respectively by selling those shares allotted to them by the Company through fraudulent/unfair means. Noticee nos. 5, 7, 8 and 10 were also allotted shares under preferential allotment and were funded by Company-related entities but, they did not sell those shares during the investigation period. However, based on the fact that other preferential shareholders have made unlawful gains by selling their preferential share-holding , it is alleged in the SCN that these four Noticees, viz: Noticee nos. 5, 7, 8 & 10, have also made huge notional profit of ₹ 60855000.00 each by virtue of their shareholding which were allotted to them without any consideration.

xviii. Apart from the above, Noticee nos. 32, 33, 34, 35, 36, 37, 38, 41 and 50 who were also allotted shares under preferential allotment, were found to be involved in manipulation of the price of the shares, and they have sold the shares allotted to them during the investigation period. The said Noticees have been alleged to have made profits of ₹ 4789000.00, ₹ 6210164.00, ₹ 3426434.00, ₹ 5016200.00, ₹ 2410500.00, ₹ 6993732.00, ₹ 4822900.00, ₹ 5674881.50 and ₹ 23028350.00, respectively during the said investigation period. Further, Noticee nos. 33, 34, 36, 37, and 41 were also holding certain unsold shares in their respective demat accounts for which, additional notional profit has been calculated based on certain formulae/assumptions. For such unsold shares held by the above stated five entities, a notional unlawful gain of ₹ 12872432.30, ₹ 18303949.30, ₹ 3248700, ₹ 11495757 and ₹ 139346020.50, respectively has been alleged to have been made by each of the above noted five Noticees.

xix. Based on the facts gathered during the investigation, it has also been alleged in the SCN that some Noticees viz., Noticee nos. 16, 18, 21, 29, 31, 43, 44, 61, 62, 63, 64, 80 and 81 were engaged in manipulating the price of the scrip of Dhyana through their trading in the scrip during the investigation period. These Noticees were also the net sellers of the scrip on July 27, 2015, i.e., the last day of the investigation period. By selling the shares on July 27, 2015, the aforesaid entities

have, after manipulating the price, allegedly made a total profit of ₹ 8,017,03,85.10 from their last day trading in the scrip.

xx. Further, certain Noticees viz., Noticee nos. 67, 68, 70, 71, 73, 74, 75, 76, and 79, who have allegedly acted as exit providers to the preferential allottees by buying their shares at inflated prices, were also net sellers on July 27, 2015 and have made profits by selling almost the entire shares that they had purchased from the preferential allottees to give them profitable exits. The above named Noticees have also allegedly made ill-gotten profit of ₹ 30934399.90 by indulging in such fraudulent trading activities.

6.Based on the facts and information collected in the course of investigation and after analyzing the trades executed by the entities, and after considering the specific nature of role played by different Noticees at different points in time while dealing with the shares of the Company, the allegations that have been levelled against different Noticees in the SCN are *inter alia* summarized here-under :

i. Noticee nos. 5-11, Noticee no. 16, Noticee no. 18, Noticee no. 21, Noticee no. 29, Noticee nos. 31-38, Noticee no. 41, Noticee nos. 43-44, Noticee no. 50, Noticee nos. 61-64, Noticee nos. 67-68, Noticee nos. 70-71, Noticee nos. 73-76 & Noticee nos. 79-81 have made unlawful gains out of fraudulent and manipulative trading of scheme in the scrip of Dhyana.

ii. The Company i.e., Noticee no.1, along with its three Directors (Noticee nos. 2 to 4), 7 preferential allottees (Noticee nos. 5 to 11) and other entities connected with the Company viz. M/s Mihir Consultancy and Trading Company (Noticee no. 12), AA Plus Commodity Broking Pvt. Ltd. (Noticee no. 13) and Mainak Comtrade Pvt. Ltd. (Noticee no.15) were involved in fraudulent issuance of shares on a preferential basis to the seven Noticees mentioned above, without receiving consideration from them.

iii. The Company (Noticee no.1), its Directors (Noticee nos. 2 to 4) and 6 other entities connected with the Company (Noticee no. 12, Noticees nos. 14 to 18) were involved in creating a misleading appearance of trading in the scrip of Dhyana during Patch -2 by funding certain entities to buy the shares (by posing as counter parties) from the preferential allottees who sold their shares.

iv. Noticee no. 9, Noticee no.11, and Noticee nos. 15 to 81 have indulged in trades with a view to manipulate the price of the scrip.

v. Noticee nos. 15 and 18 contributed to positive LTP and NHP in the scrip by indulging in trades resulting in price manipulation of the scrip and have acted as counter parties to facilitate the exit to preferential allottees during Patch- 2.

vi. Noticee nos. 19 to 21, Noticee nos. 29 to 31, and Noticee nos. 43 to 45 have contributed to positive LTP and have indulged in trades resulting in price manipulation of the scrip.

vii. Noticee no. 9, Noticee no. 11, Noticee nos. 22 to 28, Noticee nos. 32 to 42, and Noticee nos. 46 to 47 have contributed to positive LTP by acting as counter parties to the buy orders of other entities and have thereby indulged in trades resulting in price manipulation of the scrip.

viii. Noticee no. 48 and Noticee no. 57 have contributed to NHP of the scrip and have indulged in trades resulting in price manipulation of the scrip.

ix. Noticee no. 49 has contributed to positive LTP and have indulged in trades resulting in price manipulation of the scrip and contributed to NHP in the scrip.

x. Noticee nos. 50 to 56 have contributed to positive LTP acting as counter party to buy orders and have indulged in trades resulting in price manipulation of the scrip and have contributed to NHP by acting as counter parties.

xi. Noticee nos. 58 to 65 have contributed to positive LTP and have indulged in trades resulting in price manipulation of the scrip and also have acted as counter parties to facilitate the exit of preferential allottees during Patch -2 of the investigation period.

xii. Noticee no. 66 has contributed to positive LTP acting as counter parties to the buy orders and have indulged in trades resulting in price manipulation of the scrip and also has acted as counter party to help in the exit of preferential allottees during Patch 2.

xiii. Noticee nos. 67 to 79 are connected to the Company and have acted as counter parties to facilitate the exit of preferential allottees during Patch 2 of the investigation period.

xiv. Noticee no. 80 is connected to the Company and has contributed to positive LTP and NHP in the scrip and also has acted as a counter party to the exit of preferential allottees during Patch -2.

xv. Noticee no. 81 is also connected to the Company and also has contributed to positive LTP by acting as a counter party to sell orders during Patch-1 and to both buy and sell orders during Patch-2 of the investigation period and has also acted as a counter party buyer to facilitate the exit to preferential allottees during Patch-2.

7.Subsequent to the issuance of SCN, the same was served on all the Noticees through Speed post with Acknowledgment [SPAD] except for Noticee nos. 4 and 48 on whom the SCN could not be delivered through speed post hence, newspaper publication was carried out to serve the notice on Noticee nos. 4 and 48.

8.It is relevant to mention here that due to certain typing errors that crept into the SCN with respect to details pertaining to the preferential allottees, a supplementary show cause notice dated October 30, 2018 (hereinafter referred to as "**Supplementary SCN**") had to be issued to Noticee nos. 7, 8, 9, 11, 32, 33, 34, 35, 36, 37, 38 and 41. Therefore, in the present order, whenever a reference to the SCN is made, the same shall also be deemed to have been made also to the Supplementary SCN including the modification made therein.

9.After the SCN was issued, Noticees were granted opportunity of personal hearing so as to enable them to present their case in person and to defend themselves against various charges levelled against them in the SCN. Keeping in view the large no. of Noticees involved in the instant case, and the fact that it would not be practically possible to personally hear all the Noticees in a day or two, the personal hearings *qua* the Noticees were spread over a few days in February and March, 2019. The last date of personal hearing for the Noticees fixed for March 08, 2019 was rescheduled to April 05, 2019 on request received from a few Noticees which was further rescheduled to July 11, 2019. Again, based on requests made by certain Noticees, a personal hearing was also scheduled on August 23, 2019. However, despite granting so many opportunities for personal hearing, I note from the records that the Noticee nos. 1 to 6, 8, 10, 13 to 19, 27, 28, 42 to 44, 48, 57, 59, 65, 66, 69, 72, 77, 79 and 80 did not appear for their personal hearing on any of the days available to them. Details of dates of hearing and the particulars of Noticees who were heard on those respective dates are indicated in the table as under :

Table 1

Sr. No.	Noticee no.	Date of hearing
1.	Noticee nos. 9, 32, 34, 35, 36, 37, 38, 41, 55, 56	February 07, 2019
2.	Noticee nos. 22-26 and 51-54.	February 14, 2019
3.	Noticee nos. 7, 11, 33, 39, 40, 46, and 47.	February 28, 2019
4.	Noticee nos. 50, 58, 60, 61, 63, 64, 67, 68, 71, 73, 74, 76, 78 and 81	July 11, 2019
5.	Noticee nos. 12, 20, 21, 29, 30, 31, 45, 49, 62, 63, 67, 68, 70, 73, 75 and 81.	August 23, 2019

10. I note that the notices for the personal hearings were served on all the Noticees through SPAD, except for a few Noticees on whom, the hearing notices were served by either email, or Newspaper publication or by way of affixation as indicated below:

Table 2

Sr. No.	Noticee no.	Mode of service
1.	Noticee nos. 1, 3, 29 and 75	Email
2.	Noticee nos. 4, 12, 48, and 59	Newspaper publication
3.	Noticee nos. 15, 33	Affixation

Replies:

11. After receiving the SCN, it is noted from the records that some of the Noticees have filed their respective written replies and some Noticees have also filed their post-hearing written submissions. On a perusal of these written replies and submissions, I find many of them carry similar contentions so much so that some of the Noticees have filed almost identical explanations/arguments in their defense. These replies/submissions are briefly dealt with as under:-

Noticee no. 1:

12. Noticee no. 1 (Dhyana Finstock Ltd.) vide emails dated May 25, 2018 and May 31, 2018, has denied the allegations made in the SCN and has sought time to file its reply. However, till date, no reply has been filed on behalf of the Noticee no. 1.

Noticee no. 2, 3 and 4:

13. The Directors of the Company, have filed identical replies to the allegations made in the SCN and have stated as under:

(i) They have been issued the Show Cause Notice in capacity of the Directors of the Company.

(ii) They are the Non-Executive Directors of the Company.

(i) As Non-Executive Directors are on the Board of a company by virtue of professional skills, knowledge or in advisory capacity, the liability for the violations alleged to have been committed by a company cannot be fastened on such Directors. Reliance has been placed on the Circular dated March 25, 2011 issued by Ministry of Corporate Affairs, where it has been directed to the authorities under Companies Act, 1956 to take extra caution while identifying independent Directors as "officers in default". Reference has also been made to the Circular dated April 23, 2015 issued with respect to liability of Non-whole time Director.

(ii) Reference has also been made to the Order dated February 16, 2006 passed by SEBI in the matter of Home Trade Limited, where proceedings against Non-Executive Directors were dropped by observing that specific evidence against them is not available.

(iii) They were never 'in-charge' of the day to day affairs of the Company.

(iv) They were never been authorized signatory of the bank accounts of Dhyana nor ever had access to bank account statements of Dhyana.

(v) In terms of Section 2(30) of Companies Act, they are not officer in default. Reference has been made to a few judgments of Hon'ble Supreme Court like R.*K. Khandelwal Vs. State [(2004) 55 SCL 416]*.

(vi) The violations alleged in the SCN are not attributable to the consent, connivance or neglect on their part.

(vii) The preferential allotment was not fraudulent as has been alleged in the SCN.

(viii) They are not having any kind of control over the decisions of third parties like Mihir Consultancy & Trading Company, Mainak Comtrade Pvt. Ltd. etc.

(ix) They are not involved in creation of misleading appearance in the scrip of Dhyana by funding the buyer counterparties to the preferential allottees.

Noticee no. 5 [Nandlalbhai Ghanshyambhai Parelia-HUF], Noticee no. 8 [Dilipbhai Kantilal Patel] and Noticee no. 10 [Manishaben Bhavanbhai Munjani]:

14. Similar contentions have been made by the Noticee no. 5 (vide his letters dated June 25, 2018 and December 31, 2018), Noticee no. 8 (vide his letters dated June 22, 2018 and December 31, 2018) and Noticee no. 10(vide her letters dated June 22, 2018 and December 31, 2018). As an illustration, the contentions of Noticee no.10 are summarized hereunder: -

(i) She had received advance from Mihir, however, she doesn't know Mainak. The amount is due to be repaid to Mihir. She is not concerned as to how Mihir received the money.

(ii) She was allotted 1,50,000 shares of Dhyana under preferential allotment after paying ₹15.00 Lakh. The amount was invested with good intention to earn profit.

(iii) It is incorrect to allege that the allotment was done without payment of consideration as she had paid ₹ 15.00 Lakh, as is evident from the bank account statement.

(iv) She has not sold the shares so allotted which shows that she has not taken any profit and in fact, she is facing notional loss as there is no buyer of the shares.

(v) As stated above, the Noticee no. 5 and Noticee no. 8 have also made similar contentions in their submissions covering the afore stated points as has been raised by Noticee no. 10 in her letter.

Noticee no. 6:

15. Noticee no. 6 (Sanjay Nandlalbhai Parelia HUF), vide its letter dated June 29, 2018 has submitted that:

(iii) It had received advance from Mihir, however, it doesn't know Mainak or AA Plus Commodity Broking Limited.

(iv) A total of 1,50,000 shares of Dhyana were allotted under preferential allotment out of which, it had sold 2,850 shares for ₹ 9.00 Lakh (approx.).

(v) It still holds around 1.47 Lakh (approx.) shares which shows that it did not have any role to play in the manipulation of the price of the scrip of Dhyana.

Noticee no. 7:

16. Noticee no. 7 (Harshaben Alpeshbhai Lakhani) has filed reply to the SCN vide her letter dated August 12, 2018 and has also filed a post-hearing written submission dated March 23, 2019 contending that:

(i) None of her acts would fall under the definition of fraud, as prescribed under PFUTP Regulations. There is no evidence in the SCN to establish that she employed any manipulative or deceptive device. Reference was made to the decision of Hon'ble SAT in the matter of *KSL & Industries Vs SEBI.*

(ii) She took a loan of ₹ 15.00 Lakh from Mihir on November 28, 2013 as the proprietor of Mihir, Lilaben Panchal is her friend and the said loan amount was used to pay Dhayana against allotment of shares.

(iii) The above said loan was repaid on August 26, 2014 with the help of financial support from her husband. Copy of bank certificate has been filed in support. As she has repaid the money which was borrowed, the transaction cannot be termed as fraudulent.

(iv) The investment in Dhyana was made as a long term investment. As shares have not been sold by her, the same shows that she was not aware of the alleged manipulation.

(v) As she had paid the allotment money, there is no violation of Regulation 77(1) of SEBI (Issue of Capital and Disclosures Requirements) Regulations and there is no prohibition in subscribing to shares out of borrowed money/fund.

(vi) There cannot be violation of Regulation 4(1) of PFUTP Regulations without violation of any provision of Regulation 4(2).

(vii) She has not sold a single share of Dhyana. In other cases like Radford, Pine etc., SEBI has impleaded only those persons who sold shares.

(viii) The calculation of notional gains is in violation of Article 14 of the Constitution of India.

Noticee nos. 9, 34, 37 and 41:

17. Noticee no. 9 (Ramilaben Baldevbhai Patel), Noticee no. 34 (Shailesh Baldevbhai Patel) and Noticee no. 37 (Harshadkumar Baldevbhai Patel), have filed their separate but identical submissions on March 20, 2019 and March 27, 2019. Further, Noticee no. 41 (Baldevbhai Shankerlal Patel) has also a filed post hearing submission through her letter dated March 23, 2019. The submissions made by the aforesaid Noticees in their letters are summarized as under:

(i) Copy of investigation report, details of LTP analysis of all counter parties have not been provided to them.

(ii) They have never transacted with Dhyana or its Promoter/Directors before the preferential allotment.

(iii) The investments in the shares of Dhyana under preferential allotments were made on the advice of their family friend, Mr. Vishal Mistry. The allotment price of ₹ 10.00 per share

was found to be attractive and the profile of the Company was also found to be interesting. Noticee no. 34 was taking decision on behalf of all the three Noticees.

(iv) All of them are still holding certain number of shares of Dhyana, which show that they were not aware of any fraud or manipulation.

(v) There is no evidence in the SCN to suggest that they have traded based on a pre-arrangement with the counter parties. SCN makes general allegations.

(vi) There is no evidence in the SCN supporting the alleged connection with Directors, Promoters or other entities of Dhyana Group.

(vii) SCN has been issued on different lines from the *interim* order and confirmatory order. The main subject matter of withholding of payout is missing in the SCN nor any justification is contained in the SCN.

(viii) Noticee no. 9 had received ₹ 15.00 Lakh from Mihir on November 28, 2013. The said funds have been repaid on April 23, 2015. The said transaction will not connect her to any manipulation committed by Mihir, if any.

(ix) The contribution of LTP by their respective trades is miniscule as compared to the total LTP in the scrip, so as to hold their trades as fraudulent or manipulative. They are not connected with the counter parties. Apart from the trades mentioned in the SCN, the other trades contributing to positive LTP, have not been alleged in the SCN as manipulative. While alleging contribution to LTP, net LTP should have been considered.

(x) The orders were placed on the basis of increasing price trends based on the closing price of previous days; and therefore the orders were placed at higher prices and the alleged trades were within the prescribed circuit limit of the exchange.

(xi) Around 13 other preferential allottees had contributed to positive LTP in the range of ₹ 10.00 to ₹ 60.40, who have not been issued notice, therefore, they also deserve exoneration based on parity.

(xii) The profit has been wrongly calculated in the SCN as no basis has been provided for taking ₹ 251.00 as the acquisition price.

Noticee no. 11

18. Noticee no. 11 (Gunjan R. Patel) has filed a reply to the SCN vide his letter dated August 07, 2018 and has also filed a post hearing written submission dated March 23, 2019. Summary of the explanations offered by the Noticee no. 11 are as under:

(i) Having background of consultancy in construction related activities, investment in the shares of Dhyana was made with an expectation of future price rise and he had invested in shares of other companies as well viz; Dev Corporation, Nand Corporation etc.

(ii) He is not connected with Company or its Promoters/Directors. The subscription to the preferential allotment was basically offered at face value of ₹10.00. Out of 1,50,000 shares allotted, he still holds 74, 614 shares.

(iii) He has paid the consideration from borrowed funds for which there is no prohibition. The proprietor of Mihir Consultancy is his friend.

(iv) As per SCN, one of his trades resulted in positive contribution of 40 paise (0.04%) to the LTP that resulted in manipulation of the price, which is normal for a scrip trading at ₹337.00 and he can't be held guilty for such miniscule contribution to LTP.

(v) The LTP on July 14, 2015 was ₹ 365.00. No trade took place on July 15, 2015, before the order was placed by him. As he wanted to sell shares, he placed order at 10 paise lesser than the LTP of one day before.

(vi) The counter party to his trade, viz., Gaurang Pathak was a buyer to trades executed immediately prior to the trade of the Noticee also and placed his order around 3.00 hours after the sell order was placed by him.

(vii) During the investigation period, he has executed 131 trades selling 18595 shares in total. Only 3 trades have resulted in change in LTP and the rest of the trades had no impact on the LTP. One of the trades also resulted in negative LTP and the counter party to the said trade was also one of the suspected entity.

(viii) The SCN states that the price of the scrip went upward, the trades of the Noticees which matched with the buy trades of 'suspected entities' and contributed to LTP have been termed as manipulative. The said premise of making allegations is erroneous as the market functions on the principle that trades will lead to price fluctuation and trades will also affect demand and supply.

(ix)The SCN has wrongly calculated the profit even considering notional profit for unsold shares also.

19.Apart from the above, the Noticee nos. 9, 11, 34, 37, and 41 have also made certain common submissions which are as under:

(i) The trade took place at screen based system maintaining anonymity and knowing the counter party is not possible.

(ii) All orders result in some kind of LTP.

(iii) The buy order was placed after their sell orders were placed which resulted in trades.

Noticee no. 12:

20. Noticee no. 12 (Mihir Consultancy & Trading Company) through its proprietor, Ms. Lilaben B. Panchal has filed a reply to the SCN vide its letter dated July 23, 2019 submitting *inter alia* that:

(i) Only because of few common Directors/Promoters with AA Plus Commodity Broking Pvt. Ltd., and Dhyana Finstock, it does not establish the alleged connection or show that it was involved in the alleged manipulative/fraudulent activities.

(ii) There was no collusion with Dhyana in the allegedly fraudulent issuance of the shares under preferential allotment to 7 allottees who did not have funds for subscribing to the allotment.

(iii) It was not aware of the funds transfers between Dhyana and other entities.

(iv) It had business relationship with Mainak as part of which, funds were received and repaid and such fund transactions cannot lead to any illegality.

(v) There is no basis to allege fraud on the sole ground that money received from Mainak was utilized by it to assist the preferential allottees to make payment towards shares of Dhyana as it has no control over the utilization after lending.

(vi) Even assuming that the fund transfers executed between Dhyana, the preferential allottees and other related entities were fraudulent in nature, the Noticee (Mihir Consultancy & Trading Co.) can't be held accountable for the utilization of the funds by such entities to achieve the objectives as alleged. The annexures to the SCN have failed to disclose any material justifying even prima facie, violations allegedly committed by the Noticee.

Noticee no. 14:

21. Noticee no. 14 (Priti Jayakarbhai Christian), vide letter dated April 20, 2019 filed her reply to the SCN. She has contended that she was only a non-executive Director of Mainak. She has also made identical submissions as made by Noticee no. 2 etc., on the issue of liability of a non-executive Director. It has also been submitted that being a promoter of Dhyana, she was not involved in any financial decision of Dhyana. Further the allegation of funding the counter parties to preferential allottees has not been supported by evidence as copy of bank account statements etc., have not been furnished.

Noticee no. 15:

22. Noticee no.15 (Mainak Comtrade Pvt. Ltd.), vide letter dated May 12, 2018 had sought inspection of various documents. Vide letter dated May 25, 2018, it was informed to the

Noticee no. 15 that inspection of only original documents will be provided, copies of which have already been annexed with the SCN. However, neither the opportunity of inspection was availed nor any reply has been filed to the SCN.

Noticee nos. 17, 18 and 19

23. Noticee no.17 (Parin Infrastrucure Pvt. Ltd.) vide its letter dated June 01, 2018, Noticee no. 18 (Taru Pallav Projects Limited) vide its letter dated May 30, 2018 and Noticee no.19 (Tosif Yunusbhai Amroniya) vide its letter dated May 24, 2018, had sought time to file reply to the SCN, however so far, no reply has been filed in the matter on behalf of any of the aforesaid Noticees.

Noticee no. 20

24. Noticee no. 20 (Devangkumar Arindkumar Jani), vide his letter dated April 20, 2019 submitted reply to the SCN. While denying the allegations made, in the SCN the Noticee no. 20 has *inter alia* submitted that:

(i) It has been alleged that in 7 trades, Noticee no. 20 had contributed ₹11 to positive LTP of the scrip which is 2.60% of the market positive LTP. There were also 297 other trades executed by him which have not resulted in contributing any positive LTP.

(ii) Noticee no. 20 has been dealing in securities and has been borrowing funds and repaying the same to other entities.

(iii) The funds taken from Noticee no. 15 were in the nature of normal business transactions.

(iv) The allegation of manipulation is not sustainable due to the small volume of their trades in comparison with the capital of the Company.

(v) As he has taken delivery of the shares, the trades cannot be termed to be manipulative.

Noticee no. 21

25. Noticee no.21(Rajendra D. Pathak) vide letters dated May 26, 2018 and April 20, 2019, has filed written replies to the SCN stating that:

(i)The shares were purchased as well as sold on the market platform, *bonafidely* for making good returns as a small time investor.

(ii)The fund transactions executed with Mainak were general business transactions.

(iii)No adverse news was in the domain alerting Noticee before trading in the scrip.

(iv)Even though he did not get any money, an allegation of unlawful profit has been levelled.

(v)While seeking release of payout, it has been submitted that alleged trades are less than 1% of the total capital of the Company and by no stretch can be held to be manipulative.

(vi)The profit has been wrongly calculated in the SCN.

(vii) Noticee no. 21 has also made certain submissions, similar to those made by Noticee no. 20.

26. Noticee nos. 22, 23, 24, 25, 26, 51, 52, 53 and 54 have filed separate but identical written replies making common submissions with their respective factual variances. The summary of their replies is as under:

Noticee no. 22 [Purvesh Mansukhlal Shah-HUF]

27. The Noticee no. 22 vide its letter February 09, 2019 has filed its reply to the SCN stating as under:

(i) The Karta of Noticee no. 22, along with his other family members had in total, purchased 2,70,000 shares of Dhyana (then known as Parth Finvest Ltd.) on October 15, 2012 from one Vinit Enterprises, who was a sub-broker of ISE Securities (a member of NSE). The shares were purchased at the rate of ₹1.00 per share. All the shares have been sold by them at an average price of ₹ 310.02 per share between the period of June 23, 2014 and August 06, 2014

(ii) The shares were purchased based on inputs received from market regarding its earning potential. There was no trading in the scrip at that time and the shares were available at a lower price in off-market.

(iii) The Karta of the Noticee is a Doctor and had received ₹ 15.00 Lakh from Mainak on October 04, 2015, ₹ 20. 00 Lakh from Hitesh Patel on December 30, 2015 and ₹ 30.00 Lakh from Shalomiben Bariya on December 30, 2015 & December 31, 2015 and these funds were part of the loans taken by the HUF during the relevant period from various third parties amounting to ₹ 6.64 Crore. There is no illegality in receiving loans.

(iv) The transactions with the aforesaid entities have been done after sale of shares of Dhyana and were not utilized for trading with Dhyana.

(v) It had sold 30,200 shares of Dhyana during the period of July 17, 2014 to July 28, 2014. Out of the sale proceeds, an amount of ₹ 1.00 Crore was transferred to Sumandeep Multipurpose Ltd. (hereinafter referred to as "**Sumandep**") for paying towards purchase of land by it.

(vi) About 94.48% of the trading has been done by Noticee no. 22 at a price at or less than LTP. Out of 199 trades executed by Noticee no. 22 during Patch-1 of the investigation period, only 7 trades have been alleged to have contributed to LTP.

(vii) The shares were sold when the price was rising and it is natural for anyone to sell at higher rates. The shares were sold within the circuit filters of the stock exchange. Having

sold shares before the scrip price reached its peak, it shows that the Noticee was not part of the price manipulation.

(viii)There is a time gap of few hours in the orders placed by it in connection with many of its trades.

(ix)Noticee has a better case than the entities including the preferential allottees who have been exonerated after the investigation, as none of its funds has been utilized for the scheme as alleged in the SCN.

(x)Relevant documents including the copy of investigation report have not been provided thereby constraining the Noticee from defending itself effectively.

(xi)SCN does not allege any collusion between the Noticee and the counter-party buyers. The only allegation narrated in the SCN is the connection between the Noticee and Dhyana and parties connected to Dhyana. Orders of Hon'ble SAT passed in the matter of *Premchand Shah & Ors. Vs. SEBI (date of decision: February 21, 2011)*; *Shailesh M. Ved Vs. SEBI (date of decision: July 06, 2011)*; *Vikas Ganeshmal Bengani Vs. SEBI (date of decision: February 25, 2010)*; and *Jagruti Securities Vs. SEBI (date of decision: October 27, 2008)*, have been relied upon to counter the allegations of connection.

*(xii)*Following judgments/orders have been relied upon to contend that higher degree of proof is required to allege fraud , viz: *Sterlite Industries (India) Ltd. Vs SEBI (2001) 34 SCL 485 (SAT); Bater Vs. Bater (1950) 2 ALL E.R. 458; Rajendra G. Parikh Vs. SEBI (Appeal no. 44/2009); Narendra Ganatra Vs SEBI (Appeal no. 47/2011) etc.*

(xiii)Reference has been made to the order of SEBI passed in the matter of *First Financial Services Limited* to contend that SEBI had decided to proceed only against entities connected to the Company and involved in price manipulations. Apart from the aforesaid financial transactions, there is no allegation of connection with any of the alleged manipulators.

(xiv)There is no connection with Dhyana. The transactions based on which connection has been imputed took place after the sale of shares of Dhyana. There is no evidence or allegation that funds have been utilized for manipulation.

Noticee no. 23 [Dixit Mansukhlal Shah-HUF]

28.The Noticee, vide his letter dated February 09, 2019, has replied almost in identical manner to Noticee no. 22 and has submitted that :-

(i)About 96% of the trading has been done by the Noticee no. 23 at LTP. Out of the total 238 trades executed in the scrip of Dhyana by it during Patch-1 of the investigation period, only 8 trades have been alleged to have contributed to market positive LTP.

(ii)The Karta of the Noticee no. 23 along with his other family members are Directors of Sumandeep.

(iii)It had sold 31,100 shares of Dhyana during the period from July 21, 2014 to August 06, 2014 and from the sale proceeds, an amount of ₹ 65.00 Lakh was transferred to Sumandeep for making payment towards purchase of land.

(iv)The receipt of ₹ 15.00 Lakh from Mainak on October 04, 2014 and ₹ 20.00 Lakh from Jimeet on December 16, 2014 were part of the loan of ₹ 84 Lakh (approx.) received by the Noticee from various third parties, which were not the counter parties to the alleged trades.

Noticee no. 24 [Shushilaben M. Shah]

29.Vide letter dated February 09, 2019, the Noticee has filed her reply to the SCN contending *inter alia* that:

(i) The alleged connection with Mainak does not lead to any inference of collusion, as Mainak is not a counter party to her trades.

(ii) The transaction with Mainak took place after the sale of shares of Dhyana by her. The allegation in the SCN that the funds received from Mainak were used to purchase shares of Purple Entertainment is incorrect, as the said funds were received in December 2014 while the shares of Purple were purchased in January, 2015.

(iii) She is not connected to the counter-parties who have allegedly increased the LTP, which is an essential factor to establish/demonstrate the allegation of manipulation against her.

(iv) The shares of Dhyana were sold to meet payment obligation towards purchase of land by Sumandeep. As the payment towards the land was to be made by August 25, 2014, she sold 29, 500 shares of Dhyana between June 30, 2014 and July 18, 2014 for an amount of ₹ 90.00 Lakh which was subsequently transferred to Sumandeep for payment towards purchase of land.

Noticee no. 25 [Mansukhlal K. Shah-HUF]

30.The Noticee, vide its letter dated February 09, 2019, has filed its reply to the SCN which carries identical explanations/arguments as contained in the written reply of Noticee no. 24, with the following factual additions as applicable to its own transactions:

(i) The Karta of the Noticee no. 25 along with his other family members are Directors of Sumandeep.

(ii) It had sold 28,200 shares of Dhyana during the period of June 18, 2014 to August 04, 2014. From the sale proceeds, an amount of ₹ 50.00 Lakh was transferred to Sumandeep for making payment towards purchase of land.

(iii) The only purported connection of the Noticee with the counter-party buyers has been shown to be with Noticee no. 48 (who created NHP by his buy trades during Patch-1) and Noticee no. 49 (who created NHP in Patch-1 by his buy trades during Patch-1, contributed to LTP by his buy trades in Patch-2 and also purchased 50,000 shares from preferential allottees), which is not supported by any cogent evidence.

Noticee no. 26 [Mansukhlal K. Shah]

31. The Noticee's written reply vide his letter dated February 09, 2019, also contains almost identical submissions as filed by the Noticee no. 24 & 25 , with the following additional facts pertaining to his own transactions :

(i) He has sold 30,000 shares of Dhyana during the period of June 23, 2014 to July 16, 2014. An amount of ₹ 75.00 Lakh was transferred from the sale proceeds to Sumandeep for making payment towards purchase of land.

(ii) He had received ₹ 55.00 Lakh from Mainak on February 10, 2015 and February 13, 2015, as a loan as a part of total loan of ₹ 8.00 Crore received by him from several third parties and the above stated amount received from Mainak was utilized towards purchase of shares of Purple, which was done on January 06, 2015.

Noticee no. 51 [Ruchirani Shah]

32. Vide her letter dated February 09, 2019, Noticee no. 51 has filed her reply to the SCN which contained identical submissions as made by Noticee no. 24 etc. as noted above, with the following factual variances pertaining to her transactions :

(i) She sold 27,600 shares of Dhyana during the period of June 23, 2014 to July 10, 2014. An amount of ₹ 70.00 Lakh, including the sale proceeds from her trades was transferred to Sumandeep, where some of her family members are Directors, for paying towards purchase of land.

(ii) A sum of ₹ 15.00 Lakh was received from Mainak on October 07, 2014, which was received after the sale of Dhyana was concluded. The said amount was not utilized for trading in Dhyana.

(iii) 2,00,000 shares of 'Purple' were purchased on January 06, 2015 out of her own funds and 32,000 shares have already been sold. Part of the funds so received have been lent to Mr. Purvesh Shah (Noticee no. 54).

(iv) There is no evidence in SCN or its annexures to show her connection with Nimesh (Noticee no.48) and Bimesh (Noticee no.49). Only a miniscule percentage of her trades matched with Nimesh and none matched with Bimesh.

Noticee no. 52 [Dixit M. Shah]

33. Noticee no. 52 has also filed an identical reply as discussed above in connection with Noticee no.51 vide his letter dated February 09, 2019 wherein he has made the following factual details about his transactions :

(i) A total of 31,000 shares of Dhyana were sold by him during the period of July 21, 2014 to August 06, 2014. A sum of ₹ 65.00 Lakh was transferred to Sumandeep.

(ii) He has received ₹ 15.00 Lakh from Mainak on October 04, 2014 and ₹ 20.00 Lakh from Jimit Traders on December 16, 2014 as loans. At the relevant time, an amount of ₹ 84.00 Lakh was taken by him as loan from various other third parties.

(iii) The funds received from Mainak were utilized for purchasing shares of Mansarovar since, after transacting in shares of Dhyana, investment in such companies was considered as a viable option. The funds received from Jimit Traders were utilized for purchase of shares of Purple which were sold in February, 2017.

Noticee no. 53 [Versha Dixit Shah]

34. Vide letter dated February 09, 2019 Noticee no. 53 has also filed her reply identical to the reply filed by Noticee no. 52 stating that:

(i) A total of 32,500 shares of Dhyana were sold during the period of June 23, 2014 to July 24, 2014. A sum of ₹ 90.00 Lakh was transferred to Sumandeep.

(ii) The funds so received from Mainak were utilized for purchasing shares of Mansarovar since, after transacting in shares of Dhyana, investment in such companies was considered as a viable option.

(iii) The funds were received from Mainak after sale of shares of Dhyana was concluded hence, the said fund has not been utilized for trading in the scrip of Dhyana.

(iv) There is no evidence to show any kind of connection with Nimesh and Bimesh. There is only one trade executed with Nimesh and LTP contribution in such trade was only ₹ 1.00.

Noticee no. 54 [Purvesh Mansukhbhai Shah]:

35. Submissions of Noticee no. 54 filed vide a reply dated February 09, 2019 are as under:

(i) A total of 30,000 shares of Dhyana were sold during the period of June 23, 2014 to July 10, 2014. A sum of ₹ 60.00 Lakh was transferred to Sumandeep, in which Noticee no. 54 is one of the Directors. The remaining amount of ₹ 12 Lakh (approx.) was utilized for renovation of a hospital.

(ii) There is no evidence to show any kind of connection with Nimesh and Bimesh.

(iii) 99 trades of the Noticee matched with Nimesh, out of which only 2 trades are above LTP of ₹ 1.00 and ₹ 2.00, respectively.

36. Further to the above discussed submissions, vide letter dated March 13, 2019 and letter dated February 06, 2020, Noticee nos. 22, 23, 24, 25, 26, 51, 52, 53 and 54 have filed a common written submission, therein making the followings additional submissions, stating that:

(i) The shares of Dhyana were sold by them to make payment towards purchase of land by Sumandeep Multipurpose Ltd. Out of ₹ 8.17 Crore received after sale of shares of Dhyana, an amount of ₹ 6.50 Crore was paid towards the purchase of land, as aforesaid. Documents like sale deed, bank account statement etc., have been filed.

(ii) The Noticees sold the shares till August 06, 2014 after which also the price of the scrip had increased. The price of scrip increased steadily and reached a level of ₹ 396.00 on July 27, 2015. This shows that the Noticees were not part of the alleged fraud as they have sold the shares before the SMS was circulated.

(iii) More than 96% of the trades were executed by the aforesaid Noticees at prices equal to or lower than the LTP and very few percentage of trades were executed above LTP.

(iv) There is no illegal motive attributed to the Noticees for the alleged manipulation.

(v) For the trades that were executed above LTP, there was substantial time difference between orders of buyer and seller. As the time gap was in the range of 7 minutes to 4 hours, it shows that there was no synchronization in the trades.

(vi) Dixit Shah, Mansukhlal Shah HUF and Purvesh Shah are connected to the rest of the three Noticees as family members and there is no financial transaction based on which connection has been alleged.

(vii) The alleged connection with the entities, as alleged in the SCN, does not lead to any adverse inference. The trades executed by the Noticees are independent of the financial transactions.

(viii) Based on the principles laid down by Hon'ble Supreme Court in the matter of *Kishore R. Ajmera*, no case is made out against the Noticees as nothing is provided to demonstrate connection with the counter parties; nothing is on record to indicate prior meeting of

minds for coordinated trades; there is substantial time difference between orders of the counter parties.

(ix) The quantity of trades that matched with Nimesh (Noticee no. 48) resulting in NHP was miniscule. There was no trade that matched with Bimesh (Noticee no. 49), despite which SCN has alleged creation of NHP.

(x) The order passed by Hon'ble SAT in the matter *of Nishith M. Shah HUF & Anr. Vs. SEBI (Date of decision: January 16, 2020) and Sapna Bombaywala Vs. SEBI (Date of decision: January 28 2020)* have been relied upon to contend that there has to be a collusion between buyer and seller to sustain the charges of price manipulation or connection has to be established with the Company or its promoters/directors. It has also been submitted that the time gap between the buy order and sell order is a crucial factor for consideration.

Noticee no. 30 (Dipakkumar Rajaram Joshi) and 45 (Ravi Dipakbhai Joshi)

37. The Noticee nos. 30 and 45 have filed a common reply vide letter dated June 02, 2018 and have further filed additional submissions vide their separate but identical letters dated July 05, 2019. The contentions made by the aforesaid two Noticees are as under:

Noticee no. 30 [Dipak kumar Rajaram Joshi]

(i) He has been alleged to have contributed to net positive LTP during Patch-2. There is no allegation of making any ill-gotten gains or any funding by any of the Company related entities.

(ii) He is neither a preferential allottee nor any allegation with respect to making of ill-gotten gains has been made against him.

(iii) There was no allegation levelled against him in the *interim* order. After passing of confirmatory orders by SEBI, Hon'ble SAT had in the appeals filed before it, directed SEBI to issue SCN by April 30, 2018 after completion of investigation. Therefore, the investigation, as directed by Hon'ble SAT ought to have been completed in respect of the entities mentioned in the *interim* order only.

(iv) As 3 years have lapsed from the alleged trades, he is not in a position to offer sufficient clarifications.

(v) It has been alleged that in 16 trades, he had contributed ₹ 8.20 to market positive LTP which is 0.96% of the total marker positive LTP. There were another 616 trades executed by him which did not result in positive LTP and the SCN is silent on said trades. Out of those 616 trades, in respect of 1 trade, LTP impact was negative and for the remaining 615 trades, the impact was zero.

(vi) It is erroneous to add up the net negative LTP to the net positive LTP for arriving at gross LTP.

(vii) As per the SCN, percentage of his positive LTP to the total market positive LTP contributed to the scrip, is merely 0.96%.

(viii) Out of 632 trades, only 16 trades have been alleged to have resulted in positive LTP and out of those 16 trades, only 2 trades have matched with the suspected entities. The LTP contribution by the said two trades was miniscule, i.e., mere 0.13% of the total market positive LTP, which shows that there was no meeting of minds. The trades have been executed on the automated platform of BSE.

(ix) He was not aware of the counter party sellers nor had any means to verify their details. After being listed on BSE, the scrip witnessed increase in price and after lock-in of the preferential allottees was over, the volume in the scrip also increased.

(x) A total of 64,306 shares of Dhyana were purchased by him and only 2.07% of his buy trades matched with the preferential allottees in Patch-2, which may be due to coincidence. The percentage of shares bought in comparison to total market volume during Patch 2 was only 1.75%.

(xi) He has not received any funds from the Company related entities.

(xii) The SCN is vague in terms of the allegations made against him.

(xiii) The shares accepted by him as delivery could not have created any artificial volume nor because of the shares which he has given delivery through his trades.

(xiv) Violation of provisions of PFUTP Regulations can only be made when the transaction is done with an intention to artificially raise/depress the price of the scrip, so as to induce any person to buy or sell the security.

Noticee no. 45 [Ravi Dipakbhai Joshi]

(i) The SCN is faulty as the investigation did not name him in the *interim* order.

(ii) The alleged trades executed by him were 11 which resulted in 3.08% of the total market positive LTP. He has denied that he has intentionally contributed towards the alleged price rise.

(iii) At the relevant time, the price of the scrip was rising continuously and he intended to purchase the shares to sell them later on for making profits.

(iv) There were other 234 trades executed by him which did not result in positive LTP and in 2 of those 234 trades, the LTP impact was negative. The SCN is silent on those trades.

(v) As per the SCN, percentage of positive LTP to total market positive LTP contributed by his trades is merely 3.08% which reflects that there was no meeting of minds with the suspected entities.

(vi) It has been alleged that in 5 trades, he contributed ₹ 20.00 to market positive LTP which is 1.88% of total market positive LTP. There were 7 other trades which did not result in positive LTP and SCN has admitted that the LTP impact by those 7 trades was 0.

(vii) As stated above, out of the 12 trades executed by him, only 5 trades have resulted in positive LTP and out of the said 5 trades, only 2 trades matched with the suspected entities. The LTP contribution from those 2 trades was mere 1.73% of the total market positive LTP which shows that there was no meeting of minds.

(viii) There have been only 3 trades for 1470 shares which resulted in NHP, during a period of 163 days.

(ix) During Patch-2, only 1 trade has matched with the suspected entities to establish NHP.

(x) The Noticee has also made identical submissions as noticed above while summarizing the submissions of Noticee no.30.

Noticee no. 27 & 28

38. The Noticee no. 27 (Vishnubhai Arjanbhai Desai) and Noticee no. 28 (Jerambhai Arjanbhai Desai) vide their separate but identical letters dated May 17, 2015 had sought time to file their written replies to the SCN. However, no reply has been filed on their behalf till passing of this order.

Noticee nos. 29 and 75

39. Noticee no. 29 (Mrs. Shalomiben Anilbhai Bariya) and Noticee no. 75 (Mr. Anilbhai B. Baria) vide their common letter dated June 01, 2018 have filed a reply to the SCN. Further, vide letter dated April 20, 2019, Noticee no. 29 (Mrs. Shalomiben Bariya) and vide letter dated July 05, 2019, Noticee no. 75 has filed separate but identical submissions. Noticee no. 75 has also filed a post hearing written submission dated September 18, 2019. The sum and substance of their explanations are presented as under :

(i) They are small investors who had invested their savings as well as borrowed funds to earn return from the scrip of Dhyana.

(ii) The allegation of making unlawful gains is not sustainable as pay-out has been blocked.

(iii) The SCN calculates the profit with wrong formula.

(iv) The allegation of manipulation is not sustainable due to the small volume of their trades in comparison with the capital of the Company.

(v) The allegation of buying shares from preferential allottees is also not sustainable as trades were executed on screen-based system.

(vi) The allegations levelled in the SCN are denied.

(vii) The SCN has completely ignored the facts and circumstances which formed the basis of the *interim* order.

(viii) There are contradictions in the allegations made in the SCN as compared to the *interim* order. The SCN has alleged them to be connected to Dhyana based on the financial transactions executed between them, Mainak Comtrade Pvt. Ltd., Pranatpal Tradelink Pvt. Ltd. ("**Pranatpal**")., Taru Pallav Projects Pvt. Ltd. ("**Taru Pallav**") and Parin Infrastructure Pvt. Ltd. ("**Parin**").

(ix) Noticee no. 29 has been alleged to be involved in price manipulation and also is a net seller on July 27, 2015. Noticee no. 29 has been alleged to have made a profit of ₹ 15.00 Lakh. Noticee no. 75 has been alleged to be an exit provider to the preferential allottees and is a net seller on July 27, 2015. The Noticee no. 75 has been alleged to have made a profit of ₹ 18.00 Lakh. The said calculation of profits is in contradiction with the calculations in the *interim* order.

(x) They had legitimate fund transactions in normal course of business with Mainak, Pranatpal, Parin and Taru Pallav. They are not aware of fund transfers by Mainak, Mihir etc., as alleged in the SCN, and no adverse inference should be drawn against them, based on the material.

(xi) It has been alleged that in 9 trades, Noticee no. 29 had contributed ₹ 3.30 to market positive LTP which is 0.94% of the market positive LTP. There were also 69 other trades executed by him which have not resulted in contributing any positive LTP.

(xii) It has been alleged that in 10 trades, Noticee no. 75 contributed ₹ 3.90 to market positive LTP which is just 1.27% of the total market positive LTP. There were 95 other trades which did not contribute to LTP.

(xiii) Out of the 78 trades of Noticee no. 29 and out of 105 trades of Noticee no. 75, only 9 and 10 trades respectively have contributed to market positive LTP by matching their orders with the orders of suspected entities, which shows that there was no connivance with the suspected entities.

(xiv) During Patch-2, out of total buy trades, only 0.94% matched with the preferential allottees, which may be due to sheer coincidence. The percentage of shares bought in comparison to total market volume during Patch -2 was only 0.80%.

(xv) Noticee no. 75 has been dealing in securities and has been borrowing funds and repaying the same to other entities. He is not aware of, nor has any means to discover the alleged fund transactions between the Company related entities and other Noticees hence, no adverse inference should be drawn against him.

(xvi) It is denied that Noticee no. 29 indulged in price manipulation and Noticee no. 75 acted as exit provider to the preferential allottees. As they are still holding shares, they are suffering loss instead of profit, contrary to the allegations made in the SCN.

(xvii) The funds that were borrowed (as alleged in para 25 of the SCN) were not repaid since the payout of the shares sold by him has been withheld by BSE by virtue of the directions passed in the *interim* order.

(xviii) The Noticee nos. 29 and 75 have made similar submissions as that of Noticee no. 30.

Noticee no. 31 [Mr. Birju Pravinchandra Sanghvi]:

40. A written reply has been filed by the Noticee vide letter dated May 28, 2018 and April 20, 2019, while making identical submissions as have been made by other Noticees has made following submissions:

(i) He is not having any other business except for trading in securities market. He is suffering from various illness and had a liver transplantation done. He had borrowed ₹ 40 Lakh from Mainak on January 13, 2015 which were invested in the scrip of Dhyana. The said loan amount is outstanding.

(ii) He has not made any unlawful gains. He sold some of the shares at different prices to earn returns.

(iii) There is no major difference in the sale price and purchase price of the shares. The volume of the shares transacted is also very nominal in comparison with the total capital of the Company.

(i) The notional profit calculated on unsold shares is not justified.

Noticee nos. 32, 35, 36 and 38:

41. Noticee no. 32 (Noorbanu Farooq Hawa), Noticee no. 35 (Azim Farooq Hawa), Noticee no. 36 (Zahir Farooq Hawa) and Noticee no. 38 (Farooq Kasam Hawa) have filed a common written reply dated June 18, 2018. They have also filed another common reply in response to the Supplementary SCN dated November 14, 2018. Subsequently theses three Noticees have also made an additional submission vide a common letter dated February 23, 2019 along with an affidavit from Noticee no. 35. The contentions of the aforesaid Noticees are summarized as under:

(i)Noticee no. 32 is wife of Noticee no. 38. Noticee nos. 35 & 36 are their sons.

(ii)The power under Section 11(4) and11B of SEBI Act cannot be used for penal action, as done in present case.

(iii)They are not concerned with Dhyana Group, its promoter/ director nor are they concerned with the inter-se fund transfers between them. They were allotted 50,000 shares each for a total amount of ₹ 20.00 Lakh. Except for Noticee no. 36, who has sold 29,000 shares, other Noticees have sold their entire shareholding.

(iv) The investments in preferential allotment of Dhyana were made on the advice of one Mr. Rashmikant Acharya, referred to them by Mr. Rashmee Shah, who was their tax consultant at the relevant point in time. It was informed to them that Dhyana is coming up with preferential allotment and is also likely to be listed on BSE.

(v)After lock-in of the shares got over on November 30, 2014, they noticed that the price of the shares has increased substantially and therefore they sold most of the shares as a prudent business measure.

(vi)They are not aware of the SMSs received by investors with respect to trading/increase in price on July 27, 2015. They did not trade on July 27, 2015, i.e., the date for which alleged SMS were circulated.

(vii)The profit cannot be termed as illegal just because the fundamentals of the Company did not justify the price.

(viii)Noticee nos. 35 & 36 had given short term loans to Mainak which have been repaid by it. The said loans were extended on requests made by Mr. Rashmi Shah and Mr. Rashmikant Acharya. They have recently come to know that Mr. Acharya is connected with Dhyana and/or its promoters. Mr. Acharya may be summoned by SEBI for questioning.

(ix)Other entities having similar connection, like the aforesaid Noticees, have been discharged by SEBI.

(x)The issuance of Supplementary SCN reflects that the SCN was issued on the basis of incorrect data.

(xi)The data in the Supplementary SCN is also incorrect as value of shares allotted to them has been changed.

(xii)The copy of bank statements, income tax returns, demat account statements, along with affidavit were filed in support of the submissions.

Noticee no. 33 (M. Mathivanan):

42.The Noticee no. 33 vide his letter dated March 20, 2019 which was filed after the personal hearing, has stated that :

(i) Based on the advice of one of his friends, he invested in the preferential allotment of Dhyana and received 1,50,000 shares. He was attracted to invest in the Company due to the fact that shares were issued on allotment basis, without any premium.

(ii) He knew Mihir through one of his family friends. No document was executed for the loan received from Mihir as the same was in the nature of "Sarafi Loan" which was repaid with interest.

(iii) He has tried to contact Mihir but did not get any response with respect to the queries raised during personal hearing regarding details of business of Mihir and other information.

(iv) He is one of the 49 preferential allottees against whom no action has been initiated by SEBI which shows that the preferential allotment was not illegal. Around 14 other preferential allottees had contributed to LTP in the range of ₹ 9.60 to ₹ 60. 40, which is higher than the contribution to LTP made by him. He deserves exoneration based on parity.

(v) The trades executed by him are not alleged to be structured/circular/reversal/synchronized trades. General allegations have been raised in the SCN without any specific allegation as to how he is connected to manipulation of the price of scrip.

(vi) He has sold the shares of Dhyana after holding for 2 years and still holds around 80,000 shares.

(vii) SCN has not considered the contribution to negative LTP of ₹ 15.70 made by his trade on June 09, 2015.

(viii) There is no evidence of his involvement in the price manipulation.

(ix) Since he has not traded continuously by following any specific trading pattern and has only sold his long standing investment, there is no evidence of creation of artificial volume. The trades are *bonafide* and not manipulative.

(x) The profit has been wrongly calculated in the SCN.

(xi) The burden of proving the wrongdoing lies on SEBI and there is no proof to establish the alleged wrongdoing.

(xii) He has filed a copy of his demat account statement, copy of ITR, business brochures etc.

Noticee no. 39 (Chetan Marutirao Yangalwar HUF):

43. The Noticee, vide letter dated May 14, 2018, had sought inspection of various documents *inter alia* investigation report, internal notes, etc, in response to which, it was intimated vide letter dated May 22, 2018 that the copies of documents relied upon by SEBI have

already been provided and inspection of original of only those documents can be provided. Subsequently, the Noticee vide letter dated August 07, 2018 has submitted as under :

(i) SEBI has let off many entities which were having similar case as that of the Noticee.

(ii) The Noticee had purchased 5500 shares of Dhyana in physical form from one Mr. Nikeshbhai Shah and the shares were lodged for transfer. As it was in urgent need of funds and the transfer process and demat process would have taken some time, it borrowed shares in dematerialized form through off-market transfers from Mr. Bimesh Arvindbhai Jani (Noticee no. 49) on March 18, 2015. The shares were sold online in 27 trades in the price range of ₹ 350 to ₹ 352 during the period of April 16, 2015 to April 22, 2015. After the shares (so purchased from Mr. Shah) were transferred and dematerialized, they were transferred/returned back by the Noticee to Mr. Jani. Copy of demat account statement has been filed in support of the submissions.

(iii) Off market trading is not illegal, as held by Hon'ble SAT in the matter of *Kajal P. Shah Vs. SEBI*.

(iv) SEBI has not specified as to how the trades executed on market platform are illegal nor alleged that the off-market trades were illegal.

(v) The shares sold were only 0.14% of the total volume in the scrip.

(vi) It has no role to play in increasing the price from ₹ 352.00 to ₹ 406.00.

(vii) None of its trades can be alleged to be synchronized.

(viii) In the trades executed by it, there was time difference; location of brokers were different; quantities were different, when compared to the orders placed by the counter parties.

(ix) SEBI has passed revocation order against many entities who had executed trades with larger number of shares with the same counter parties, as in the case of the Noticee.

(x) Apart from the trades mentioned in the SCN, it has also executed other trades, which have contributed to positive LTP. SCN makes allegation of only one trade, however, it has executed 3 trades which contributed to positive LTP. The same shows that the data analysis of SEBI is defective or the other trades have been considered to be genuine.

(xi) The sell orders were placed in the morning, after which many other trades were executed in the scrip of Dhyana. Thus, it cannot be alleged to have contributed to LTP.

(xii) They have not traded by following any specific pattern and have only sold the shares.

(xiii) No unlawful gains have been made as the trades are not manipulative, therefore, disgorgement should not be directed by SEBI.

(xiv) The mere fact of matching of trades with other Noticees will not establish meeting of minds.

Noticee no. 40 [Marutirao Tukaram Yangalwar]:

44. In the course of proceedings in the instant case, it has been brought to my notice through written submissions filed on behalf of this Noticee that the Noticee no. 40 has expired on June 26, 2017. Copy of death certificate has also been furnished along with the said letter. Accordingly, it has been represented that as the Noticee is not alive, the charges against him should be dropped. The decisions passed in the matters of *Girijandani Vs. Bijendra Narain (AIR 1967 SC 2110); Chandravadan J. Dalal Vs. SEBI (Securities Appellate Tribunal; Order dated November 29, 2004); Order in the matter of Omkar Overseas Limited (Adjudicating Officer, SEBI; Order dated August 09, 2018); Order in respect of Shri J.P. Surekha in the matter of Taneja Aerospace and Aviation Limited (Adjudicating Officer, SEBI; Order dated July 06, 2018)* etc. have been relied upon in support of submission of dropping the proceedings.

Noticee no. 42 [Hitesh Chinubhai Shah]:

45. A letter dated May 14, 2018 was received seeking inspection of various documents like copy of investigation report, communication etc., however, it was intimated to the Noticee no. 42 that all the documents relied upon by SEBI have already been furnished along with the SCN and inspection of only those original documents, copy of which have already been annexed to the SCN can be provided. Further, vide his letter dated June 02, 2018, the Noticee had sought time to file his written reply in response to the SCN. However, so far no reply has been filed on his behalf.

Noticee no. 43 [Gaurang Pathak]:

46. The Noticee, vide his letter dated May 28, 2018, had sought time to file his reply, however till date no reply has been filed in the matter on his behalf.

Noticee no. 44 [Ankit Rajeshbhai Rajput]:

47. The Noticee, vide his letter dated June 02, 2018, has denied the allegations made in the SCN and has submitted that he had invested in shares of Dhyana by using some of his money and also with money borrowed by him for the purpose of investment in the Company, but his entire earning is stuck as pay-out has been withheld by SEBI.

Noticee no. 46 [Mr. Babubhai Kalabhai Bambhroliya] & 47 [Mrs. Labhuben Babubhai Bambhroliya]:

48. Noticee no. 46 and Noticee no. 47 have filed written replies to the SCN vide separate letters dated June 27, 2018 and subsequently have also filed a post-hearing submission

vide letter dated March 19, 2019. The arguments advanced by the Noticee nos. 46 and 47 are summarized as under:

(i)The shares of Dhyana were purchased as a long term investment.
(ii)The shares were purchased through Vinit Enterprises at Re. 1 per share. Copy of 6 cash receipts issued by Vinit Enterprises dated June 25, 2013, June 27, 2013, July 03, 2013, July 04, 2013, July 08, 2013, and July 10, 2013 have been filed on behalf of Noticee no. 46. All receipts reflect purchase of shares of Dhyana by the Noticees from Mrs. Bhartiben N. Makwana. Further, copies of contract notes issued by Vinit Enterprise etc., have been filed with respect to Noticee no. 47.
(iii)The allegation based on transactions with Mainak and Shrey fails to establish their categorization in 'suspected group'. The transactions executed by them in remote manner with other entities has no role to play with the trading executed in the scrip of Dhyana.
(iv)The amount was received on August 03, 2013 from Mainak as a loan. The amount was paid to 'Shrey' on August 05, 2013 for purchasing 1,50,000 shares of 'Shrey' under preferential allotment. They still hold the said shares. Copies of bank account statement and share certificates have been filed.
(v)They came to know about Mainak from the reference of Mr. Michel James Christian, who is known to their son. Copy of separate letters dated July 15, 2013 issued by Mainak has been filed which states that Mainak will finance ₹ 30.00 Lakh to the Noticees on the basis of their relationship with James Christian.
(vi)The amount has been repaid to Mainak with interest in June 2018. Copy of ledger and confirmation of accounts have been filed.
(vii)As money received from Mainak was utilized to purchase shares of Shrey, the said transaction with Mainak does not have any correlation with their trading in shares of Dhyana.
(viii)SEBI has not issued SCN to other entities who also have sold shares to the alleged suspected entities. No basis of discrimination has been provided in the SCN, except for the allegation of connection based on the receipt of ₹ 30.00 Lakh by the Noticees.
(ix)The trades were *bonafide* in nature and were executed in compliance with the applicable regulations.
(x)As a seller, they had placed orders at prices higher than previous LTP.
(xi)The SCN states that the price of the scrip went upward and since the trades of the Noticees which matched with the buy trades of 'suspected entities' contributed to LTP, they have been termed as manipulative trades. The said premise of making allegations is

erroneous as the market functions on the principle that trades will lead to price fluctuation and trades will also affect demand and supply.

(xii)Noticee no. 46 has executed a total of 689 trades during the period from September 11, 2014 to March 19, 2015, in the price range of ₹ 321 to 351. A total no. of 10 trades (7 trades in Patch 1 and 3 trades in Patch 2) have allegedly resulted in market positive LTP of ₹ 10.60 (₹ 9.00 for trades executed in Patch 1 and ₹ 1.60 for trades executed in Patch 2).

(xiii)Noticee no. 47 has executed a total of 649 trades during the period from September 12, 2014 to March 19, 2015, in the price range of ₹ 328 to ₹ 358. A total of 8 trades (7 trades in Patch 1 and 1 trades in Patch 2) have allegedly resulted in positive LTP of ₹ 7.10 (₹ 7.00 for trades executed in Patch 1 and ₹ 0.10 for trades executed in Patch 2).

(xiv)A total of 14 trades executed by Noticee no.46 have also contributed ₹ 36.70 to negative LTP which has been ignored while issuing SCN. In 644 trades, there was nil contribution to LTP. Similarly, for Noticee no. 47, a total of 623 trades were executed at nil LTP.

(xv)They are not alleged to be connected to the counter party buyers for their trades.

(xvi)The order of Hon'ble SAT in the matter of *KSL Industries Ltd. VS SEBI* (Appeal no. 09/2003) has been relied upon to contend that the allegation of market manipulation has to be supported by convincing evidence. Further, the judgment of Hon'ble Supreme Court in the matter of *SEBI v. Kishore R. Ajmera (supra)* has also been relied upon to emphasize that volume of trade effected, period of persistence in trading etc., are the various factors to draw inference to prove the charges.

Noticee no. 48 (Nimesh Jitendrabhai Purani)

49.Noticee no. 48, vide his letter dated April 20, 2019, filed the reply to the SCN. In the said reply, apart from making certain identical submissions, as have already been recorded for Noticee no. 29, 30 etc., has made the following main submissions:

(i)At the relevant time, he was desirous of acquiring shares of Dhyana to sell later to earn profits.

(ii)Out of trades involving 6445 shares, trades in only 9 instances resulted in creation of NHP.

(iii)The alleged trades which led to NHP got executed coincidentally on the automated screen based system. Apart from the trades alleged to be matched with suspected Noticees, his other 4 trades also resulted in NHP of the scrip.

Noticee no. 49 [Bimesh Arvindbhai Jani]:

50. The Noticee, vide his letter dated July 05, 2019, has raised certain points in his defense which are summarized as under:

(iv) He has denied that he contributed to the rise in the price of the scrip by 38.88%, as alleged in the SCN.

(v) At the relevant time, the price of the scrip was rising continuously and he intended to purchase the shares to sell them later on, for making profits.

(vi) There is only 1 trade of 10 shares which resulted in NHP, during a period of 163 days.

(vii) The connection with Alkesh M. Patel is denied. There were also other 3 trades executed by him which had resulted in negative LTP.

(viii) As per the SCN, percentage of his positive LTP contribution to the total market positive LTP in the scrip is merely 1.21%. His trades were genuine.

(ix) Only 3 trades have been alleged to have resulted in positive LTP which is mere 0.28% of the total market positive LTP.

(x) Only 1.62% of his buy trades matched with the shares sold by the preferential allottees.

(xi) He had invested in 50,408 shares of Dhyana through stock exchange. There is no allegation of ill-gotten gains on him.

(xii) Additionally, he has also made submissions similar and identical to the submission made by Noticee no.30.

Noticee no. 50 [Mr. Kalpesh Ugarchand Gadhecha]:

51. Noticee no. 50 in response to the SCN, has filed his reply vide letters dated May 16, 2018, June 14, 2018, and January 05, 2019 and has contended that :

(i) The documents like price volume data, bank statements etc. have been provided with SCN while other documents like pending order book, tick-by-tick data, which are also essential to prove the charges, have not been provided.

(ii) He is an individual investor and had received shares of other companies apart from the shares of Dhyana under respective preferential allotments during F.Y. 2013-14. He had received 2,00,000 shares of Dhyana under preferential allotment by investing his own funds.

(iii) The lock-in period of the shares of Dhyana expired on November 30, 2014 and he sold 2,00,000 shares during the period from December 01, 2014 to December 10, 2014. He

made a profit of ₹ 7.10 Crore (approx.). He has paid taxes on the gains so made. It was normal for a preferential allottee to sell shares immediately after the lock-in is over.

(iv) On an average, he sold 30,000 shares daily by placing orders telephonically.

(v) He has transferred beneficial ownership of such shares.

(vi) The shares were being traded in T2T category which does not leave any scope of manipulation.

(vii) He had not modified the order placed by him. His sell orders of large quantities were chased by suspected entities by way of various buy orders leading to numerous trades. No liability can be fastened on him due to all this.

(viii) On most of the days, he had placed orders in earlier part of the day. (before 11-11:30 am). On a few occasions, there were sell orders placed at rates higher than those placed by the Noticee no. 50.

(ix) There cannot be an allegation of manipulation for partial quantities. For e.g., he had placed sell order of 5200 shares of Dhyana at the rate ₹ 356 and Noticee no. 15 (Mainak Comtrade Pvt. Ltd.) placed a buy order for 100 shares, out of which 50 shares got matched with his sell order after 2 hours of placing of his order. He had executed 49 trades at the rate of ₹ 356 in 2 minutes.

(x) The SCN and Annexure 3 do not show any connection that he allegedly shared with the suspected entities.

(xi) There is no motive ascribed in the SCN for the scheme alleged to have been implemented nor does the SCN mention about matching of the trades or nexus with other parties. As 96% of the shares of the Company were in public category, there cannot be a scheme in its scrip.

(xii) The allegation of connection made in SCN which is based on KYC documents, common directorship etc., does not satisfy the ingredients of definition of fraud as laid down in PFUTP Regulations.

(xiii) Only one of his trades matched with Noticee no. 81 and few other trades have matched with entities who were directly or indirectly connected with Noticee no. 81.

(xiv) SEBI has not found any irregularity with respect to the preferential allotment and the transfer of shares in off-market was not connected to the trade which matched with Noticee no. 80 as buyer.

(xv) There is an error in the connection table presented in Annexure 3. Shares have been alleged to have been transferred from Noticee no. 81 to Noticee no. 50. However, in the corresponding column with respect to Noticee no. 81, it has been mentioned that shares in off-market were transferred by him to Alkesh M Patel HUF and not to Noticee no. 50.

(xvi)SEBI has also exonerated a few other entities who were counter parties to the trades of Noticee no. 81.

(xvii)On 09.12.2014, buy order of Noticee no. 81 (Gautamsingh Shivsingh Zala) matched with his sell order. The trade took place 3 hours after placing of his sell order. He had placed sell order for 6000 shares but trade with Gautam matched only for 11 shares at ₹ 369 per share. The contract note will show that he had executed total no. of 195 trades at ₹ 369 per share which were executed randomly in a period of 24 minutes.

(xviii)Noticee no. 81 (Gautamsingh Zala) had purchased only 38,277 shares sold by preferential allottees (1.23% of the shares sold by preferential allottees and 1.04% of total market) during Patch-2. The said volume is negligible.

(xix)There is no allegation with respect to manipulation of price and volume of the scrip in their entirety. In the absence of same, there cannot be any allegation of manipulation pertaining to LTP/NHP.

(xx)The price variation for the entire investigation period should have been considered instead of variations in Patches. As the LTP contribution has been taken from the actual last traded price and not from the highest price which was already achieved in the scrip, i.e., ₹ 367.50, the calculation of percentage of LTP contribution is incorrect.

(xxi)The charge of creating a misleading appearance in 5 trades executed during Patch-2 by being a counter party to 4 suspected entities out of the 89 entities and the creation of NHP in 7 trades by being a counter party to 5 suspected entities is not sustainable, as he had executed 1931 trades out of a total no. of 2444 total trades executed in market during Patch-2. His trades constituted only 4.37% of the market volume of the scrip during the period December 01, 2014 to December 12, 2014.

(xxii)His trading pattern was not comparable with those of the counter parties. His orders were matched with multiple orders of suspected entities acting as buyers. However, the rest of the trades which did not match with the suspected entities have not been alleged to be manipulative.

(xxiii)His trades have also contributed to negative LTP of ₹ 31.50.

(xxiv)On December 01, 2014, he had placed 6 different sell orders for sale of 25,000 in each order, which got sold in 148 different trades, comprising shares in the range of 1-3574 shares per trade (average 169 shares per trade).

(xxv)As buyers executed such trades, he being a seller cannot be alleged to have manipulated the price of the scrip.

(xxvi)There was huge time gap, running into hours between the placement of orders by the buyer and the seller as well as between his sell order time and actual trade time.

(xxvii)SEBI has exonerated some of the preferential allottees and suspected entities whose trades have been found to have created LTP/NHP during the investigation period. The contribution to LTP by a few of such entities was greater than what has allegedly been contributed by Noticee no. 50.

(xxviii)There is no charge of structured trades or fraudulent trades.

(xxix)He is alleged to be a counter party seller to the suspected entities in 1062 trades involving 1,15,274 shares. The total trading volume created by the suspected entities was 12,22,476 shares in 9798 trades and only 10% of his trades matched with the suspected entities.

(xxx)His large no of trades have been matched with suspected entities, however, SCN has alleged only fraction of those trades.

(xxxi)The attendant circumstances in terms of the volume of trades executed by the suspected buyer entities as compared with his total trading volume and the frequency of trades with each of the suspected entities indicate that there was no nexus or relation between him and them (the suspected buyer entities).

(xxxii)The trades of the Noticee matched with suspected entities coincidentally. All the attendant circumstances of the trading should have been considered. Even for the sake of arguments, if it is assumed that the trades were structured, they did not impact the price discovery mechanism of the scrip. There is no allegation that the trades of Noticee no. 50 caused price or volume fluctuation.

(xxxiii)The connection of suspected entities with Dhyana Group/its promoters does not apply to him.

(xxxiv)There is no allegation of manipulation in selling 46,401 shares which were sold before lock-in period was over.

(xxxv)There is no allegation of any fund movement alleged to have been utilized by the Company for providing exit to him.

(xxxvi)The SCN contemplates disgorgement of profits allegedly made by him on sale of 2,00,000 by executing trades with suspected entities, however, the buyers have not been asked to disgorge any profit due to those LTP/NHP.

(xxxvii)The connection presumed to be existing between the preferential allottees and the Company does not cover the Noticee since the SCN does not mention his name while alleging that certain preferential allottees were funded by Noticee no. 12 (Mihir Consultancy and Trading Company) for applying under preferential allotment of the Company.

(xxxviii)The SCN alleges that the LTP was contributed by the buyers and therefore, the Noticee no. 50 being a seller has no role to play.

(xxxix)The trading pattern and trades of all the parties should have been examined before making charges against the Noticee in the SCN. The SCN has roped in 21 other connected entities without any basis and without the analysis of the order book of their respective trades.

(xl)Under Table 9, the SCN alleges that his 5 trades contributed ₹ 11 to LTP (1.04% of total market positive LTP). As the price of the scrip has not been alleged to be manipulated, his contribution to LTP cannot be termed as manipulative.

(xli)The allegation of contribution of ₹ 11 to the LTP in 5 trades cannot be attributed to him as the same is negligible to attract provisions of PFUTP Regulations.

(xlii)There is no direct connection of him with any of the counter party buyers nor does the annexures to the SCN allege his connection with any of the suspected buying entities.

(xliii)For many entities, allegation of manipulation has been made due to the connection established on the basis of bank account statements, however, allegation of NHP has been concluded against Noticee no. 50 without any such basis.

(xliv)Many of the entities whose trades had more contribution than his trades have been exonerated by SEBI.

(xlv)The SCN alleges that during Patch -1, his 5 trades has made contribution of ₹ 5 to the LTP (1.18% of total LTP), which is quite normal.

(xlvi)The SCN alleges that he acted as a counter party to the 7 buy trades of suspected entities which led to NHP contribution of ₹ 11 (25.58% of market NHP). The said trades matched on 3 days out of 163 days of trading and a total number of 26 trades were executed by the Noticee no. 50 on those days. Out of those 7 trades, 1 trade each matched with Pranatpal, Mainak and Parin and 2 trades each matched with Haresh and Bhavesh. As per SCN, Bhavesh was not even included in the list of top 30 buyers. The total no. of traded quantity of the aforesaid buyers with Noticee no. 50 as seller to them, was miniscule as compared to their total buy quantities.

(xlvii)Mainak, Panatpal and Parin have been alleged to have funded their other counter party sellers, however, no such allegation of funding has been made with respect to the Noticee no. 50.

(xlviii)Trades which were executed below the price of ₹ 367.50 on November 18, 2014 have been considered for LTP/NHP after the said date despite the fact that only two trades were executed for more than that price (₹ 368 and ₹ 370).

Noticee nos. 55 & 56:

52. The Noticee nos. 55 (Alkesh M Patel HUF) and Noticee no. 56 (Alkesh M Patel) have filed a common reply to the SCN vide letter dated May 17, 2018, and have also mailed a common post hearing written submission vide email dated February 27, 2019. They have stated that :

(i) The allegations made in the SCN are general, vague and not specific. There is no credible evidence to support the allegations.

(ii) They are not connected with the entities mentioned in the SCN.

(iii) The SCN does not specify the circumstantial evidence to show that they were involved with a group of entities in manipulating the price/volume of the scrip.

(iv) The charge of trading amongst the group is baseless as the sale orders were placed in exchange system at the ruling price and delivery of shares was also given. The trades were not reversed. The data provided in the SCN reflects that the orders were placed at prices near to the market price.

(v) The transactions which are genuine in nature cannot attract provisions of PFUTP Regulations even if they caused price/volume variation. The transactions were not entered on anyone else's behalf.

(vi) The volume in all trades did not exceed 3000 per day. They did not know who was the counter party to their trades.

(vii) Traded quantities were small in comparison to the total volume and such a small percentage cannot influence the market.

(viii) No manipulation can be alleged only because of trading at prices higher than LTP.

(ix) Sale of shares without any established nexus cannot be punished. The shares were sold on 9 days which is minor and the volumes of trade indicate that there is no prior meeting of mind.

(x) The shares were purchased by Noticee no. 55 & 56 from Akshar Finance Limited, and transfer was effectuated on December 31, 2010. The shares were in physical form and payment was made to the transferor through cheque. The details of cheque no., date of issue etc. are not available. Copy of Annual Return containing the list of shareholders has been attached.

(xi) Noticee no. 56 is a regular trader in securities market and had purchased shares on the basis of his own knowledge. The shares were purchased without any intention to manipulate its price.

(xii) There was no relation with the Noticee no. 1 at the time of purchase of shares.

(xiii) He had taken unsecured loan on interest from Noticee no. 1 in the year 2013. The said amount has been repaid and no dues are pending towards Noticee no. 1. Copy of bank statement has been attached.

(xiv) They cannot be termed as parties acting in concert with Noticee no. 1 as they were not preferential allottees.

Noticee no. 57 [Bhavesh Ishwarlal Panchasara]:

53. The Noticee no. 57 had, vide his letter dated May 24, 2018 submitted that he needs some time to file a reply to the SCN, however, till date no reply has been filed.

Noticee no. 58 [Pratikbhai KiritKumar Shah]

54. Noticee no. 58 filed reply to the SCN vide letter dated March 20, 2019. The key submissions made by the Noticee no. 58 are:

(i) It has been alleged that in 10 trades, Noticee no. 58 had contributed ₹ 15.80 to positive LTP of the scrip which is 1.49% of the market positive LTP. Out of said 10 trades, only 2 trades have matched with one of the Noticees and mere 0.07% of the LTP had been contributed by such 2 trades. There were also 518 other trades executed by him which have not resulted in contributing any positive LTP.

(ii) As the trades have been executed on the screen based trading platform, Noticee no. 58 has no means to verify the details of the counterparties.

(iii) The scrip of Dhyana was witnessing increase in its price, therefore, he sold his shares.

(iv) Only 1.81% of the buy trades matched coincidentally with the preferential allottees.

(v) He had legitimate fund transactions in normal course of business with Mainak and Mihir.

(vi) Noticee no. 58 has also made certain other submissions as made by Noticee no. 30.

Noticee no. 60 [Shah Chirag]

55. Noticee no. 60 (Shah Chirag) has, vide letter dated June 20, 2018, filed reply to the SCN and the submissions made by him are summarized hereunder:

(i) It has been alleged that in 11 trades, Noticee no. 20 had contributed ₹ 14.40 to positive LTP of the scrip which is 1.72% of the market positive LTP. Out of said 11 trades, only 2 trades have matched with one of the Noticees and mere 0.71% of the LTP had been contributed by such 2 trades. There were also 149 other trades executed by him which have not resulted in contributing any positive LTP.

(ii) Only of total 160 trades, only 1 trade of Noticee no. 60 has matched coincidentally with one of the Noticees to establish NHP and no adverse inference should be drawn from such a trade.

(iii) There is no allegation of making unlawful gains against Noticee no. 60.

(iv) The Noticee no. 58 has made identical submissions as noted above, while referring to Noticee no. 30.

Noticee no. 61 [Ronak Nayankumar Shah]:

56. The Noticee no. 61, vide his letter dated May 29, 2018 and April 20, 2018, has filed his written reply to the SCN stating that:

(i) He is a genuine investor. The shares were purchased and sold through exchange platform.

(ii) The SCN has alleged that he is one of the counter parties for the preferential allottees. He had purchased only 45,420 shares, which constituted only 1.46% of the total shareholding of the Company. Trading in such a small portion of shares cannot lead to manipulation.

(iii) He had invested amount more than what he received after selling shares of Dhyana on July 27, 2015.

(iv) The actions of SEBI are in violation of principles of natural justice.

(v) He has also made identical submissions as have been advanced by other Noticees.

Noticee no. 62 (Dholakia Jayshree Kishor):

57. The Noticee no. 62 has, vide letter dated June 20, 2018, filed a reply to the SCN and has also filed a post hearing written submission dated September 18, 2019. Her contentions are as under:

(i) The allegations levelled in the SCN are denied.

(ii) The profit has been wrongly calculated in the SCN in comparison to the *interim* order. She is neither connected nor has any influence over the decisions taken by Mihir, AA Plus Commodity Broking Ltd. and Mainak.

(iii) She had legitimate fund transactions in normal course of business with Mainak and Pranatpal. She is not aware of fund transfers by Mainak, Mihir etc., as have been alleged in the SCN, and no adverse inference should be drawn against her.

(iv) It has been alleged that in 20 trades, she contributed ₹ 25.7 to market positive LTP which is 2.85% of total market positive LTP in the scrip. However, there were also 151 other trades which did not result in positive LTP.

(v) Out of the 171 trades, only 20 trades have allegedly resulted in positive LTP out of which, only 10 trades have matched with suspected entities. Further LTP contribution by the said trades was only 0.68% to the total market positive LTP, which shows that there was no connivance with the alleged suspected entities. Further, the trades have been executed on screen based anonymous system of the Stock Exchange.

(vi)She continued to hold on to his investment and as the scrip of Dhyana witnessed price rise on July 27, 2015, she sold her holdings as a prudent investor.

(vii)During Patch-2, out of the total buy trades, only 2.01% matched with the preferential allottees, which may be due to coincidence.

(viii)She has been dealing in securities and has been borrowing funds from and repaying the same to various other entities. She is not aware of and has no means to discover the alleged fund transactions between the Company related entities and other Noticees.

(ix)Had she possessed any knowledge of the alleged manipulation, she would have sold all her shares.

(x)The funds that were borrowed (as alleged in para 25 of the SCN) were not repaid since the payout of the shares sold by her has been withheld by BSE in terms of the directions passed in the *interim* order.

(xi)Noticee no. 62 has also made submissions identical to the submissions advanced by Noticee no. 30.

Noticee no. 63 (Ms. Jayshreben Shah):

58.The Noticee no. 63 has, vide letter dated July 23, 2019 filed her reply to the SCN and has also filed a post hearing submission dated September 18, 2019. She has put forth the following arguments:

(i)The SCN has alleged her to be connected to Dhyana based on the financial transactions executed between her and Mainak. .

(ii)The allegations levelled in the SCN are denied.

(iii)The SCN has completely ignored the facts and circumstances which formed the basis of the *interim* order.

(iv)There are discrepancies in the SCN as compared to the *interim* order and confirmatory orders.

(v)The profit attributed to her has been wrongly calculated in the SCN, as compared to *interim* order.

(vi)The funds transactions with Mainak were legitimate transactions made in normal course of business. She is not aware of fund transfers by Mainak, Mihir etc., as have been alleged in the SCN, and no adverse inference should be drawn against her.

(vii)It has been alleged that in 23 trades, she contributed ₹ 9.50 to market positive LTP which is only 1.85% of total market positive LTP. Further, there were also 780 other trades which did not result in positive LTP.

(viii) Out of 803 trades, only 23 trades have allegedly resulted in positive LTP, out of which only 4 trades have matched with the suspected entities. These 4 trades have contributed a mere 0.63% of the total market positive LTP. The same reflects that there was no connivance with the suspected entities

(ix) Only 3 trades out of 660 trades executed during a period of 163 days, have resulted in NHP.

(x) Out of 803 trades, only 3 trades have matched with the suspected entities and resulted in NHP, which could be due to coincidence.

(xi) She had purchased 1,09,386 shares of Dhyana during the period of March, 2015 to July, 2015 at a price range of ₹ 327/- to ₹ 387/- per share. As market price of the scrip continued to increase, she sold part of her shareholding.

(xii) Out of her total buy trades, only 3.53% trades matched with the shares sold by the preferential allottees during Patch-2.

(xi) She has been dealing in securities and has been borrowing funds from and repaying the same to other entities also. She is not aware of and further has no means to discover the alleged fund transactions between the Company related entities and other Noticees. .

(xii) The profit has been wrongly calculated in the SCN and is in contradiction with the calculation done in the *interim* order.

(xiii) She is suffering loss due to the restraint imposed by the *interim* order as she is still holding around 1.00 Lakh shares of Dhyana. Had she possessed knowledge of any manipulation in the trading in the scrip, she would have sold her entire shareholding.

(xiv) The trades executed by her are genuine.

(xv) The funds that were borrowed (as alleged in para 25 of the SCN) were not repaid since the payout of the shares sold by her has been withheld by BSE by virtue of the directions passed in the *interim* order.

(xvi) Moreover, Noticee no. 63 has also made submissions identical to the submissions made by Noticee no. 30.

Noticee no. 64 [Ms. Chandrikaben Panchal]:

59. The Noticee no. 64 has, vide letter dated April 20, 2019, filed her reply to the SCN and has also filed a post hearing submission dated September 18, 2019. In her written presentations, she has stated the following :

(i) The profit has been wrongly calculated in the SCN, as compared to what was calculated in the *interim* order.

(ii) The funds transactions with Mainak, Pranatpal, and Parin were legitimate transactions in normal course of business. She is not aware of the fund transfers by Mainak, Mihir etc., as has been alleged in the SCN.

(iii) It has been alleged that in 13 trades, she contributed ₹ 18 to market positive LTP which is only 2.15% of total market positive LTP. Further, there were 112 other trades which did not result in positive LTP.

(iv) Out of 125 trades, only 13 trades have allegedly resulted in positive LTP out of which only 4 trades have matched with the suspected entities and such 4 trades have resulted in mere 0.38% of the total market positive LTP. The same reflects that there was no connivance with the suspected entities. The trades were executed on the anonymous screen based platform of the Stock Exchange.

(v) The price of the scrip was rising continuously and she was desirous of acquiring shares for making profit. Out of 125 trades, only 1 trade for 305 shares executed during a period of 163 days has matched with the suspected entities and has resulted in NHP, which could be due to coincidence.

(vi) Out of the total buy trades, only 1.69% trades matched with the shares sold by the preferential allottees during Patch-2.

(xvii) The funds that were borrowed (as alleged in para 25 of the SCN) were not repaid since the payout of the shares sold by her has been withheld by BSE by virtue of the directions passed in the *interim* order.

(xviii) She has also made submissions similar and identical to the submissions of Noticee no. 29, 30, and 63.

Noticee no. 65 (Nikunj D Soni):

60. The Noticee no. 65, vide his letter dated June 02, 2018, had sought time to file his reply to the SCN, however till date, no reply has been filed.

Noticee no. 66 & 78 and 72 & 77:

61. The Noticee no. 66 & 78 (Manisha Rajendra Modi and Naranbhai J. Panchal) have, vide a common letter dated June 02, 2018, filed their replies to the SCN. A similar common reply has also been filed by the Noticee nos. 72 and 77 (Yogendra J. Prajapati and Prajapati Nilesh J.) vide their letter dated June 02, 2018. In the aforesaid replies the allegations made in the SCN have been denied, and it has been contended that:

(i) All trades executed by them are true and fair. The trades were executed on the market platform of BSE with a view to earn returns.

(ii) The trades were never executed in large quantities to make any price difference in the share price.

(iii) The trades were within their financial capacity.

(iv) They do not know the counter parties to their trades.

(v) They have never acted on behalf of anyone else.

Noticee no. 67[Mr. Kirtibhai Shantilal Shah]

62. The Noticee no. 67, vide letter dated July 23, 2019, has filed a reply to the SCN and subsequently has also filed a post hearing submission vide letter dated September 18, 2019. While denying the allegations made in the SCN, it has been contended therein that:

(i) There is no allegation against him with respect to making contribution towards LTP.

(ii) The profit attributable to him has been wrongly calculated in the SCN, as compared to what was calculated in the *interim* order. The price of the scrip is governed by the market factors and he has no control over them. He was not connected to Dhyana, Mihir Consultancy etc. He was not a preferential allottee.

(iii) The funds transactions with Mainak, Taru Pallav, and Parin were legitimate transactions made in normal course of business. He is not aware of any fund transfers by Mainak, Mihir etc., as have been alleged in the SCN.

(iv) He is not alleged to have contributed to LTP nor has been alleged to have acted as a counter party.

(v) He had purchased 1,03,113 shares of Dhyana during the period of March, 2015 to July, 2015 at a price range of ₹ 327/- to ₹ 364/- per share .

(vi) Based on the fact that a few of the preferential allottees were counterparties to his trades, the charges levelled in the SCN cannot be established.

(vii) Out of his total buy trades, only 3.31% matched with the shares sold by the preferential allottees during Patch-2.

(viii) He has been dealing in securities and have been borrowing funds from and repaying the same to other entities also. He is not aware of nor has means to discover the alleged fund transactions between the Company related entities and other Noticees.

(ix) He is not a preferential allottee and no adverse inference should be drawn against him.

(x) The funds that were borrowed (as alleged in para 25 of the SCN) were not repaid since the payout of the shares sold by him has been withheld by BSE by virtue of the directions passed in the *interim* order.

(xi) Additional submissions similar and identical to the submissions of Noticee no. 29, 30,and 63 have also been advanced by the Noticee.

Noticee no. 68 [Mr. Naranbhai Jivanbhai Panchal]

63. The Noticee no. 68, vide his letter dated July 12, 2019 has filed a reply to the SCN and later on has also submitted a post hearing explanation vide his letter dated September 18, 2019. The Noticee has denied the allegations made against him in the SCN and has raised the following points in his written submissions:

(i) The profit attributed to him has been wrongly calculated in the SCN, as compared to what was calculated in the *interim* order.

(ii) He had legitimate fund transactions in normal course of business with Mainak, Pranatpal, Parin Infrastructure and Taru Pallav Projects Pvt. Ltd. He is not aware of fund transfers by Mainak, Mihir etc., as have been alleged in the SCN.

(iii) It has been alleged that in 13 trades, he contributed ₹ 18 to market positive LTP which is only 2.15% of total market positive LTP. Moreover, there were also 112 other trades which did not result in positive LTP.

(iv) He continued to hold onto his investment and as the scrip of Dhayna witnessed price rise on July 27, 2015, he sold his holdings as a prudent investor.

(v) During Patch-2, out of total buy trades, only 1.88% matched with the preferential allottees, which may be due to coincidence. The percentage of shares bought by him in comparison to total market volume during Patch 2 was only 1.59%.

(vi) He has been dealing in securities and have been borrowing funds from and repaying the same to other entities. He is not aware of nor has means to discover the alleged fund transactions between the Company related entities and other Noticees.

(vii) After selling 10,000 shares, he made a profit of ₹ 6 Lakh (approx.) however, SCN wrongly calculates the profit to be ₹ 40 Lakh (approx.).

(viii) The funds that were borrowed (as alleged in para 25 of the SCN) were not repaid, since the payout of the shares sold by him has been withheld by BSE by virtue of the directions passed in the *interim* order.

(ix) Some of his submissions are similar and identical to the submissions of Noticee nos. 29, 30 and 67.

Noticee no. 69[Rahim Umarbhai Ravkarda]:

64. The Noticee, vide his letter dated May 24, 2018, had sought time to file his written reply to the SCN, however, so far no reply has been received on behalf of the Noticee no. 69.

Noticee no. 70 [Kishorbhai S Dholakia]:

65. The Noticee no. 70, vide a written reply dated July 05, 2019 and also through a post hearing submission dated September 18, 2019, has denied the allegations in which he has contended as follows:

(i) The profit has been wrongly calculated in the SCN, as compared to what was calculated in the *interim* order.

(ii) He had legitimate fund transactions in normal course of business with Mainak and Pranatpal. He is not aware of fund transfers by Mainak, Mihir etc., as have been alleged in the SCN.

(iii) He continued to hold onto his investment and as the scrip of Dhayna witnessed price rise on July 27, 2015, he sold his holdings as a prudent investor.

(iv) During Patch-2, out of his total number of buy trades, only 1.67% matched with the preferential allottees, which may be due to coincidence. The percentage of shares bought by him in comparison to total market volume during Patch 2 was only 1.42%.

(v) He denies having made any unlawful gains.

(vi) The funds that were borrowed (as alleged in para 25 of the SCN) were not repaid since the payout of the shares sold by him has been withheld by BSE by virtue of the directions passed in the *interim* order.

(vii) Noticee no. 70 has further made submissions which are similar and identical to the submissions made by Noticee nos. 29, 30, 63 and 67.

Noticee no. 71 [Rinkesh Kumar N. Panchal]:

66. The Noticee no. 71 has vide his written reply dated June 20, 2018 and post hearing submissions dated September 18, 2019, submitted that:

(i) Noticee no. 71 has been dealing in securities since several years and has also borrowed funds for such transactions.

(ii) The fund transactions executed by him with Mainak, Pranatpal Tradelink Pvt. Ltd. and Parin Infrastructure were genuine business transactions.

(iii) Only 1.61% of total buy trades of Noticee no. 71 coincidentally matched with the preferential allottees which is 1.37% of the total market volume.

(iv) The calculation of the profit in the SCN is erroneous and also in variance with the calculation done in the *interim* order.

(v) As he is still holding shares of Dhyana, he is suffering loss.

(vi) Several other submissions have been made which are identical to the submissions of Noticee no. 29.

(vii) The funds borrowed by him have not been repaid as the payout of the shares sold by him has been withheld by BSE.

Noticee no. 73 [Mr. Hiteshkumar Mahipatlal Patel]:

67. The Noticee no.73, vide letters dated May 29, 2018 and July 23, 2019 has filed a written reply to the SCN and subsequent to his personal hearing, he has also made a written submission dated September 18, 2019 in which, he has stated that :

(i) He had made a small investment in Dhyana and his investment was less than 2% of the total capital of the Company hence, his purchase of such shares cannot be said to have manipulated the price of scrip of the Company.

(ii) The allegation of making unlawful gains is not sustainable as pay-out has been blocked.

(iii) The profit attributed to him has been wrongly calculated in the SCN, as compared to what was calculated in the *interim* order.

(iv) He had legitimate fund transactions in normal course of his business with Mainak. He is not aware of fund transfers by Mainak, Mihir etc., as have been alleged in the SCN.

(v) He continued to hold onto his investment and as the scrip of Dhyana witnessed price rise, he sold part of his holdings as a prudent investor.

(vi) During Patch-2, out of his total number of buy trades, only 1.33% matched with the preferential allottees, which may be due to coincidence. The percentage of shares bought by him in comparison to total market volume during Patch 2 was only 1.13%.

(vii) The funds that were borrowed (as alleged in para 25 of the SCN) were not repaid since the payout of the shares sold by him has been withheld by BSE by virtue of the directions passed in the *interim* order.

(viii) Apart from the above, Noticee no. 73 has also made submissions similar to the submissions made by Noticee nos. 29 and 30.

Noticee nos. 74 & 76:

68. The Noticee nos. 74 (Manish Shah) and Noticee no.76 (Hiral Manish), vide a common letter dated May 30, 2018 and further vide separate letters dated March 20, 2019, have filed replies to the SCN in which, they have denied the allegations made in the SCN and have stated that:

(i) The Noticees are husband and wife.

(ii) The shares were purchased in small tranches at different prices and at the time of purchase, no intimation was provided to them. At the time of selling, payout has been stopped based on the allegation of making unlawful gains.

(iii) Trades of small quantities cannot influence the price of the scrip.

(iv) They have not received any money from the Company.

(v) The trades were executed on the market platform of BSE.

(vi) The loans/funds received by them (as alleged at para 25 of SCN) were not repaid as payout of trades have been stopped by BSE.

(vii) Certain identical submissions, as recorded for other Noticees, have also been made by the aforesaid Noticees.

Noticee no. 79 [Rohitkumar Shantilal Shah]:

69. The Noticee no. 79, vide letter dated May 30, 2018 has filed a reply to the SCN and while denying the allegations made in the SCN, has argued that:

(i) The shares of Dhyana were purchased and sold on the market platform. The shares were purchased at different rates and sold on July 27, 2015 and not much profit was made.

(ii) The investment was made based on the research. The money invested was out of his own funds as well as from the loans taken by him, on which he is paying interest on regular basis.

(iii) The calculation of profit is wrong as profit on the shares held by him has also been calculated whose price is zero now.

(iv) The quantities of shares purchased and sold are less than 1% of the share capital of the Company and thus cannot cause any manipulation in price movement.

Noticee no. 80 [Hareshkumar P. Patel]

70. Noticee no. 80, vide his email dated May 24, 2018, sought time to file reply, however, no reply to the SCN has been filed by the Noticee no. 80.

Noticee no. 81 (Mr. Gautamsingh Shivsingh Zala):

71. Noticee no. 81, vide his letter dated May 12, 2018, had sought inspection of documents like investigation report etc., in response to which it was informed to the Noticee no. 81 that copies of documents relied upon in the SCN have already been furnished as a annexures to the SCN hence, inspection of originals of only those documents (that have been relied upon in SCN) can be provided to him. Further, Vide letter dated July 23, 2019, Noticee no. 81 has filed a reply to the SCN followed by a post-hearing submission

dated September 18, 2019. In his written reply and submission, the Noticee has denied all the allegations made in the SCN and has averred that :

(i) The profit attributed to him has been wrongly calculated in the SCN, as compared to what was calculated in the *interim* order. He had legitimate fund transactions in normal course of his business with Mainak, and Parin Infrastructure. He is not aware of fund transfers by Mainak, Mihir etc., as have been alleged in the SCN.

(ii) The SCN alleges during Patch-1 of the investigation period that his 10 trades have resulted in positive LTP of ₹ 6 (2.60% of total market positive LTP). As more than 3 years have elapsed, he cannot clarify for each such trade. The price of the scrip was rising continuously and he purchased the shares to sell them subsequently to earn profits.

(iii) The SCN acknowledges that his other 331 trades executed during Patch-1 of the investigation period have not contributed to positive LTP in the scrip of Dhyana. His trades have contributed only 0.15% of positive LTP of the scrip.

(iv). Only 5 trades executed in 109 trading days under consideration, have resulted in NHP of ₹ 5.

(v) Out of his 591 trades in Dhyana scrip executed during Patch-2 of the investigation period, only 10 trades have allegedly resulted in positive LTP out of which, only 1 trade has matched with a suspected entity and the LTP contribution by the said trade was merely 0.19% vis-a-vis the total market positive LTP in the scrip, which shows that there was no connivance with the alleged suspected entities. The trades have been executed on screen based system of the Stock Exchange.

(vi) Only 1 trades out of total trades executed during 109 days has resulted in NHP and that may be due to the reason that he wanted to acquire shares.

(vii) He continued to hold onto his investment in Dhyana and as the scrip of Dhyana witnessed price rise he sold part of his holding as a prudent investor.

(xv) During Patch-2, out of his total number of buy trades, only 1.23% matched with the preferential allottees, which may be due to coincidence. The percentage of shares bought by him in comparison to total market volume during Patch 2 was only 1.04%.

(xvi) The fund transactions executed with Mainak, Pranatpal, Parin and Taru was genuine business transaction. He is not aware of nor has means to discover the alleged fund transactions between the Company related entities and other Noticees.

(xvii) After selling 16,349 shares of Dhyana, he has made a profit of ₹ 10.00 Lakh (approx.) however, the SCN wrongly calculates the profit to be ₹ 47.00 Lakh (approx.).

(xviii) The funds that were borrowed by him (as alleged in para 25 of the SCN) were not repaid since the payout of the shares sold by him has been withheld by BSE by virtue of the directions passed in the *interim* order.

(xix) Again, it is seen that Noticee no. 81 has made similar submissions as that of Noticee nos. 29, 30 and 63.

CONSIDERATION OF ISSUES AND FINIDNGS:

72. Before dealing with the allegations and charges made against the Noticees in the SCN on their merits, I find it apt to first discuss the preliminary objections raised by Noticee no. 50 and some other Noticees on the ground that SEBI has not furnished them with various documents/information as sought by them to defend themselves effectively.

i. To start with, it is the grievance of Noticee no. 50 that despite his repeated requests, he has not been provided with the documents/information such as Order Book, Tick-by-Tick data, documents leading to passing of revocation order etc. In this connection I find from records that immediately after receiving the hearing notice dated December 14, 2018 vide which his personal hearing was scheduled on March 08, 2019, Noticee no. 50 vide his letter dated December 21, 2018 had requested for inspection of documents, reiterating his request earlier made vide his letter dated June 14, 2018. In response thereto, SEBI *inter alia* informed Noticee no. 50 clarifying that all the documents/information relied upon in the proceedings have already been provided as Annexures to the SCN. It was also informed that the SCN contains relevant extract of the investigation report with regard to the charges made thereunder. Therefore Noticee no. 50 was asked as to whether he still requires inspection of documents.

ii. The Noticee no. 50, vide his letter dated January 05, 2019, requested for providing documents like copy of order log, investigation report etc., to ascertain on what grounds other entities have been exonerated. Observations of the Hon'ble Securities Appellate Tribunal (herein after referred to as "**SAT**") in the matter of *Smita Shah Vs. SEBI (Date of decision: July 30, 2010)* was relied upon wherein it was viewed by the Hon'ble SAT that trade and order log ought to be provided by SEBI. Further, orders of Hon'ble SAT passed in the matter of *Amadhi Investments (Date of decision: August 03, 2011), H.B. Stockholdings Ltd. Vs. SEBI (Date of decision: August 27, 2013)*, and observations of the Hon'ble Supreme Court in the matter of *Price Water House Vs.*

SEBI (Appeal no. 8 of 2011) were referred to buttress his claim that all documents relied upon in the proceedings need to be provided.

iii. I note that Noticee no. 50 was informed vide email dated January 09, 2019 that he may carry out inspection of the documents that have been relied upon while issuing SCN on January 18, 2019. However, Noticee no. 50, vide his letter dated January 09, 2019 insisted that copies of documents as sought by him earlier may be furnished to him. In response, vide letter dated January 15, 2019, SEBI provided a CD containing details in respect of trading in the scrip of Dhyana to the Noticee. A follow up email was also sent on the same date intimating Noticee no. 50 that the desired order details have been sent to him.

iv. Noticee no. 50 vide his letter dated January 25, 2019, acknowledged having received the CD containing 'Order Log', however, contended that the "Order Book Analysis" has not been provided. Noticee no. 50 further sought copy of investigation reports including those findings based on which many entities were exonerated by SEBI, as well as other documents like KYC Documents, Tick by Tick data, data supporting the tables of SCN.

v. SEBI replied to the Noticee vide letter dated January 30, 2019, with point wise comments on the Noticee's requests for various documents. The relevant extract of the said letter dated January 30, 2019 is reproduced hereunder:

Table 3

Sr. no.	***Document Sought***	***Documents provided or reason for not providing***
1.	*Order book*	*Already provided*
2.	*Documents leading to passing of revocation order*	*Not relied upon while issuing the said Show Cause Notice*
3.	*Copy of IR*	*Not provided as the said Show Cause Notice contains relevant extract of the findings of the investigation report with regard to the charges levied against you.*
4.	*Statement recorded*	*SEBI has not relied upon statement of any person while issuing the said Show Cause Notice,*
5.	*Copy of KYC documents*	*Already provided as Annexure alongwith the said*

		Show Cause Notice
6.	*Documents establishing relation/connection with suspected buying entities.*	*Already provided as Annexure 4 along With the said Show Cause Notice. Off-market trades based on which connection is established also provided along with the said Show Cause Notice.*
7.	*All documents information, material records etc.*	*All the documents relied upon have been provided to you.*

73. After issuing the aforesaid letter, the Noticee was also informed that the inspection of documents has been scheduled on February 08, 2019. However, instead of completing his inspection, Noticee no. 50 vide his letter dated February 04, 2019, reiterated his request for providing the aforesaid documents and also requested to reschedule the inspection of documents to February 12, 2019, which was acceded to. However, Noticee no. 50 vide his letter dated February 07, 2019 insisted upon that desired documents be furnished to him.

74. Apart from Noticee no. 50, certain other Noticees have also requested for copy of documents like investigation report etc. It was informed to all of the such Noticees that the copy of documents relied upon by SEBI to frame charges against them have already been served as annexures to the SCN and inspection of original of only those documents can be availed.

75. I have perused the submissions of the Noticees including the arguments and insistence of Noticee no. 50 to obtain various documents/information despite being told that those documents have either not been relied upon by SEBI in the SCN or are not relevant to the Noticee, more so when it has been pointed out that all the relevant extracts of the investigation report have already been incorporated in the SCN itself and copies of documents relied upon in the SCN have been made available to him. It is a common knowledge that the orders placed on Exchange platform for buy or sell of a particular scrip form part of the order log of the scrip while the trades that have been executed out of such orders form part of the trade log of the said scrip. In this regard, it is observed that the imputations made against the Noticee in the SCN are not emanating from the 'orders' placed by him but are based on the actual 'trades' executed by him in the scrip of Dhyana which can be traced from the trade log of the scrip available with the Stock

Exchange. Since the charges levelled against the Noticees are based on the trade log, the same was duly provided with the SCN as Annexure 4, however, as an abundant caution and to expedite the disposal of the proceedings, SEBI has also furnished details of order log as well. The other documents that have been sought by the Noticee are tick by tick data, copy of entire investigation report, and copies of documents supporting the passing of revocation orders in respect of some entities in the matter etc. As mentioned earlier, all the documents, which have been relied upon to impute charges of violations of law against the Noticees, including order and trade logs, have already been provided to them along with the SCN. The documents like tick by tick data etc., have no relevance whatsoever with the charges made in the SCN since none of these documents/information has been referred to nor relied upon while framing the allegations and charges against the Noticees. Moreover, Noticee no. 50 has not been able to demonstrate before me as to how non-receipt of the afore-mentioned documents has prejudiced his interests or prevented him from defending his case on the basis of the information/documents already provided to him along with the SCN. Therefore, in my view the documents being insisted upon by Noticee no. 50, such as tick by tick data, copy of entire investigation report (which contains materials pertaining to other entities not connected to him), and copies of documents supporting the passing of revocation orders for some other entities etc., are neither relied upon in the SCN nor are relevant to the allegations levelled against the Noticee no.50 and other similarly aggrieved Noticees and also no prejudice has been caused to these Noticees for defending their case in the absence of these documents. The attitude of Noticee no. 50 appears to be evasive with an intent to distract the focus of the proceedings on frivolous grounds so as to escape from the burden to disprove the allegations levelled against him in the SCN.

76. As mentioned above, certain other Noticees have also requested for a copy of the entire investigation report in the matter. With respect to the request for supply of the entire investigation report, I note that the relevant extracts and findings of the investigation report which led to framing of the charges *qua* every Noticee, have already been incorporated and communicated in the form of a SCN that has been issued to the Noticees in the matter. Since all the relevant findings from the investigation report as applicable to the Noticees with supporting information/data in the Annexures enclosed to the SCN have been made available to all the Noticees and it has been clarified by SEBI that no other document/information has been relied upon in the SCN, hence, asking for documents which have not been relied upon and that are not connected to the allegations made in the SCN, hence cannot be a justifiable and tenable demand from the Noticees.

77. At this stage, I deem it appropriate to seek guidance from the findings recorded by the Hon'ble Supreme Court of India in the matter of *SEBI Vs. Monarch Networth Capital Limited [(2016) 6 SCC 368]*, wherein the Hon'ble Supreme Court, while dealing with the issue of principles of natural justice, has *inter alia* observed that : "…*Insofar as the plea of violation of principles of natural justice, as raised on behalf of the respondent in C.A.No.282/2014 (Monarch Networth Capital Ltd.) is concerned, we do not think the same to be justified in any manner. The relevant extracts of the trade log which have been perused by us, in view of the clear picture disclosed with regard to the particulars of the offending transactions, must be held to be sufficient compliance of the requirement of furnishing adverse materials to the affected party."*

78. Furthermore, the Hon'ble SAT in its recent decision passed in the matter of *Shruti Vora Vs. SEBI (Date of decision: February 12, 2020)* have *inter alia* held that only the documents which have been relied upon need to be provided to the Noticee. It has also been held that in the absence of any law specifically imposing or casting duty to provide all the documents which are in the possession though have not been relied upon, it would not be justified on the part of Noticee to ask for those documents which are not having a role in attributing the allegation made on the Noticee and therefore, denial of all such documents would not *ipso facto* result in breach of principle of nature justice.

79. In the light of the aforesaid discussion and the available jurisprudence on the issue, I find that the principles of natural justice have been adequately complied with in the present matter as all documents which have been relied upon in the SCN and used against the Noticees have been duly provided to Noticees.

80. Now, before proceeding to examine the case on its merits, it would be proper to refer to the relevant provisions of the SEBI Act, Regulations which have been purportedly violated by the Noticees as alleged in the SCN. The said provisions of law are reproduced herein below:

SEBI Act, 1992

Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

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;

PFUTP Regulations

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

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

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

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

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

4. Prohibition of manipulative, fraudulent and unfair trade practices

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

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

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

…….

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

SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR Regulations")

Payment of consideration.

77. (1) Full consideration of specified securities other than warrants issued under this Chapter shall be paid by the allottees at the time of allotment of such specified securities:

Provided that in case of a preferential issue of specified securities pursuant to a scheme of corporate debt restructuring as per the corporate debt restructuring framework specified by the Reserve Bank of India, the allottee may pay the consideration in terms of such scheme.

81. I have perused the contents of the SCN, its annexures, the replies filed by the Noticees, and have considered the oral and written submissions made by various Noticees in their defense in course of the proceedings. I now proceed to record my findings vis-à-vis the allegations made and submissions advanced Noticees in the matter.

82. I find the facts and circumstances leading to the present proceedings started with the preferential allotment in Dhyana followed by listing of the Company on BSE and immediately after that, the alleged price manipulation in the scrip was started by the indulgence of suspected entities connected with the Dhyana Group of entities. The *modus operandi* as depicted in the SCN re-counts that Dhyana, its Directors/Promoters, preferential allottees, and other related entities of Dhyana Group have employed a device whereby the Company, in nexus with the preferential allottees, have made a cover-up through a preferential allotment with a view to provide certain allottees with an exorbitantly profitable exit after the lock-in period was over. This was allegedly planned with the help of other front entities who, on one side pumped up the share price of Dhyana to an artificial peak level through their manipulative trades, while on the other end, the exit giving entities belonging to the Dhyana group posed as counterparty buyers of those shares that were sold by the preferential allottees at those artificially increased prices. As per the allegations made in the SCN, by following the aforesaid *modus operandi*, the entities of the Dhyana Group have provided hugely profitable exits to the preferential allottees and have themselves also made unlawful gains by selling those shares (purchased from the preferential allottees) on July 27, 2015 (last day of investigation period).

83. Accordingly, the allegations in the SCN are largely premised on the basis of the inter-connectedness that the various Noticees had enjoyed due to fund transactions, off market transfer of securities, common KYC documents and common Directorship etc., which

rendered all of them to be called together as 'Dhyana Group'. Details of such transactions/parameters have been elaborated under Annexure-3 to the SCN. The brief details of Noticee-wise connection with the Company and its related entities, as observed from the SCN , the Annexure-3 and the replies filed by the entities are tabulated below:

Table 4

Sr. No.	Noticee no.	Name	Connection basis
1.	Noticee no. 2	Harshadkumar Patel	Director of Noticee no. 1 (Dhyana)
2.	Noticee no. 3	Rajeshkumar Theophilbhai Christie	Promoter- Executive Director of Dhyana and was also a shareholder-Director of Noticee no. 17.
3.	Noticee no. 4	Pritesh Patel	Director of Noticee no. 1 (Dhyana)
4.	Noticee no. 5	Nandlalbhai Ghanshyambhai Parelia HUF	Received ₹ 15 Lakh from Noticee no. 12, which was paid to Dhyana for preferential allotment.
5.	Noticee no. 6	Sanjay Nandlalbhai Parelia HUF	Received ₹ 15 Lakh from Noticee no. 12, which was paid to Dhyana for preferential allotment.
6.	Noticee no. 7	Harshaben Alpeshbhai Lakhani	Received ₹ 15 Lakh from Noticee no. 12, which was paid to Dhyana for preferential allotment.
7.	Noticee no. 8	Dilipbhai Kantilal Patel	Received ₹ 15 Lakh from Noticee no. 12, which was paid to Dhyana for preferential allotment.
8.	Noticee no. 9	Ramilaben Baldevbhai Patel	Fund transactions with Noticee no. 34, 37, 41. Received ₹ 15 Lakh from Noticee no. 12 which was paid to Dhyana for preferential allotment.
9.	Noticee no. 10	Manishaben Bhavanbhai Munjani	Received ₹ 15 Lakh from Noticee no. 12, which was paid to Dhyana for preferential allotment.
10	Noticee no. 11	Gunjan Rajendra Patel	Amount received from Noticee no. 12 (Mihir) was transferred to Dhyana

11	Noticee no. 12	Mihir Consultancy & Trading Company	Noticee no. 12 had received ₹1 Crore from Noticee no. 13 and ₹ 5 lakh from Noticee no. 15, both on November 28, 2013. On the same day i.e., November 28, 2013, the Noticee no. 12 transferred ₹15 Lakh each to Noticee nos. 5 to 11.
12	Noticee no. 13	AA Plus Commodity Broking Pvt. Ltd.	One of the Promoter of Dhyana viz., Shaluben Nikeshbhai Shah is a Director in Noticee no. 13. Noticee no. 13 transferred ₹ 1 Crore to Noticee no. 12 on November 28, 2013.
13	Noticee no. 14 & 15	Mainak Comtrade Pvt. Ltd.	Priti Jayakarbhai Christian (Noticee no. 14) was common Director of Mainak (Noticee no. 15), Parin (Noticee no. 17) and Taru Pallav (Noticee no. 18). Noticee no. 14 was also Promoter of Dhyana. Aneelkumar Albertbhai Patel is a common Director between Mainak (Noticee no. 15) and Dhyana.
14	Noticee no. 16	Pranatpal Tradelink Private Limited	Noticee nos. 16 and 17 had a common Director, Hitesh Chinubhai Shah (Noticee no. 42) on their boards. Noticee no. 42 had same address as that of Noticee no. 18.
15	Noticee no. 17	Parin Infrastructure Pvt. Ltd.	Rajeshkumar Theophilbhai Christie (Noticee no.3) who was the Promoter- Executive Director of Dhyana was also shareholder-Director of Noticee no. 17. In terms of the Annual Reports of Dhyana for Financial Years 2013-14 and 2014-15, Noticee nos. 15 and 17 were shown as related parties.
16	Noticee no. 18	Taru Pallav Projects Private Limited	Noticee no. 18 and Mainak (Noticee no. 15) have Michael James Christian as a common Director.
17	Noticee	Tosif Yunusbhai	Funds received from Noticee no. 15 were

	no. 19	Amroniya	transferred to his stock broker
18	Noticee no. 20	Devangkumar Arvindbhai Jani	The funds received from Mainak (Noticee no. 15) were transferred to his stock broker. Share common address with Noticee no. 49
19	Noticee no. 21	Rajendra Dahyalal Pathak	Various transactions with Mainak (Noticee no. 15). Funds received from Noticee no. 15 and subsequently payment made to stock broker. Funds received from Noticee no. 48 paid to Stock broker.
20	Noticee no. 22	Purvesh Mansukhlal Shah HUF	It had received ₹ 15 Lakh from Noticee no. 15 on October 04, 2015 which were transferred to Mansarovar Financial Services (Noticee no. 59 is a Director). Funds were also received from Hiteshkumar Mahpatlal Patel (Noticee no. 73) and Shalomiben Anilbhai Bariya (Noticee no. 29)
21	Noticee no. 23	Dixit Mansukhlal Shah HUF	It had received ₹ 15 Lakh from Noticee no. 15 on October 04, 2015 which were transferred to Mansarovar Financial Services (Noticee no. 59 is a Director)
			It had received ₹ 20 Lakh from Jimmit Traders on December 16, 2014 which were transferred to Purple Entertainment (Noticee no. 20 and 29 are Directors)
22	Noticee no. 24	Sushiaben M Shah	She had received ₹ 20 Lakh from Mainak (Noticee no. 15) on December 24, 2014; ₹ 25 Lakhs on February 10, 2015 and ₹ 20 Lakhs on February 11, 2015. Out of said funds, certain amount was transferred to Purple Entertainment (Noticee no. 20 and 29 are Directors) The Noticee nos. 22, 23, 24, 25, 26, 51, 52, 53 and

			54, share common address.
23	Noticee no. 25	Mansukhlal K Shah HUF	The Noticee nos. 22, 23, 24, 25, 26, 51, 52, 53 and 54, share common address.
24	Noticee no. 26	Mansukhlal K Shah	Funds received from Mainak (Noticee no. 15) during February 2015 were transferred to Purple Entertainment (Noticee nos. 20 and 29 are Directors)
25	Noticee no. 27	Vishnubhai Arjanbhai Desai	Funds received from the stock broker were transferred to Mainak (Noticee no. 15)
26	Noticee no. 28	Jerambhai Arjanbhai Desai	Funds received from the stock broker were transferred to Mainak (Noticee no. 15)
27	Noticee no. 29	Shalomiben Anilbhai Bariya	Funds received from Mainak (Noticee no. 15), Pranatpal (Noticee no. 16), Parin (Noticee no. 17) and Taru Pallav (Noticee no. 18) were transferred to his stock broker. Same address of Noticee no. 29 and 75
28	Noticee no. 30	Dipakkumar Rajaram Joshi	Noticee no. 30 and Noticee no. 45 share common address and email id.
29	Noticee no. 31	Birju Pravinchandra Sanghvi	Various fund transactions with Mainak (Noticee no. 15) Funds received from Mainak (Noticee no. 15) were transferred to stock broker.
30	Noticee no. 32	Noorbanu Farooq Hawa	Fund transaction with Mainak (Noticee no. 15)
31	Noticee	M Mathivanan	Fund transfers with Mihir (Noticee no. 12)

	no. 33		₹ 36 Lakh transferred to Dhyana in March, 2015
32	Noticee no. 34	Shailesh Baldevbhai Patel	Funds received from Noticee no. 9 were transferred to Mainak (Noticee no. 15)
33	Noticee no. 35	Azim Farooq Hawa	Fund transaction with Mainak (Noticee no. 15). Noticee no. 32 is the wife of the Noticee no. 38. Noticee nos. 35 and 36 are their sons
34	Noticee no. 36	Zahir Farooq Hawa	Noticee no. 36 is son of Noticee no. 32 and Noticee no. 38
35	Noticee no. 37	Harshadkumar Baldevbhai Patel	₹ 24. 80 Lakh received from his broker. Out of the said amount, ₹ 15 Lakh were transferred to Mainak (Noticee no. 15) and ₹ 8 Lakh to Noticee no. 34.
36	Noticee no. 38	Farooq Kasam Hawa	Husband of Noticee no. 32 and father of Noticee nos. 35 and 36.
37	Noticee no. 39	Murutirao Tukaram Yangalwar	He had received shares in off-market transfers from Noticee no. 49.
38	Noticee no. 40	Chetan M Yangalwar HUF	It had received shares in off-market transfers from Noticee no. 49.
39	Noticee no. 41	Baldevbhai Shakerlal Patel	Fund transfers with Noticee nos. 34, 37 and 9. Noticee no. 9 is the wife of the Noticee no. 41. Noticee no. 34 and 37 are their sons.
40	Noticee no. 42	Hitesh Chinubhai Shah	Same address as that of Noticee no. 18 Director of Pranatpal Tradelink Private Limited (Noticee no. 16) and Parin Infrastructure Pvt. Ltd. (Noticee no. 17)
41	Noticee no. 43	Gaurang Pathak	Funds received from Mainak (Noticee no. 15) were transferred to his stock brokers.
42	Noticee no. 44	Ankit Rajeshbhai Rajput	Funds received from Mainak (Noticee no. 15) were transferred to stock brokers.
43	Noticee	Ravi Dipakbhai	The funds received from Mainak (Noticee no. 15)

	no. 45	Joshi	were transferred to his stock broker. Same email id as well address as those of Dipakkumar RajaramJoshi (Noticee no. 30)
44	Noticee no. 46	Babubhai Kalabhai Bambhroliya	₹ 30 Lakh received from Mainak (Noticee no. 15) were transferrd to Shrey Chemicals [in which Ravi Dipakbhai Joshi (Noticee no. 45) was a Director]
45	Noticee no. 47	Labhuben Babubhai Bambhroliya	₹ 30 Lakh received from Mainak (Noticee no. 15) were transferrd to Shrey Chemicals [in which Ravi Dipakbhai Joshi (Noticee no. 45) was a Director]
46	Noticee no. 48	Nimesh Jitendra Purani	Funds received from Mainak (Noticee no. 15) and Christy Comtrade Pvt. Ltd. were transferred to his stock broker.
47	Noticee no. 49	Bimesh Arvindbhai Jani	Same email address as of Ravi Dipak Bhai Joshi (Noticee no. 45) and Dipakkumar Rajaram Joshi (Noticee no. 30)
48	Noticee no. 50	Kalpesh Ugarchand Gadhecha	Receipt of 19982 shares of Dhyana from Gautamsingh Zala (Noticee no. 81)
49	Noticee no. 51	Ruchirani Shah	Funds received from Mainak (Noticee no. 15) were transferred to Mansarovar Financial Services (Noticee no. 59 is a Director). Funds were transferred to Purple Entertainment (Noticee no. 20 and 29 are Directors)
50	Noticee no. 52	Dixit M Shah	Common address with other Noticees viz., 22, 23, 24, 25, 26, 51, 53 and 54.
51	Noticee no. 53	Varsha Dixit Shah	Funds received from Mainak (Noticee no. 15) were transferred to Mansarovar Financial Services (Noticee no. 59 is a Director)
52	Noticee no. 54	Purvesh Mansukhbhai Shah	Common address with other Noticees viz., 22, 23, 24, 25, 26, 51, 52 and 53.

53	Noticee no. 55	Alkesh M Patel HUF	Funds transferred to Dhyana and Vidisha Tradelinks Pvt. Ltd. [having common directors with Parin Infrastructure Pvt. Ltd. (Noticee no. 17)]. Funds were also transferred to Christy Comtrade Pvt. Ltd.
54	Noticee no. 56	Alkesh Maheshchandra Patel	Shares same address with Notice no. 55.
55	Noticee no. 57	Bhavesh Ishwarlal Panchasara	Funds received from Mainak (Noticee no. 15) were transferred to stock broker.
56	Noticee no. 58	Pratikbhai Kiritkumar Shah	Shares common address with Noticee no. 63
57	Noticee no. 59	Amit Dipak Bhai Gajjar	Funds received from Taru Pallav (Noticee no. 18) and Mainak (Noticee no. 15) were transferred to his stock broker. Funds were also transferred to Kasam Hawa (Noticee no. 38) and Gautamsingh Zala (Noticee no. 81)
58	Noticee no. 60	Chirag Nagindas Shah	Funds received from Mainak (Noticee no. 15) were transferred to his stock broker.
59	Noticee no. 61	Ronak Nayankumar Shah	Funds received from Mainak (Noticee no. 15) were transferred to his stock broker.
60	Noticee no. 62	Jayshree Kishorbhai Dholakia	Funds which were received from Anilbhai Bhalabhai Baria (Noticee no. 75), Shalomiben Anilbhai Bariya (Noticee no. 29), Mainak Comtrade Pvt Ltd (Noticee no. 15) and Pranatpal Tradelink Private Limited (Noticee no. 16) were transferred to his stock broker.
61	Noticee no. 63	Jayshreeben Shah	Funds received from Mainak (Noticee no. 15) were transferred to the stock broker.
62	Noticee	Chandrikaben	Funds received from Mainak (Noticee no. 15),

	no. 64	Panchal	Pranatpal (Noticee no. 16) & Parin (Noticee no. 17) were transferred to her stock broker.
63	Noticee no. 65	Nikunj Dineshkumar Soni	The funds received from Mainak (Noticee no. 15) and Ratnakar Enterprises Pvt. Ltd. (where Noticee no. 20 was one of the Director) were transferred to his stock broker.
64	Noticee no. 66	Manisha Rajendra Modi	Funds received from Mainak (Noticee no. 15), Ratnakar Enterprises Pvt. Ltd. (where Noticee no. 20 was one of the Director), Mihir (Noticee no. 12), Christy Comtrade Pvt. Ltd. were further transferred to her stock broker. The Directors of Christy Comtrade were one Mr. Aneelkumar Albertbhai Patel and Amit Dipakbhai Gajjar (Noticee no. 59). Aneelkumar Albertbhai Patel is a common Director between Mainak (Noticee no. 15) and Dhyana. Further, she also shares his address and email address with Noticee no. 78
65	Noticee no. 67	Kiritbhai Shah	Funds received from Mainak (Noticee no. 15) and Priti Jayakarbhai Christian (Noticee no. 14) transferred to stock broker. Common address for Noticee no. 58, 63 and 67.
66	Noticee no. 68	Naranbhai Panchal	Various fund transactions with Mainak (Noticee no. 15), Pranatpal (Noticee no. 16), Parin (Noticee no. 17) and Taru Pallav (Noticee no. 18). Funds received from aforesaid entities were transferred to his stock broker.
67	Noticee no. 69	Rahim Umarbhai Ravkarda	Funds received from Mainak (Noticee no. 15) were transferred to his stock broker.
68	Noticee no. 70	Kishorbhai Sonabhai Dholakiya	Funds which were received from Pranatpal (Noticee no. 16) & Mainak (Noticee no. 15) were transferred to his stock broker.

			Further, he had also received funds from Ankit Rajeshbhai Rajput (Noticee no. 44). Same address for Noticee no. 11, 62 and 70.
69	Noticee no. 71	Rinkeshkumar Panchal	Funds received from Mainak (Noticee no. 15), Pranatpal (Noticee no. 16), Parin (Noticee no. 17) and Chandrikaben (Noticee no. 64) were transferred to his stock broker. Common address of Noticee nos. 64,68 and 71
70	Noticee no. 72	Yogendra J Prajapati	Funds received from Mainak (Noticee no. 15) were transferred to his stock broker. He had also received funds from Ravi Dipakbhai Joshi (Noticee no. 45).
71	Noticee no. 73	Hiteshkumar Mahipatlal Patel	Funds received from Pranatpal (Noticee no. 16), Mainak (Noticee no. 15) were transferred to his broker.
72	Noticee no. 74	Manish Shah	Funds received from Mainak (Noticee no. 15) were transferred to his stock broker.
73	Noticee no. 75	Anilbhai Bhalabhai Baria	Funds received from Mainak (Noticee no. 15), Pranatpal (Noticee no. 16), Parin (Noticee no. 17) and Taru Pallav (Noticee no. 18) were transferred to his stock broker. Funds were also transferred to Jayshree Kishorbhai Dholakia (Noticee no. 62)
74	Noticee no. 76	Hiral Manish Shah	Funds received from Parin (Noticee no. 17) were transferred to her stock broker. Same address for Noticee no. 60, 74 and 76.
75	Noticee no. 77	Prajapati Nilesh J	Noticee no. 77 who was one of the counterparty to preferential allottees also shared address with Noticee no. 72

76	Noticee no. 78	Rajendrabhai Modi	The email id as well as address of Noticee nos. 66 and 78 are common.
77	Noticee no. 79	Rohitkumar Shantilal Shah	Funds received from the Noticee no. 15
78	Noticee no. 80	Hareshkumar P Patel	Funds received from Mainak (Noticee no. 15) were transferred to his stock broker. The funds which were received from the stock broker were transferred to Ravi Dipakbhai Joshi (Noticee no. 45)
79	Noticee no. 81	Gautamsingh Zala	Director on the Board of Parin Infrastructure Pvt. Ltd. (Noticee no. 17) Various fund transactions with Taru Pallav Projects Private Limited (Noticee no. 18), Pranatpal Tradelink Private Limited (Noticee no. 16), Mainak Comtrade Pvt. Ltd (Noticee no. 15), Parin Infrastructure Pvt. Ltd (Noticee no. 17) and Vidisha Tradelinks (a related party of Dhyana). Funds received from aforesaid entities were transferred to his broker.

84. I note that all the Noticees have connection with other entities largely based on fund transactions and in some cases involving incorporated entities, the connections have been alleged on factual details of common person being Director/Promoter. For example, Noticee no. 13 (AA Plus Commodity Broking Pvt. Ltd.) is having Ms. Shaluben Nikeshbhai Shah as its Director who is also a promoter of Dhyana. Similarly, Noticee no. 14 is a common Director of Noticee nos. 15, 17 and 18 and the said Noticee no. 14 is also a promoter of Dhyana. Noticee no. 15 is further connected to Dhyana as one Mr. Aneelkumar Albertbhai Patel was a common Director between Noticee no. 15 and Dhyana. Further, majority of the remaining entities are connected to Dhyana due to various fund transfers, and in most of the cases, the fund transfers are arising out of Noticee no. 15. Furthermore, it is relevant to mention here that Noticees who had received funds from Noticee no. 15 have utilized such amounts to make payments to

their respective stock brokers and have largely used those funds for trading in securities. There are cases of connections based on off-market transfer of shares of Dhyana. For instance, it has been alleged that Noticee no. 39 and 40 have received shares of Dhyana in off-market from Noticee no. 49 and Noticee no. 50 had also received large number of shares of Dhyana from Noticee no. 81. I note that many of the Noticees like Noticee nos. 1, 2, 3, 4, 13, 14, 15 etc., have not filed reply to the SCN so as to refute the charges of connections made against them.

85. After analyzing the connections that have been found to be existing *inter se*, amongst the Noticees, I now proceed to examine the role played by different Noticees as alleged in the SCN making them liable for violations of relevant provisions of SEBI Act and regulations framed thereunder as have been specified in the SCN against the Noticees. An examination of the contents of the SCN will reveal that the SCN carries multiple allegations against different Noticees which, for the ease of discussion and reference can be classified as under:

i. **Fraudulent preferential allotment;**
Price manipulation in Patch-1;
ii. **Price manipulation in Patch-2;**
iii. **Purchase of shares from (exit giving to) preferential allottees;**
iv. **Unlawful gains**

i. Fraudulent preferential allotment

86. I find the SCN holds the preferential allotment of shares *qua* some of the Noticees made by Dhyana to be fraudulent in nature on two counts. First, the SCN holds that the preferential allotment was done in a fraudulent manner to some of the preferential allottees who were financed by the related entities of Dhyana to make payment towards the purchase price of those shares that were allotted to them by the Company and that the preferential allotment was only a façade to enrich certain preferential allottees with exorbitant profits as part of a premeditated plan/device that was concocted by the Dhyana and its Directors along with its related entities, who helped in manipulating the price and also in giving profitable exit to these preferential shareholders as per the said pre-conceived plan . The funding of these allottees such as Noticee nos. 5 to 11 by the two companies connected to Dhyana viz., Noticee no. 13 and Noticee no. 15 through Noticee no. 12 on November 29, 2013, and how these allottees paid for their preferential shares on the very same day and the way Noticee no. 13 and Noticee no. 15 have

enjoyed close nexus with Dhyana both directly and also indirectly through Noticee no.14, have already been pointed out with succinct supporting facts in the SCN and at earlier paragraphs of this order and the same, need not be repeated once again here to avoid repetition and verbosity.

87. I note that the Noticee nos. 1, 13, and 15 have failed to file till date, any reply so as to confront or refute or even to dilute the allegation of collusive nexus between them. In view of the same, I am constrained to believe that these Noticees have no explanation to offer in their defense, hence, I have to rest my findings based on the replies filed by other Noticees in the matter and the materials available on record.

88. I note that Noticee no. 12, which had received funds from Noticee nos. 13 and 15, while denying the allegations made in the SCN has stated that it had usual business transactions with Noticee nos.13 and 15. It has also submitted that it had no knowledge about the end-utilization of the funds so advanced by it as loan to the Noticee nos. 5 to 11. In this connection, the Noticee nos. 5 to 11 have argued out their case stating that the money received by each of them from Noticee no. 12, was in the nature of loan in usual course of business and they were not aware that the source of the said funds received from Noticee no. 12 actually flowed from Noticee no.13 and Noticee no. 15 (Mainak), hence no connection can be attributed between them and Noticee nos. 13 or 15 and no adverse inferences should be drawn against them.

89. There is no dispute that the funds were transferred on November 28, 2013 from Noticee nos. 13 and 15 (₹ 1.00 Crore from Noticee no. 13 and ₹ 5.00 Lakh from Noticee no. 15) to the Noticee no. 12. Immediately on the very next day i.e., November 29, 2013, the Noticee no. 12, equally distributed the aforesaid sum of ₹ 1.00 Crore and ₹ 05.00 Lakh to Noticee nos. 5 to 11, by transferring ₹ 15.00 Lakh to each one of them. Strangely enough, none of the aforesaid Noticees has produced before me any documentary evidence such as, a loan agreement or a loan confirmation or even evidence from Income Tax Returns/audited books of accounts etc., to satisfy me with the fact that the above named Noticees had indeed executed *bonafide* loan transactions amongst themselves in due course of their usual business and had taken adequate legal/documentary precautions to secure the repayment of those funds advanced by Noticee nos.13 and 15 to Noticee no.12 and by Noticee no.12 in turn to Noticee nos. 5 to 11 (preferential allottees). Under the circumstances the claims made by these Noticees sounds hollow and in the absence of any documents, such a bald claim can't substantiate the rationale behind the above stated fund movements to justify that it was indeed in the nature of *simplicitor* loan transactions.

It is also amazing to find that all the aforesaid 7 preferential allottees (Noticees nos. 5 to 11) executed loan transaction of exactly same amount, in the same fashion, i.e., without specifying the terms and conditions of tenure or repayment and had ultimately utilized the said amount in the same fashion towards subscribing the shares of Dhyana.

90. I further observe that Mihir (Noticee no. 12), who has acted as conduit to provide funds to these preferential allottees has submitted that it had no idea about the end use of the money advanced by it and has argued that the alleged transaction with Noticee no. 15 was not a lone transaction, and that it had frequently done such financial transactions with Notice no.15. In my view, repeated financial transactions between the two entities as claimed by Noticee no.12, is nothing but an evidence of a close connection/rapport that the two entities used to enjoy hence, such an argument rather reinforces the impression of close bondage between the two Noticees. Further, the chain of fund transfers between the afore-stated entities, which was ultimately used by the 07 individual Noticees to subscribe to the preferential allotment speaks volumes about the fact that all these Noticees were attached/connected with each other through a common string running upto the Company and its Directors.

91. Noticee no. 12, has also attempted to shift the burden onto other entities by claiming that it is not aware, if the funds transferred by it were mis-utilized by those 07 entities for the ulterior objective. I would have attached some credibility to this claim, had the Noticee no.12 been able to prove its own *bonafide* by demonstrating that the funds transferred by it to the 07 Noticees were in the nature of a genuine loan transaction or a routine business transactions and that it has taken all necessary steps to secure it's repayment while transferring the funds to such entities. Nothing has been furnished to support that Noticee no. 12 was in the business of lending and borrowing and the loan advanced to those 07 entities were entirely in the normal course of business and all due precautions and documentations were duly executed while lending such a handsome amount. The SCN has highlighted the fact that the Noticee nos. 5 to 11 did not have balance in their bank accounts sufficient enough to subscribe to the preferential issue of Dhyana. None of the 07 preferential shareholders (Noticee nos. 5 to 11) has submitted any documents to substantiate that any one of them was otherwise financially capable to subscribe to the shares of the Company or the amount so borrowed could be returned from sources other than by selling of shares. There is a general presumption that the preferential allotments are normally done to the persons/entities who are well known to the company or its Promoters/Directors. A company in no case, keeps preferential allotment open to public at large including to a stranger having right and liberty to

approach it (company) for allotment of its shares. Further, a preferential allotment is always for the purposes of meeting fund requirements of the concerned company (mostly urgent) and involves a covert, manifested and planned actions by the concerned parties. In the present case, it is apparent from the face of record that the funding for the application money for the preferential allotment has been successful only due to the act of transfer of funds by Noticee nos. 13 and 15 through Noticee no. 12. Also in the light of the fact that all the three entities viz., Noticee nos. 12, 13 and 15 were having connection with the Company itself, I do not find it fit to accept the claim of Noticee no. 12 that it might have been mis-utilized by other entities as it is clearly visible that all the Noticees who received funds as well as those who provided the funds were acting under a common understanding. Therefore, no additional evidence is warranted to establish the prior meeting of minds of these Noticees with the Company and consequently with its other connected entities so as to justify the subscription to the preferential allotment as a normal investors of securities market.

92. From the perusal of the replies filed on behalf of the individual Noticees viz., Noticee nos. 5 to 11, I observe that only two Noticees have claimed to have repaid the alleged loan amount. Noticee no. 7 has stated to have repaid the loan amount to Noticee no. 12 on August 26, 2014 from the funds received from her husband and the Noticee no. 9 has stated to have repaid the said amount on April 23, 2015. Noticee nos. 7 and 9 have tried to present their case as distinguishable from other preferential allottees on the ground that they have repaid the amount received from Noticee no. 12, but the question that arises is, can they prove their innocence and exclusivity from other Noticees and not being part of the fraudulent scheme as alleged in the SCN merely on the plea that they have returned the money to Noticee no.12. In my view, a subsequent act of repayment of the sum received from the Company connected entity can't relate back to negate the original misdemeanors of the two Noticees and nullify their violative behaviors, such as taking funds from the Company related entities with whom it had no earlier connection and without any documentation whatsoever, using the same funds for buying those preferential shares of Dhyana and acting in concert with other five preferential allottees and exhibiting identical *modus operandi* in the matter of investing in the preferential issue etc., all of which provide compelling evidence to suggest that these two Noticees (viz: Noticee nos. 7 & 9) like the other five Noticees i.e. 5 to 11 were very much involved in the fraudulent issuance of preferential shares by the Company. Moreover, payment and re-payment of such large amount of funds without execution of any document further bolsters of a strong connection between the two parties at the opposite ends of the fund

transfers but for which, funds transfers in such informal or casual manners would not have been possible between unrelated entities. In view of my foregoing observations, subsequent repayment of that fund can not absolve the two allottees from the offence committed by them in association with the Company and its related entities at the stage of preferential allotment itself, that bred the ground for further violations such as manipulation of market prices of the scrip during two patches of investigation period so as to give a highly lucrative exit to many of the preferential shareholders.

93. As far as the other five individual preferential shareholders (Noticee nos. 5, 6, 8, 10 & 11) are concerned, I find that none of them has repaid the purported loans, so taken from the Noticee no. 12 and therefore I have no hesitation in holding that these Noticees have not only acted hand in gloves with the Company in the fraudulent issuance of preference shares, but also were entirely funded by the Company itself through connected entities to subscribe to those preference shares, thereby establishing against them, the charge of fraudulent allotment of preference shares by taking an active part in the said issuance by the Company.

94. I find that some of the Noticees like Noticee no. 10 have argued that the payment of consideration for purchasing the preferential shares was done by them *albeit* from borrowed funds, which can't be viewed adversely. I find this argument is irrelevant and unconnected to the allegations made in the SCN. The SCN does not alleges any violation merely on the fact of investing in the shares out of borrowed funds .No doubt that law does not prohibit investment from borrowed money, but what has been alleged in the present SCN is a scheme contrived by the Company with its related corporate entities through whom funds were provided to a group of individuals without execution of any document, and those individuals immediately used the said funds to pay to the Company for purchasing those preferential shares allotted to them. Therefore, the said argument can't come to their rescue so as to exonerate it from the violations made in the fraudulent issuance of preferential shares as alleged in the SCN.

95. Similarly, Noticee nos. 5, 7, 8 and 10 have claimed that they have not sold any shares allotted to them under the preferential allotment and the other Noticees viz., Noticee nos. 6, 9 and 11 sold certain percentage of shares of Dhyana. By claiming so, the Noticees have submitted that the fact that they still hold the shares of Dhyana indicates that they were not part of the alleged scheme of fraudulent issuance of preferential shares or price manipulation of those shares. As have been observed in the case of Noticee nos.7 and 9, who have tried to take shelter under repayment of the funds received from Noticee no.12

to get exoneration from the allegations made in the SCN, similarly, the factum of holding shares, either partially or entirely so received from the Company through the preferential allotment, would not offer any shelter to the Noticee nos. 5 to 11 so as to evade their accountability in conniving with the Company and its related entities at the time of obtaining those preferential shares in a fraudulent manner with the funds obtained from the Company related entities (as they did not have adequate money to subscribe) post which, the manipulative trades in the scrip of Dhyana ensued as have been detailed out in the SCN. Strangely, no submissions have been advanced providing justification for holding of shares and not selling the same even partially, despite the price was on the rise providing them with a golden opportunity to at least recover the principal sum so invested under the preferential allotment, which admittedly was not made from their own funds. The peculiar and unusual behavior displayed by these Noticees while investing in the preferential allotment, would not rescue them from the charges of being part of a fraudulent scheme even if they are left with unsold shares of the Company, for reasons best known to them.

96. I note that Noticee no. 11 has placed reliance on the order passed by Hon'ble SAT passed in the matters of *KSL & Industries (Appeal no. 9 of 2003)* in his defense wherein it was held that allegation of fraud cannot survive on mere conjectures and surmises. However, going by the discussions and factual evidence against the Noticees as highlighted in the preceding paragraphs, there is no ambiguity about the fact that the charges leveled against the Noticees are not based on any conjectures and surmises. I find that the movement of funds from Company related entities without any documentation, its immediate utilization for payment against allotment of preferential shares (most of which remains unpaid) and the unjust enrichment of these preferential allottees, offer sufficient evidence to hold the Noticees liable for the charges levelled against them in the SCN.

97. Further, Noticee no. 7 has submitted that there cannot be violation of regulation 4(1) of PFUTP Regulations without alleging violation of any of the provisions under Regulation 4(2). I note that the said argument is misplaced in view of the extant legislative scheme of PFUTP Regulations. Regulation 4(1) read as: *"(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities."* whereas the provisions of Regulation 4(2) stipulates an inclusive list of various specific instances, commission of which will lead to violations which can be termed as manipulative, fraudulent or unfair trade practices. The instances stated under regulations 4(2) are merely illustrative and not conclusive and therefore any submissions that in the absence of any specific allegation in terms of the instances mentioned under regulation 4(2), the charge

of violations of 4(1) would not sustain, is not tenable. A plain reading of the aforesaid provision indicates that it is a basic provision in the regulation which prohibits in general, all kinds of manipulative, fraudulent or unfair trade practices by anyone. In this regard I find it apt to reproduce here the findings of Hon'ble Supreme Court of India, in the matter of *SEBI vs. Kanaiyalal Baldevbhai Patel [(2017) 15 SCC 1],* wherein the Hon'ble Court while interpreting the ambit and scope of PFUTP Regulations have observed that "*…It should be noted that the provisions of regulations 3 (a), (b), (c), (d) and 4(1) are couched in general terms to cover diverse situations and possibilities. Once a conclusion, that fraud has been committed while dealing in securities, is arrived at, all these provisions get attracted in a situation like the one under consideration. We are not inclined to agree with the submission that SEBI should have identified as to which particular provision of FUTP 2003 regulations has been violated.1 A pigeon-hole approach may not be applicable in this case instant. …"* In view of the aforesaid discussion, the argument of the Noticees that in the absence of charge of any of the provisions of regulation 4(2) of PFUTP Regulations, the other charges cannot be sustained, is rejected as being devoid of merit.

98.To sum up, the facts and circumstances in the case as discussed in the foregoing paragraphs, are too compelling and overwhelming enough to establish that the Noticees nos. 5 to 11, received an amount of ₹ 15.00 Lakh each through Noticee no. 12, who in turn had received the amounts from Noticee no. 13 and Noticee no. 15, that were closely connected with the Company Dhyana (Noticee no.1). The Noticee nos. 5 to 11, who did not have adequate bank balances at that stage, immediately utilized these funds in an identical manner to pay to Dhyana in lieu of the preferential shares allotted to them. Before me, no submissions have been made with any kind of supporting documents to demonstrate that they were otherwise financially capable to apply for the subscription under the preferential allotment while Noticee no. 12 has grossly failed to provide any plausible justification for acting as a conduit for transfer of funds from Dhyana related entities to the preferential allottees. The Noticee nos. 5 to 11 have also equally failed to provide any documentary proof to substantiate their claim of having received those sums of ₹ 15.00 Lakh as loan . Moreover the ultimate end use of the said funds so received in exactly in similar fashion, further strengthens the findings in the SCN that the funds were transferred only to finance the subscription to preferential allotment of shares under a fraudulent scheme. None of these 07 (seven) Noticees has used even a fraction of their own funds to pay the consideration of the preferential allotment of shares of Dhyana. Moreover, except for two entities (Noticee no.7 & 9) who have claimed to have repaid the funds back to Noticee no.12, none of the other five recipients has admittedly till date,

repaid the money to Noticee no.12 and no action has also been initiated by Noticee no.12 against non-repayment of those so called 'loan', by those 05 (five) preferential shareholders. It is observed that the advancement of interest free loan with no specified tenure, no collateral to ensure its repayment and no action by the lender against the defaulting borrowers goes on to show that the claim of loan transaction made by the Noticee no.12 and other recipient Noticees, has always been a baseless and misplaced claim without any verifiable content. Under the circumstances, it becomes clear that there existed a strong collusive nexus between the Noticee nos. 5 to 11 on the one side and the Company (Noticee no.1) & its related conduit parties, viz; Noticee nos. 12, 13 and 15 on the other end on the basis of which, the Noticee no. 1 had allotted 1,50,000 shares each to the 07 (seven) preferential allottees (Noticee nos. 5 to 11) fraudulently with the collusive assistance from Noticee nos. 12, 13 and 15, without support of whom the fraudulent allotment could not have been made possible to the Noticee nos. 5 to 11.

99. I note from the SCN that Noticee nos. 2 to 4 were the Directors of Noticee no. 1 at the time when the aforesaid fraudulent issuance of preferential shares was done.

100. As far as the role and liabilities of the Directors of the Noticee no. 1 Company are concerned, I note that none of them has disputed their association with the Company in the capacity of its Directors and the sole plank of defense that has been sought to be created is that their liability cannot be fixed as they had no involvement in the day to day management of the business of the Company. It is contended by Noticee nos. 2 and 4 that they were placed on Board of the Company based on their knowledge/skills to discharge advisory role. However, while making such a submission no details whatsoever of any skill, knowledge or advisory role played by the Noticees, have been furnished so as to support their submission. The Noticees, while advancing reliance on circulars issued by MCA/RBI have sought exoneration from the charges made in SCN simply on the ground that they were holding Non-Executive Directorship and have conveniently preferred to remain silent on the allegations made against them being integral part of the Company. It is observed that these Noticees have not submitted that they had severed their ties with the Company rendering them incapable to reply with verifiable supporting documents to rebut the allegations. It is further observed that these Noticees have neither bothered to seek information from the Company nor have submitted any explanation on the merit of their case solely on the plea that they were not holding any whole time directorship, despite the fact that they were continuing with the Board of the Company at the time of receipt of SCN and are apparently continuing as Directors of the company till date. It shows that these Noticees do not have any intention to justify their stand on the basis of

any tangible evidence which they could have easily obtained from the Company to support their case, if they wished to do that.

101. Further, it is an undisputed legal position that a Company being a legal and artificial entity is practically run by certain individuals, i.e., Directors who control the activities of a company and are statutorily responsible for the management and business affairs of the company. Any violation committed by a company, more particularly fraudulent in nature has to be attributed to the individuals acting as Directors at the relevant point of time who practically act as the heart and mind of the company. A company being a juristic person, has no independent body and mind to act on its own and always acts through the body, mind and instructions of the Board of Directors of the company. While discharging the duties as a Director, an individual has to be fully cognizant of the applicable statutory laws and has to also ensure that no act is performed in the name of the company which results in violation of any extant provisions of law. The Directors of a company, whether executive or non-executive takes part in the Board processes so as to take decision on the policy matters as well as general matters of administration. It is further observed that all such decisions and deliberations are statutorily required to be recorded in form of minutes of Board meetings, which will contain the details of attendees, matters deliberated and the decisions taken.

102. In the present case, only bald statements have been made before me that being Non-Executive Directors, no liability can be fastened on them for the misdeeds alleged to be done by the Company. I find that no verifiable documents like Board meeting minutes etc., has been furnished with the reply which could have corroborated the stand of the Noticees that they were not involved in the affairs of the Company. I further observe that the onus is on the Director Noticees so as to demonstrate that they were completely unaware of the violations that have been alleged in the SCN. In absence of any documentary evidence, the Noticees cannot escape their liability as it is a well settled principle of law that Directors are heart and soul of a company and one cannot escape from the liability arising out of the directorship merely by claiming that he was not involved in the day to day affaires of the Company unless he/she proves to the contrary with the support of evidence to establish his/her innocence about the alleged violations.

103. At this stage, it is appropriate to rely on the observations made in various judicial pronouncements, wherein the Hon'ble Courts have found even the Director holding the post as Non- Executive liable for the alleged breach. Some of such observations are mentioned herein below:

i. Hon'ble High Court of Madras in *Madhavan Nambiar Vs. Registrar of Companies (2002 108 Comp Cas 1 Mad)* has observed *inter alia:*

13. …. A director either full time or part time, either elected or appointed or nominated is bound to discharge the functions of a director and should have taken all the diligent steps and taken care in the affairs of the company.

14. In the matter of proceedings for negligence, default, breach of duty, misfeasance or breach of trust or violation of the statutory provisions of the Act and the rules, there is no difference or distinction between the whole-time or part time director or nominated or co-opted director and the liability for such acts or commission or omission is equal. So also the treatment for such violations as stipulated in the Companies Act, 1956."

ii. Hon'ble Supreme Court of India, while dealing with the liabilities of Directors for acts committed by a company have *inter alia* observed that: "…*A company being a juristic person, all its deeds and functions are the result of acts of others." [SEBI Vs. Gaurav Varshney (2016) 14 SCC 430].*

iii. Hon'ble Supreme Court of India in the matter of *N. Rangachari Vs BSNL, 2007 (Indlaw SC-386)*, wherein it was observed *inter alia* that: "….*the burden is on the Board of Directors or the Officers incharge of the affairs of the company to show that they are not liable to be convicted. Any restricted on their power or existence of any special circumstance that makes them not liable is something that is peculiarly within their knowledge and it is for them to establish at the trial such a restriction or to show that at the relevant time they were not in-charge of the affairs of the company."*

104. In the facts of the present case and under the guidance of the aforementioned judgment, I am of the view that the Noticee nos. 2, 3 and 4 have not been able to make out a case for exoneration for them as no justifiable explanation have been furnished by them to justify the exoneration. It would also be relevant to mention that Noticee no. 2 being part of the audit Committee had chaired the Committee as well. Noticee no. 3 was associated with the Company in the capacity of full time Executive Director and also as a promoter of Dhyana. Further, Noticee no. 3 has also signed the Annual Reports of Dhyana. Based on the above, in my view the Noticee Directors have failed to make out a case on merit to seek exoneration from the serious charges levelled on them in the SCN.

105. As noted above in the present case, two entities who were closely related to the Company (Dhyana) had provided funds to Noticee nos. 5 to 11 which were used for

subscribing to the shares of Dhyana under preferential allotment thereby establishing that the process of allotment and issuance of preferential shares to those entities was part of fraudulent act and scheme. Furthermore, I note that there is no reply forthcoming from the Company, nor have the Noticees no.2 to 4 made any satisfactory effort to refute the allegations made against them in the SCN or to repudiate they (Noticee nos. 1 to 4) did not have any role to play in the alleged fraudulent allotment of shares to the Noticee nos. 5 to 11. Under the circumstances, I am constrained to reiterate my above observations that the said allotment was done under a collusive fraudulent device/scheme conceived by Noticee nos. 1 to 13 and 15 for which evidences available on record are sufficient to bring their acts within the ambit of Section 12A (a), (b) & (c) of SEBI Act, 1992 read with Regulations 3(a), (b), (c), (d), 4(1) of PFUTP Regulations.

ii. <u>Price Manipulation</u>

106. After dealing with the allegation as to how the preferential allotment of shares was done by the Company in a fraudulent manner, I now move on to examine as to how, Noticees having connection with Dhyana Group have indulged in price manipulation of the scrip during the two patches of investigation period so as to artificially ramp up the prices of the shares of Dhyana.

<u>PATCH-1</u>

107. As stated in the beginning, the investigation period of June 13, 2014 to July 27, 2015 has been divided into patches excluding the last day, i.e. July 27, 2015 which has been dealt with separately. With respect to Patch 1, i.e., June 13, 2014 to November 28, 2014, the SCN makes the following allegations:

i. The price of the scrip of Dhyana increased from the level of ₹ 251 to ₹ 354, i.e., an increase of ₹ 103 noticed in a period of 6 months (approx.)

ii. The scrip of Dhyana had witnessed a total positive LTP variation of ₹ 422.35 during the aforesaid period.

iii. During Patch -1, it is observed that 84 trades executed by 10 Noticees on buyer side matched with another 16 Noticees on seller side. Such 84 matching trades have contributed ₹ 101 out of the total market positive LTP of ₹ 422.35.

108.During the period of Patch-1, it was noticed that Noticee nos. 17, 18, 19, 20, 21, 43, 44, 45, 80 and 81 traded in the scrip of Dhyana as buyers, whereas, another group of 16 entities, viz: Noticee nos. 22, 23, 24, 25, 26, 27, 28, 46, 47, 50, 51, 52, 53, 54, 55 and 56 have traded as sellers in the same scrip.

109.Under Table 4 of this order, the connections shared by the aforementioned 26 Noticees with the Company, its other related/connected entities in terms of direct or indirect fund transfers/financial transactions or sharing of common addresses etc., have already been presented in a tabular chart which, along with their transactions/trading activities in the scrip of Dhyana during the investigation period, undeniably explains as to why the above noted Noticees falling in the buyer category and seller category, deserve to be considered as part of the Dhyana Group. In the interest of brevity, I am not again citing those connections with the Company and the Company related entities, which have been elaborated succinctly in the tabular presentation under Table 4 to demonstrate the close nexus enjoyed by these Noticees with the Company

110.It is noted that some of the Noticees have tried to explain the funds received by them from the Company related entities as loan transactions, however, none of these Noticees has been able to support the said claim by providing any verifiable details such as a duly executed loan agreement, other details like loan period, interest etc., so as to lend any credence to their claim. In fact most of these funds purportedly taken as loans have straightway been remitted to their brokers' accounts by these Noticees immediately upon receiving those funds and till date, those Company related entities projecting as lenders, have not taken any steps to recover the so called loans from these Noticees. Further I find that out of the aforesaid Noticees, several Noticees including Noticee no. 81 who had availed funds from the Company related entities, have in their submissions admitted that the funds so borrowed by them have not been repaid, as the payout of the trades executed by them as sellers on July 27, 2015 have been directed to be withheld in terms of the *interim* order. Such a submission goes on to prove that these Noticees did not have any other regular business activities or any other investment/trading activities and have taken money only for trading in the scrip of Dhyana as a result of which, the possibility of repayment of such money received by them from the Company related entities, essentially depended upon the realization of sell proceeds from the sale of Dhyana shares held by him. It further leads to a persuasive and strong possibility that these Noticees had prior indication that the market price of the scrip will increase through fraudulent means under a pre-conceived arrangement in a manner that the Noticees would certainly book high

profits out of their trading in the scrip and the same would positively enable them to repay the funds so received by them from the Company related entities.

111.It has also been contended on behalf of certain Noticees viz., Noticee nos. 22, 23, 24 etc., that the funds were received from Noticee no. 15 (Mainak) after their trades in the scrip of Dhyana was over, hence, those funds were not utilized for trading in Dhyana scrip as alleged. In this connection, it has to be noted that the SCN has highlighted the receipt of funds from the Company related entities to demonstrate a chain to connect the said Noticees to the Company through Noticee no. 15 and even if there may not be one-to-one link between the funds received and trades executed in Dhyana shares in respect of some Noticees, it will not help the Noticees to dilute the closeness that they enjoyed with the Company through the Noticee no. 15, since it has been observed that large amounts of funds have been transferred by Noticee no. 15 to various entities who traded in Dhyana shares without any kind of documentation or collaterals to ensure repayment of such loan amount. Further, Noticee no. 52 (Dixit M Shah) and 54 (Purvesh Mansukhbhai Shah) are the Karta of their respective HUFs viz., Noticee no. 23 (Dixit Mansukhlal Shah HUF) and Noticee no. 22 (Purvesh Mansukhlal Shah HUF), whereas, Noticee no. 26 (Mansukhlal K Shah) is the Karta of Noticee no. 25(Mansukhlal K Shah HUF). It is observed that Noticee No.15 (Mainak) has transferred funds to the HUFs, viz: Noticee no. 22 & 23 and also to the Noticee no. 26. It has been contended before me by the Kartas of HUFs, i.e., Noticee no. 52 and Noticee no. 54 that they are not connected with Noticee no.15 by way of any funds transfers. Similarly, the HUF Noticee, i.e. Noticee no. 25 has refuted any connection with the Company as no funds have been received by the HUF from Noticee no.15 (Mainak). However, the attempt made by the HUFs to treat them as external entities and to distance themselves from the Kartas and vice versa, will not be a tenable proposition given the accepted fact that the Karta is an important constituent of a HUF and the HUF is controlled by the Karta in all its affairs. Therefore, funds received in the hands of Karta or in the hands of HUF makes no difference since it is the Karta who has to deal with the transferor of funds, in this case Noticee no.15 which is a connected entity of the Company. Under the circumstances, the HUFs and Kartas being not separable from each other, it can be reasonably held that all the aforesaid HUF Noticees and their respective Kartas were enjoying close connection with the Company through Noticee no.15.

112.Similarly, I note that the several Noticees including Noticee no. 81 in their reply have stated that the fund transactions with Noticee nos. 15 and 17 were in the normal course

of business but no supporting details have been furnished to support such a tall claim. Moreover, Noticee no. 81 was a Director on the Board of Noticee no. 17, an entity which was closely connected to Dhyana and there is no whisper in his reply to demonstrate as to how he cannot be held as an entity having connection to Dhyana. As regards Noticee no. 50, who had received 19982 shares of Dhyana through off market transfers from Noticee no. 81 i.e., a closely connected entity of Dhyana without assigning any specific reasons for transacting in Dhyana shares in such a manner, the Noticee no. 50 by its own conduct gets itself included in the Dhyana group of entities that dealt in the scrip during the investigation period and moreover, no explanation whatsoever has been offered by the Noticee no. 50 with respect to the receipt of the shares in off-market from Noticee no. 81.

113.Thus, keeping in view the aforesaid discussions recording that entities have failed to justify their respective transactions, all their attempts to distance themselves from Dhyana by offering make belief explanations have not been able to adduce any evidence to support their claims/explanations of having dealt with the scrip of Dhyana independently in due course of their regular business. Therefore, I have no reluctance to state that all the 26 Noticees viz., Noticee nos. 17, 18, 19, 20, 21, 43, 44, 45, 80 and 81 (buyers) and Noticee nos. 22, 23, 24, 25, 26, 27, 28, 46, 47,50, 51, 52, 53, 54, 55 and 56 (sellers), were closely connected to Dhyana and its other connected entities, by virtue of fund transfers, common persons being Director/Promoter, transfer of shares in off market etc., details of which have been elaborated under Table 4 hence, are not being repeated herein for the sake of brevity.

114. Now, I shall turn on to examine the details of the trades executed by the above named connected entities so as to ascertain the extent to which these Noticees have contributed to the price rise of the scrip of Dhyana by contributing to the LTP through their trades in the scrip. In this regard I note that the SCN encapsulates the details of trades and their impact on the LTP in the following tables:

Table 5

Summary of LTP contribution of suspected entities during Patch 1 of investigation period

Sr. No.	Noticee no.	Entity Name	All Trades			LTP Diff.>0			LTP Diff.<0			LTP Diff.=0		% of Positive LTP to Total Market Positive LTP
			Sum of LTP Diff	Sum of Qty	No. of Trades	LTP Impact	Qty Traded	No. of Trades	LTP Impact	Qty Traded	No. of Trades	Qty Traded	No. of Trades	
1.	Noticee no. 3	Rajeshkumar Theophilbhai Christie	1	100	2	1	50	1				50	1	0.24%
2.	Noticee no. 17	Parin Infrastructure Private Limited	2	7410	46	4	575	4	-2	125	1	6710	41	0.95%
3.	Noticee no. 18	Taru Pallav Projects Private Limited	20.5	69384	231	35.5	17569	27	-15	5425	8	46390	196	8.41%
4.	Noticee no. 19	Tosif Yunusbhai Amroniya	8	39600	241	20	3710	17	-12	750	4	35140	220	4.74%
5.	Noticee no. 20	Devangkumar Arvindkumar Jani	7	12587	304	11	106	7	-4	11	1	12470	296	2.60%
6.	Noticee no. 21	Rajendra Dahyalalpathak	3	20085	27	10	6874	9	-7	1465	4	11746	14	2.37%
7.	Notice no. 43	Gaurang Pathak	13	31750	30	13	21420	12				10330	18	3.08%
8.	Noticee no. 44	Ankit Rajeshbhai Rajput	11	31908	32	15	9300	11	-4	7000	4	15608	17	3.55%
9.	Noticee no. 45	Ravi Dipakbhai Joshi	10	38961	245	13	6311	11	-3	800	2	31850	232	3.08%
10	Noticee no. 80	Hareshkumar P Patel	5	10150	263	5	150	5				10000	258	1.18%
11	Noticee no. 81	Gautamsingh Shivsingh Zala	6	20172	341	11	1988	10	-5	35	2	18149	329	2.60%
		Group Total	**86.5**	**282107**	**1762**	**138.5**	**68053**	**114**	**-52**	**15611**	**26**	**198443**	**1622**	**32.79%**
		Market Total	**103**	**575235**	**5224**	**422.35**	**112835**	**269**	**-319.35**	**31786**	**94**	**430614**	**4861**	**100.00%**

115. Out of the aforesaid trades executed during the Patch-1, as mentioned earlier around 84 trades of the 10 buyer entities matched with the trades of another set of 16 seller entities. Details of such trades are captured in the following table:

Table 6

Sr. No.	Notice no.	Seller Entity Name	No. of Trades	LTP Contribution	% of Positive LTP to Total Market Positive LTP
1.	Noticee no. 22	Purvesh Mansukhlal Shah HUF	7	9	2.13%
2.	Noticee no. 23	Dixit Mansukhlal Shah HUF	8	8	1.89%
3.	Noticee no. 24	Shushilaben M Shah	7	8	1.89%
4.	Noticee no. 25	Mansukhlal K Shah HUF	7	7	1.66%
5.	Noticee no. 26	Mansukhlal K Shah	6	6	1.42%
6.	Noticee no. 27	Vishnubhai Arjanbhai Desai	1	1	0.24%
7.	Noticee no. 28	Jerambhai Arjanbhai Desai	1	1	0.24%
8.	Noticee no. 46	Bambhroliya Babubhai K	7	9	2.13%
9.	Noticee no. 47	Bambhroliya Labhuben	7	7	1.66%
10.	Noticee no. 50	Kalpesh Ugarchand Gadhecha	5	5	1.18%
11.	Noticee no. 51	Ruchirani Shah	5	14	3.31%
12.	Noticee no. 52	Dixit M Shah	9	9	2.13%
13.	Noticee no. 53	Varsha Dixit Shah	5	6	1.42%
14.	Noticee no. 54	Purvesh Mansukhbhai Shah	4	6	1.42%
15.	Noticee no. 55	Alkesh M Patel HUF	3	3	0.71%
16.	Noticee no. 56	Alkesh Maheshchandra Patel	2	2	0.47%
Total			**84**	**101**	**23.91%**

116. The above table depicts the no. of trades that were matched between each of the seller side entities with the Noticees on the buyer side entities and contribution to LTP by such trades and the percentage of the said LTP contribution to the total market positive LTP

in the scrip.

117. At this point, it needs to be clarified that in the SCN each and every trade *per se* executed in the scrip of Dhyana during the investigation period has not been branded to be manipulative in nature. The SCN proceeds broadly on the premise of the connection that the aforesaid Noticees were enjoying with the Company and its related entities coupled with the LTP contributing trades executed by them *inter se* within the group, and those trades have been alleged as manipulative trades and causing a misleading appearance of trade in the scrip of Dhyana during the said period. It may be noted that some of these Noticees such as Noticee nos. 17, 18, 19, 20, 43, 80 (on buyer side) and Noticee nos. 27 and 28 (on seller side) have till date, not filed any reply to the allegations made in the SCN. Absence of any reply or response to the allegations made in the SCN, leaves no other impression except that these Noticees have nothing to offer in their defense against the charges levelled in the SCN and have in a way, admitted to their role in the fraudulent manipulative scheme as has been alleged against them in the SCN. Such a view has also been recognized in various decisions of Hon'ble SAT including in the case of *Sanjay Kumar Tayal & Others vs SEBI (Appeal No. 68 of 2013)]*. Notwithstanding the aforesaid judicial pronouncement and without prejudice to my aforesaid observation, I move to on examine and try to find out whether in the facts of the case, the charges made in the SCN stand established or not, based on the appreciation of materials available on record.

118. As noted above, the total market positive LTP contributed in the scrip of Dhyana during the period of June 13, 2014 to November 28, 2014 (Patch-1) was ₹ 422.35 and out of the said total LTP contribution during the period, it was seen that by trading amongst themselves as buyers and sellers, the aforesaid 26 Noticees have contributed ₹ 101.00, which constituted 23.91% of the said total market positive LTP. I note that the aforesaid Noticees have submitted various grounds in their defense. On perusal of the grounds advanced in their defense, it is observed that justifications advanced by them are common and identical. Therefore, for the sake of ease and better appreciation, the submissions are broadly categorized as under :

a. There are other trades as well which have been executed at LTP and not alleged in the SCN.
b. The time gap between placing of orders and execution of trades should be considered.
c. The time gap between receipt of funds and trading in the scrip of Dhyana should

be considered.

d. The volume of LTP contributing trades executed by each Noticee is too low to manipulate the price of the scrip of Dhyana
e. By the alleged trades, the beneficial ownership has been changed.
f. Miscellaneous

119. I am recording my findings and observations on each of the above stated submissions in the following paragraphs.

(i) <u>There are other trades as well which have been executed at LTP and not alleged in the SCN. :</u>

a) Many of the aforesaid Noticees have argued that the SCN has selected a few trades executed by them which have resulted in contribution to the LTP in the scrip and has ignored a large no. of trades which were executed by them either at LTP or in some cases even at prices lesser than LTP. It has been submitted that as less no. of trades have been executed at prices above LTP and also a very less no. of trades have matched with the suspected entities, it reflects that those matched trades were due to coincidences arising out of screen based trading and therefore, they can't be held liable for such *bonafide* trades executed on the platform of the exchange.

b) I note that the Noticees have traded in the scrip of Dhyana over a period of time and have done numerous trades. However, it is observed that despite the fact that the scrip of Dhyana was having sufficient liquidity on the stock exchange platform, a large number of trades executed by the 10 buyer Noticees have matched with other 16 seller Noticees, all of whom were connected to Dhyana or its connected entities, directly or indirectly. It is a fact that a large number of trades executed by these Noticees were at LTPs and a few trades were also below LTPs however, surprisingly each of the 84 trades which was above LTP, got matched with the counter party which also belonged to the above noted group of 26 Noticees only. In a liquid market for the scrip, these LTP contributing trades executed by way of matching of orders between the 10 buyer Noticees and 16 seller notices can't be a mere coincidence. Since all the 26 Noticees have been established to have connection with the Dhyana Group and considering the peculiarity of the said facts, it would not be possible to rule that such matching of trade on frequent basis got executed without there being a pre-planned strategy. Rather, the facts of the matter clearly indicate that the Noticees have executed their LTP contributing trades by devising a scheme so as to get their

trades executed intentionally in a synchronized manner, with a view to inflate/manipulate the market price of the scrip.

c) The contentions of the Noticees does not find any favour also for the reason that the SCN categorically alleged the trades executed amongst them as abnormal trades and contribution to LTP has been alleged as a result of manipulations. I note that Noticees are attempting to seek exoneration under the plea of having executed several other trades, some of which had also contributed LTP and no abnormalities have been observed by SEBI in those trades. In this respect, the point to note is that the SCN alleges connection amongst the Noticees and the alleged trades have been imputed for the reason that the parties to such imputed trades formed part of the Noticees group only. I note that Noticees have not furnished justifiable reason to those alleged trades so as to deserve an exoneration, and instead have preferred to distract my attention to their trades executed with counter parties unconnected to the Notice group. The submissions advanced by the Noticees at the best could be a mitigating factor but in no circumstances could result in exoneration, particularly when the SCN consciously alleges those trades which are couched with abnormality and instead of defending against those alleged trades executed with connected entities on their own merit, the Noticees have preferred to take shelter under several other trades executed by them which have not been assailed in the SCN. One must bear in mind that the allegations are not limited to the Noticees' trades in the scrip being manipulative and fraudulent, but are also linked with those trades which took place due to the connections that were being shared by the Notices amongst each other. Therefore, the allegations are specific to the trades indulged in by the Noticees acting in concert as a group hence, it is expected that Noticees would defend themselves by offering reply with suitable justification rebutting the allegations. I have noticed that none of the Noticees has brought to my consideration, any trades similar to the alleged trades which have matched between the same set of connected buyers and sellers but have been overlooked by SEBI and therefore, placing reliance on other trades executed by them in the scrip for exoneration is misplaced and unfounded.

d) In view of the aforesaid a scrutiny of the 84 trades that were executed by the Noticees amongst themselves, becomes crucial to assess the strength of allegations made in the SCN. The said trades are reproduced in the table hereunder:

Table 7

Sr. No.	TRADE DATE	Buyer	Seller	Trade Rate	LTP	LTP %	Traded Qty
1	20-06-14	Taru Pallav Projects Private Limited	Alkesh Maheshchandra Patel	267	1	0.38	1500
2	23-06-14	Taru Pallav Projects Private Limited	Ruchirani Shah	271	4	1.5	2000
3	23-06-14	Taru Pallav Projects Private Limited	Dixit M Shah	272	1	0.37	500
4	23-06-14	Ankit R Rajput	Varsha Dixit Shah	273	1	0.37	2000
5	23-06-14	Pathak Gaurang	Purvesh Mansukhbhai Shah	274	1	0.37	2000
6	23-06-14	Pathak Gaurang	Mansukhlal K Shah	275	1	0.36	1500
7	24-06-14	Pathak Gaurang	Ruchirani Shah	276	1	0.36	2000
8	24-06-14	Pathak Gaurang	Dixit M Shah	277	1	0.36	1000
9	24-06-14	Taru Pallav Projects Private Limited	Varsha Dixit Shah	278	2	0.72	2000
10	24-06-14	Taru Pallav Projects Private	Purvesh Mansukhbhai Shah	279	1	0.36	1000

		Limited					
11	25-06-14	Ankit R Rajput	Ruchirani Shah	281	5	1.81	2500
12	25-06-14	Taru Pallav Projects Private Limited	Dixit M Shah	282	1	0.36	3000
13	25-06-14	Gautamsing h Shivsingh Zala	Varsha Dixit Shah	283	1	0.35	800
14	26-06-14	Pathak Gaurang	Ruchirani Shah	285	2	0.71	2500
15	26-06-14	Pathak Gaurang	Dixit M Shah	286	1	0.35	2500
16	26-06-14	Taru Pallav Projects Private Limited	Purvesh Mansukhbh ai Shah	288	1	0.35	200
17	27-06-14	Gautamsing h Shivsingh Zala	Dixit M Shah	285	1	0.35	50
18	27-06-14	Taru Pallav Projects Private Limited	Varsha Dixit Shah	287	1	0.35	500
19	30-06-14	Taru Pallav Projects Private Limited	Mansukhlal K Shah	288	1	0.35	125
20	30-06-14	Taru Pallav Projects Private Limited	Mansukhlal K Shah	288	1	0.35	25

21	30-06-14	Taru Pallav Projects Private Limited	Shushilaben M Shah	289	2	0.7	100
22	01-07-14	Gautamsing h Shivsingh Zala	Purvesh Mansukhbh ai Shah	291	3	1.04	1000
23	02-07-14	Taru Pallav Projects Private Limited	Ruchirani Shah	294	2	0.68	500
24	02-07-14	Gautamsing h Shivsingh Zala	Shushilaben M Shah	296	1	0.34	6
25	03-07-14	Gautamsing h Shivsingh Zala	Shushilaben M Shah	297	1	0.34	11
26	04-07-14	Taru Pallav Projects Private Limited	Mansukhlal K Shah	302	1	0.33	200
27	07-07-14	Taru Pallav Projects Private Limited	Shushilaben M Shah	302	1	0.33	300
28	07-07-14	Gaurang Pathak	Mansukhlal K Shah	303	1	0.33	3000
29	07-07-14	Gaurang Pathak	Dixit M Shah	304	1	0.33	110
30	08-07-14	Taru Pallav Projects Private Limited	Vishnubhai Arjanbhai Desai	306	1	0.33	500
31	09-07-14	Ankit	Shushilaben	309	1	0.32	200

		Rajeshbhairajput	M Shah				
32	09-07-14	Taru Pallav Projects Private Limited	Shushilaben M Shah	309	1	0.32	450
33	09-07-14	Taru Pallav Projects Private Limited	Dixit M Shah	310	1	0.32	150
34	10-07-14	Gaurang Pathak	Shushilaben M Shah	309	1	0.32	800
35	11-07-14	Gaurang Pathak	Alkesh Maheshchandra Patel	310	1	0.32	3000
36	14-07-14	Taru Pallav Projects Private Limited	Mansukhlal K Shah	312	1	0.32	50
37	15-07-14	Ankit Rajeshbhairajput	Dixit M Shah	314	1	0.32	100
38	16-07-14	Gautamsingh Shivsingh Zala	Dixit M Shah	316	1	0.32	30
39	17-07-14	Gaurang Pathak	Varsha Dixit Shah	321	1	0.31	1560
40	17-07-14	Tosif Yunusbhai Amroniya	Purvesh Mansukhlal Shah HUF	322	1	0.31	60
41	18-07-14	Taru Pallav Projects Private Limited	Purvesh Mansukhlal Shah HUF	322	1	0.31	189

42	18-07-14	Ravi Dipakbhai Joshi	Mansukhlal K Shah HUF	323	1	0.31	900
43	21-07-14	Taru Pallav Projects Private Limited	Purvesh Mansukhlal Shah HUF	325	1	0.31	1300
44	21-07-14	Gaurang Pathak	Mansukhlal K Shah HUF	326	1	0.31	1450
45	21-07-14	Ravi Dipakbhai Joshi	Dixit Mansukhlal Shah HUF	327	1	0.31	1500
46	22-07-14	Gautamsing h Shivsingh Zala	Dixit Mansukhlal Shah HUF	327	1	0.31	21
47	23-07-14	Ravi Dipakbhai Joshi	Purvesh Mansukhlal Shah HUF	327	1	0.31	900
48	24-07-14	Ankit Rajeshbhaira jput	Purvesh Mansukhlal Shah HUF	331	1	0.3	2800
49	24-07-14	Ravi Dipakbhai Joshi	Purvesh Mansukhlal Shah HUF	331	1	0.3	1200
50	25-07-14	Ravi Dipakbhai Joshi	Purvesh Mansukhlal Shah HUF	334	3	0.91	500
51	25-07-14	Taru Pallav Projects Private Limited	Mansukhlal K Shah HUF	335	1	0.3	500
52	25-07-14	Gautamsing h Shivsingh Zala	Mansukhlal K Shah HUF	335	1	0.3	50

53	28-07-14	Taru Pallav Projects Private Limited	Dixit Mansukhlal Shah HUF	334	1	0.3	200
54	28-07-14	Ravi Dipakbhai Joshi	Mansukhlal K Shah HUF	335	1	0.3	100
55	30-07-14	Taru Pallav Projects Private Limited	Mansukhlal K Shah HUF	335	1	0.3	900
56	30-07-14	Ravi Dipakbhai Joshi	Dixit Mansukhlal Shah HUF	336	1	0.3	100
57	31-07-14	Ravi Dipakbhai Joshi	Dixit Mansukhlal Shah HUF	335	1	0.3	50
58	31-07-14	Ankit Rajeshbhairajput	Mansukhlal K Shah HUF	336	1	0.3	900
59	01-08-14	Ravi Dipakbhai Joshi	Dixit Mansukhlal Shah HUF	337	1	0.3	11
60	04-08-14	Ankit Rajeshbhairajput	Dixit Mansukhlal Shah HUF	337	1	0.3	150
61	05-08-14	Ravi Dipakbhai Joshi	Jerambhai Arjanbhai Desai	338	1	0.3	50
62	06-08-14	Tosif Yunusbhai Amroniya	Dixit Mansukhlal Shah HUF	338	1	0.3	500
63	07-08-14	Rajendra Dahyalalpat	Alkesh M Patel HUF	339	1	0.3	900

		hak					
64	07-08-14	Ravi Dipakbhai Joshi	Alkesh M Patel HUF	340	1	0.29	1000
65	18-08-14	Tosif Yunusbhai Amroniya	Alkesh M Patel HUF	330	1	0.3	100
66	25-08-14	Hareshkumar P Patel	Kalpesh Ugarchand Gadhecha	347	1	0.29	25
67	26-08-14	Hareshkumar P Patel	Kalpesh Ugarchand Gadhecha	350	1	0.29	50
68	27-08-14	Hareshkumar P Patel	Kalpesh Ugarchand Gadhecha	349	1	0.29	25
69	03-09-14	Rajendra Dahyalalpathak	Kalpesh Ugarchand Gadhecha	340	1	0.29	482
70	11-09-14	Devangkumar Arvindkumar Jani	Bambhroliya Babubhai K	323	1	0.31	10
71	11-09-14	Rajendra Dahyalalpathak	Bambhroliya Babubhai K	324	1	0.31	736
72	16-09-14	Tosif Yunusbhai Amroniya	Bambhroliya Labhuben	339	1	0.3	100
73	16-09-14	Tosif Yunusbhai Amroniya	Bambhroliya Labhuben	340	1	0.29	200
74	17-09-14	Tosif Yunusbhai	Bambhroliya	345	1	0.29	100

		Amroniya	Babubhai K				
75	18-09-14	Tosif Yunusbhai Amroniya	Bambhroliya Babubhai K	345	1	0.29	100
76	19-09-14	Tosif Yunusbhai Amroniya	Bambhroliya Labhuben	345	1	0.29	100
77	22-09-14	Tosif Yunusbhai Amroniya	Bambhroliya Babubhai K	347	2	0.58	200
78	23-09-14	Tosif Yunusbhai Amroniya	Bambhroliya Babubhai K	346	1	0.29	100
79	23-09-14	Hareshkumar P Patel	Bambhroliya Labhuben	347	1	0.29	25
80	26-09-14	Devangkumar Arvindkumar Jani	Bambhroliya Babubhai K	350	2	0.57	25
81	07-10-14	Devangkumar Arvindkumar Jani	Bambhroliya Labhuben	356	1	0.28	25
82	07-10-14	Rajendra Dahyalalpathak	Bambhroliya Labhuben	357	1	0.28	1750
83	08-10-14	Parin Infrastructure Private Limited	Kalpesh Ugarchand Gadhecha	356	1	0.28	325
84	10-10-14	Rajendra Dahyalalpathak	Bambhroliya Labhuben	358	1	0.28	1533

e) The seller side Noticees have contended before me that the sell orders were first placed by them in the exchange platform and only subsequently, the buy orders were placed with a huge time gap. By contending so, the seller side Noticees have attempted to shift the blame of manipulation solely to the buyer side Noticees. In this context, I note that the fact of trades having taken place with large time gap but within a specified group of Noticees who have been found to be connected with a common thread, is itself a strong piece of evidence that can take the SCN to its logical end. It is rather strange that despite time long gaps between buy and sell orders sometimes running into hours, the orders placed by these connected entities matched with each other and with no other third parties . Moreover, the said matching of trades at prices above LTP between these connected Noticees itself indicates that it was nothing but a part of a pre-conceived strategy under which the Noticees were acting, that led to matching of their trades within the group as well as to the contribution of artificial LTP in the scrip.

f) Further, on a perusal of the afore listed trades carefully, it is observed that the said trades demonstrate a specific pattern of trading indulged in by the Noticees. From the trade logs it is observed that the some of the seller Noticees were trading as small sub-groups connected to each other by family relations or otherwise, while others were trading as individuals. From their trading pattern, the 16 seller Noticees can be treated as following sub-groups based on their interconnectedness:

Table 8

Noticee no.	Group Name
22 to 26 and 51 to 54	Shah Group
46 and 47	Bambhroliya Group
Noticee no. 55 and 56	Patel Group
Notice no. 50	Notice no. 50
Notice no. 27	Notice no. 27
Notice no. 28	Notice no. 28

g) Interestingly, the aforesaid distinct sub-groups can be seen to have executed trades on various dates above LTP by taking turns and not intersecting each other on any given

trading day. The date wise trades executed by the above stated sub groups/Notices are tabulated below to demonstrate the said point:

Table 9

Trades date	Noticee no. / Group Name (Seller)
June 20, 2014	Patel Group (Noticee no. 56)
June 23, 2014 to July 07, 2014	Shah Group
July 08, 2014	Noticee no. 27
July 09, 2014 to July 10, 2014	Shah Group
July 11, 2014	Patel Group
July 14, 2014 to August 04, 2014	Shah Group
August 05, 2014	Noticee no. 28
August 06, 2014	Shah Group
August 07, 2014 to August 18, 2014	Patel Group
August 25, 2014 to September 03, 2014	Notice no. 50
September 11, 2014 to 07 October, 2014	Bambhroliya Group
October 08, 2014	Notice no. 50
October 10, 2014	Bambhroliya Group

h) The above analysis of trading behavior displayed by the 16 Seller Noticees clearly suggest that they have executed those 84 trades by taking turns, either individually or jointly with their connected buyer counterparties. To illustrate it further, on the date of June 20, 2014 only Noticee no. 56 is seen to have executed a sell trade at prices above LTP. Then from next trading day i.e. from June 23, 2014 to July 07, 2014, all the alleged sell trades were executed by Noticees who are part of Shah Group and such trades resulted in positive LTP in the scrip of Dhyana. Subsequently, the next trading day, the only sell trade was executed by Noticee no. 27 and then for next two trading days on July 09 and July 10, 2014, such trades were executed only by Noticees belonging to Shah Group. Later on, one of such trades was executed on July 11, 2014

by one of the Noticees from Patel Group. Subsequently from the next trading day, i.e., July 14, 2014 to August 04, 2014, it appears that Noticees belonging to Shah Group took charge and all the alleged trades above LTP during the said period of 20 days were executed by Shah Group. After that, on August 05 and August 06, such trades were executed by Noticee no. 28 and Noticees from Shah Group respectively. Again, from August 07, 2014 to August 18, 2014, the responsibility of executing such sell trades seems to have been undertaken by Noticee no. 55 and 56 (both of them belonging to Patel Group) who have jointly jacked up the price of the scrip of Dhyana. Similarly, Noticee no. 46 and 47 (from Banbhroliya Group) started trading from September 11, 2014 and continued till 07 October, 2014.

i) The aforesaid pattern of trading executed by the Noticees turn by turn, continued till October 10, 2014 (almost end of the Patch-1 of the investigation period). The way the Noticees had been taking individual (or as part of a sub-group) turns to place their sell orders contributing to LTP in the scrip on different trading days, clearly points to a pre-conceived mindset through which the Noticees have ostensibly traded in the scrip of Dhyana continuously over a long period of time only with an intention to artificially inflate the price of the scrip. Such a trading pattern that has caused a significant amount of contribution to LTP in the scrip further brings to light how meticulously the scheme was devised in terms of which, the Noticees have executed each of their LTP contributing trades with smaller quantities of shares, which has helped the price of the scrip to move slowly but gradually in upward direction over a period of time.

j) I note that when the trades of entities connected with each other through common threads match at prices above LTP, the same cannot be *per se* termed to be coincidental. As noted above, there were long time gaps between the sell orders and buy orders and despite such time gaps, only the orders placed by the same set of buyers-sellers belonging to the Dhyana group matched with each other, which shows that there was some prior meeting of minds amongst the aforesaid 26 Noticees before they started their trading in the scrip. It may also be added here that the Noticees were provided with ample opportunity to clear the shades of doubts on their relationships by demonstrating with supporting materials that the basis of allegation of *inter se* connections was actually arising out of some genuine/regular business transactions. However, none of the Noticees has been able to put forth any credible evidence or satisfactory argument to dilute the very basis of the said connections as have been alleged in the SCN. All the contentions raised by the Noticees have been

couched in general terms merely to reply that the transactions executed with other entities were in the nature of general business transaction. However, such bald statements without any supporting details can by no stretch of reasonableness, render their acts of executing manipulative trades as genuine ones. Under the circumstances, based on the afore-stated trading pattern, I can observe that the aforesaid Noticees were trading under a pre-mediated scheme to raise the price of the scrip of Dhyana to new levels.

k) It may be noted that the LTP contribution by all the 84 trades as have been imputed and listed out in the Table 7 if considered individually, may not appear significant, however, when considered together, one can find that these 84 trades have cumulatively contributed a substantial sum of ₹ 101.00 to the LTP which constituted more than 20% of the total market positive LTP in the scrip during Patch-1 of the investigation period. Therefore, irrespective of the small amount of LTP contribution by each individual trade or by each individual Noticee, in my view all the 84 trades executed by the Noticees have to be considered together as a whole in the backdrop of their *inter se* relationships/fund transfers within the group. This crucial fact of inter connectedness between these Noticees and the Company & its related entities has to be weighed in mind while considering the trading conduct of these Noticees and in doing so, I find that the balance of convenience and the preponderance of probabilities are grossly tilted against them and one gets easily convinced that those 84 deceptive trades in the scrip were executed amongst these Dhyana Group Noticees so as to manipulate the price of the scrip and in doing so, these 26 Noticees have distorted the basic principle of price discovery and have created a misleading appearance of trading in the scrip on the Stock Exchange.

(ii) <u>The time gap between receipt of funds and trading in the scrip of Dhyana should be considered:</u>

a) In addition to my observations in the preceding paragraphs, it is noted that a few of the selling side entities like Noticee nos. 22, 24 etc., have contended that there were time gaps ranging from few minutes to hours in between placing of sell orders by them and the execution of their trades. The said Noticees have stated that time gap reflects that there was no synchronization in their trades and price rise in the scrip is out of trades executed in normal course of trading and not a part of manipulative device.

b) On the face of it, the aforesaid submission by the Noticees appear to be persuasive however when I examine the details of trades as recorded in the trade log, I find that during the period of Patch-1, as many as 5224 trades were executed in the scrip of Dhyana covering in as much as 5,70,000 shares. In such a scenario, when the scrip was pretty liquid on the Exchange platform affording opportunities for a quick buy and sell in the scrip, it is inconceivable as to how only those LTP contributing buy/sell orders placed by the 26 Noticees connected to Dhyana, got matched even after time gap of hours and the resultant trades were executed. Such matching of trades rather breeds a stronger suspicion about the intent and *bonafide* of these Noticees as the same is not possible in a liquid market unless there existed a pre-conceived meeting of minds amongst the Noticees.

c) The fact that all the trades have been executed on the screen based trading platform which maintains anonymity of the parties to the trades and despite that, the trades of only those entities who were inter connected to Dhyana have matched even hours of time gaps, is not a mere coincidence but strongly suggestive of the fact that these trades were handiwork of a manipulative scheme employed in trading in the scrip of Dhyana.

d) The submissions of Noticees further don't makes any case for exoneration when considered in the backdrop of the admitted facts that the scrip of Dhyana was under T2T, meaning thereby that each trade will mandatorily result in settlement and delivery. There was no scope for short selling or carrying forward the trades so that only the net trading position remain available for settlement. Under the undeniable fact that trading in the scrip was in T2T Segment, it is apparent that a control over the physical possession of the scrip would be an enabling factor to manipulate the price especially when, trading was in T2T Segment, i.e., only those who held shares in demat form were able to sell and deliver the shares to the counterparties.

e) Keeping the aforesaid in mind, I find that the submissions of the Noticees about the long time gaps between their orders and execution of trades, would not come to their help. The findings of deliberate manipulation in the scrip by the Noticees become stronger from the fact that both the seller and buyer entities were connected entities and their pattern of trades demonstrates that these Noticees have acted in concert to raise the price. Had the buyer Noticees not chased the sell orders pending for hours in the system during the period, the alleged trades would not have taken place or resulted in contribution to LTP in the scrip.

f) The Noticees have pleaded that higher degree of proof is required to prove the

charges of fraud and have referred to various judgments like *Sterlite Industries (supra)*. At this stage, I find apt to refer to the observations of the Hon'ble Supreme Court of India, made in the matter of *SEBI v. Kishore R. Ajmera [(2016) 6 SCC 368]*, wherein Hon'ble Supreme Court had held that: "*In the quasi-judicial proceeding before SEBI, the standard of proof is preponderance of probability. It is a fundamental principle of law that proof of an allegation levelled against a person may be in the form of direct substantive evidence or, as in many cases, such proof may have to be inferred by a logical process of reasoning from the totality of the attending facts and circumstances surrounding the allegations/charges made and levelled. While direct evidence is a more certain basis to come to a conclusion, yet, in the absence thereof the Courts cannot be helpless. It is the judicial duty to take note of the immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded and to reach what would appear to the Court to be a reasonable conclusion therefrom. The test would always be that what inferential process that are as on able/prudent man would adopt to arrive at a conclusion…*"

g) Looking at the above observations, in my considered view, evidences available on records and analysis thereon viz; nature of relations enjoyed by the Noticees and the nature and frequency of the trades executed amongst them etc., are sufficient to hold the charges of fraudulent trading behavior as alleged against the Noticees in the SCN.

(iii) **<u>The low volume of trades executed by the Noticees cannot *per se*, manipulate the price of the scrip of Dhyana</u>**:

a) Some of the Noticees have contended that their individual trades were less than 1% of the total capital of the Company or so negligible that such trades cannot manipulate the price of the scrip. It has been submitted that the minimum lot size for trading in the share of a company at the relevant point of time was only 'one share' and irrespective of their total shareholding, trading in such small volume could not have potential to manipulate the price. The submission appears impressive on the first flush, however, it can't be concluded with certainty that trading in such small volume would not cause adverse artificial impact on the price and volume of a scrip. Careful perusal of details of the present case does suggest that when trades are executed by a group of entities acting in concert based on a pre-conceived scheme to raise the price of a scrip, they can very well manipulate the share price of a company even by way of buying/selling a single share in each of their trades, at a price which is in variance to the LTP. When a trade is executed at a price which is different from the LTP, such price becomes the LTP of the scrip. It is a well understood position

that the LTP as well as the pattern of increase or decrease of such LTP holds out an important indicator about the price movement to the prospective investors/traders of the scrip. Further, movement of price is definitely an element that acts as an impetus to generate volume in the trading of the scrip. Since a LTP can be established by way of trading even in one share of a company, such a trade of one share has the same potential as in the case of a trade involving large number of shares, to manipulate the price of the scrip irrespective of the quantities of shares involved. As evident from the present case, a small number of trades involving a negligible percentage of shareholding can cause artificial volumes as well as price manipulations by way of consistently contributing to positive LTPs so as to induce the gullible investors and mislead the shareholders.

b) As observed by me earlier while dealing with the point raised by the Noticees that they have also executed many other trades in the scrip which have not been treated as manipulative in the SCN, the instant proceedings are confined only to those trades which have been executed amongst the connected Noticees who are also directly or indirectly connected to the Company, i.e., Dhyana. Therefore, on the said backdrop, the charges against the Noticees have to be viewed collectively and cannot be dissected or evaluated individually, so as to ascertain their complicity in the scheme of manipulation as a group and not as separate individuals in the light of their's *inter se* connections and the scheme allegedly employed by them in the scrip of Dhyana.

c) Additionally, in order to lend strength to my aforesaid observations, it is apt to refer to the observations of Hon'ble SAT in a matter involving liability of an individual entity who has been alleged to be part of a group in manipulating price of a scrip. The Hon'ble SAT in its order dated March 04, 2020 passed in the matter of *Hemant Sheth and others Vs. SEBI* have observed inter alia that: *"...In a scheme of manipulative and unfair trading it is not necessary that every participant should be indulging in every type of trading violation or even in the same / similar magnitude."*

d) Under the circumstances, all the trades executed by the afore mentioned 26 Noticees as a group during the relevant time have to be considered as a whole to ascertain the extent of price manipulation caused by their 84 matched trades, and the argument advanced by Noticees in their defense stating that their individual trades of small quantities of shares did not have any impact on the market price of the scrip has to be disregarded for lacking substance and merit.

(iv) Change of beneficial ownership

a) It has also been contended before me that the trades executed by the Noticees have resulted in the change of beneficial ownership hence, such trades cannot be said to be manipulative. There is no dispute that the trades executed by the Noticees were delivery based and therefore beneficial ownership had to be changed in those trades. However, it would be too farfetched to argue that any trade which results into change of beneficial ownership cannot be termed as manipulative. The submissions of Noticees are wholly misplaced as it intends to restrict the charges of manipulation only to those trades where beneficial ownership of shares is not changed. I reiterate that since the trades executed by the Noticees are being scrutinized in the backdrop of the connections shared by the Noticees amongst themselves as well as with the other entities connected to the Company itself and the Noticees have not been able to dilute the said allegation of connection they were enjoying with the Company or its related entities, such a naïve excuse advanced by them certainly can't pass the muster to defend them from the allegations made in the SCN.

b) I find it relevant to refer to the findings of Hon'ble Supreme Court in the matter of *SEBI Vs. Rakhi Trading (MANU/SC/0096/2018),* wherein Hon'ble Court had held inter alia as: "*Whether a transaction has been executed with the intention to manipulate the market or defeat its mechanism will depend upon the intention of the parties which could be inferred from the attending circumstances because direct evidence in such cases may not be available. The nature of the transaction executed, the frequency with which such transactions are undertaken, the value of the transactions, whether they involve circular trading and whether there is real change of beneficial ownership, the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn.*"

c) Based on the afore stated observations by the apex court, I find that the principles laid down by the Hon'ble Supreme Court in the above matter are squarely applicable to the instant case looking at the connections shared by the Noticees with other entities and the manipulative trades under taken by them apparently under a pre-conceived strategy in the scrip of Dhyana.

(v) <u>The time gap between receipt of funds and trading in the scrip of Dhyana should be considered.</u>

a) I note that few of the Noticees who have been alleged to be connected to other entities based on their fund transactions with those entities, have claimed that the fund transfers took place much after execution of their trading in the scrip of Dhyana, hence the allegation of connection and manipulation would not hold ground against them. I find the aforesaid argument to be completely out of place and *ex-facie* baseless as there is no allegation in the SCN against such entities (Notice no. 22 etc.) for utilizing the said funds received from the Company related entity (such as Notice no.15) for trading in the scrip of Dhyana. The fact of fund transactions without any supporting documentation, has been used as an evidence for establishing the close connection of these Noticees with the Company related entity such as Noticee no.15 who had transferred those funds without any justifiable reasons. Therefore, Noticees can not absolve themselves from their liabilities for executing those LTP contributing trades with other connected entities by taking such a frivolous plea that the funds were received after execution of those matched trades nor this plea will be able to dilute the connection which these Noticees had shared with Noticee no. 15 and consequently with the Company.

b) I note that the Noticee nos. 22 to 26 and Noticee nos. 51 to 54 belong to one group/family and all of them have purchased the shares of Dhyana at the same time through off-market transactions and after selling those shares have uniformly utilized the sales proceeds towards purchase of land for a hospital project.

c) In order to evaluate their trading pattern, a bare perusal of the trades executed by the aforesaid Noticees, as have been captured in Table 7 would show that despite trading on a screen based anonymous trading platform, the sell trades of the aforesaid Noticees which were executed at prices above than the LTP, were repeatedly matched with the other buying Noticees who were having direct/indirect connection with Dhyana. I find that such deliberate matching of trades as is visible from their trading pattern, is strongly suggestive of the complicity of the aforesaid Noticees with their counterparties and their connectedness with the Company and its related entities.

d) I recall that the aforesaid Noticees had purchased the shares of Dhyana at ₹ 1.00 per share in October, 2012, in off-market deals when there was no trading taking place in the scrip. However, trading commenced when the scrip of Dhyana got listed on BSE and the opening price on June 13, 2014 was ₹ 251. The aforesaid Noticees got an

opportunity to earn 250 times return on their investment as soon as the trading in the scrip opened at a price of ₹ 251. However, the Noticees did not sell their shares and kept holding them till the price increased further and sold all of their shareholding in Dhyana later on at an exorbitant average price of ₹ 310.02 per share within a quick span of 1.5 months. The Noticees have tried to rest their case on the utilization of the sale proceeds towards the purchase of land for the development of a hospital, however, in my considerate view, the said explanation is nothing but only an after-thought exercise. As per the Noticees, out of the total consideration of ₹13.68 Crore for the said land, an amount of ₹ 2.04 Crore was already paid on December 26, 2013 and the balance payment of ₹ 8.92 Crore was remained to be made which was paid in August, 2014. The Noticees have claimed that out of the total sale proceeds of ₹ 8.17 Crore received by them after selling the shares of Dhyana, an amount of ₹ 6.5 Crore was utilized for payment towards consideration of the land, as aforesaid. I find it beyond acceptance that the timing of the payment of such a huge amount towards the pending purchase price of the land coincided with the sale of shares of Dhyana so much so that the Noticees were not only able to sell all their shares but were also able to reap huge profits out of their meager investments in a company which was not even having trading when they invested through off market deals. The way the Noticees held on to their shares in a non- descript company like Dhyana and timed their sale of those shares in a manner which shows that they were confident of earning huge gains from the sale of those shares as and when the final payment towards purchase of land was required to be made. It goes to further show that the Noticees were well aware of the impending increase in price of the scrip that was not possible for a normal investor to know unless the investor itself is acting under a manipulative scheme so as to artificially inflate the price of the scrip to reap a sure shot gain out of his investments.

e) Thus, the trading practice and behavior followed by the aforesaid Noticees starting from their off market investment made at a time when there was no trading in the scrip of Dhyana, to the utilization of the sale proceeds, do not inspire an iota of confidence in favour of the Noticees, especially when these Noticees have also been found to have connection with their counterparty entities and thereby were connected with the Company itself.

f) Under the circumstances, I observe that the explanations put forth by the Noticees deserves rejection being devoid of merit and in view of the reasons recorded above, I find that the afore stated Noticees were part of the scheme of manipulation that was

implemented in the scrip of Dhyana.

(vi) Miscellaneous

a) There is an explanation offered by a few Noticees like Noticee nos. 22, 23, 24, 26, 51 and 53 that they had taken loan from various entities and the amounts received from Noticee nos. 15 and 29 were part of many such loans which were obtained in order to infuse funds into a hospital projects being developed by them. It has also been contended that proceeds from sale of shares of Dhyana were utilized towards development of the said hospital project, an argument which I have rejected in previous part of this order. In my view the fact that the Noticees had obtained loan from various other third parties can't disprove or dilute the fact that the Noticees had received funds from Noticee no. 15 without execution of any loan agreement or similar documents bearing stipulations for repayment, interest etc., which is sufficient to demonstrate that the Noticees were enjoying a close connection with Noticee no. 15, which in turn was closely connected to the Company. I further note that the Noticees have contended that after taking loans, as a time gap arrangement, they had purchased shares of companies like Mansarovar Financial Services ("**Mansarovar**"), and Purple Entertainment Pvt. Ltd. ("**Purple"**). In this regards, I note that Noticee no. 59 was a Director of Manarovar and he was also connected to the Noticee no. 15 and Dhyana. At the cost of repetition, it is noted that Noticee no. 59 was also one of the Directors of Christy Comtrade Pvt. Ltd. wherein another Director was Mr. Aneelkumar Albertbhai Patel who, apart from having common address as that of Noticee no. 15 (Mainak), was also Director on the Board of Dhyana and as well as on the Board of Noticee no. 15. Further, Noticee nos. 20 and 29 were Directors of Purple while Noticee no. 29 had fund transactions with Noticee nos. 15, 16, 17 and 18.

b) The said purchase of shares of Mansarovar and Purple, and the reasons advanced by the Noticees further strengthen the allegation of their close connection with Dhyana since Noticees had 'parked' their money in the shares of companies which were also connected to Dhyana. In view of the aforesaid discussion, neither the fact of taking loans from other third parties nor the claim of Noticees having utilized the proceeds from sell of Dhyana shares, deserves any favorable consideration for granting them any benefit of doubt or exoneration in the matter as the basis of allegation is not solely receiving of fund but their manipulative trades contributing to the LTP of the

scrip. Exchange of funds is certainly a conduit that proves the relationship the Noticees have been enjoying with the Company. Therefore, mere submission that the funds were not utilized for the alleged trades would not viewed as sufficient explanation to result in exoneration of the above Noticees, more particularly, when it has been observed that trades of these Noticees have been executed under a pre-conceived arrangement to raise the market price of the shares of Dhyana. It is noted that few of the Noticees (Noticee nos. 22-26 and 51 to 54) have placed reliance on the order passed by the Hon'ble SAT in the matter of *Nishith M. Shah HUF (supra)* and have attempted to project their case on similar footing so as to deserve exoneration from the charges levelled against them. I have considered their submission as well as the aforesaid judgment and find that the facts of the case relied upon are clearly distinguishable from the facts pertaining to the said Noticees in their dealing with the scrip of Dhyana. Admittedly, many of the Noticees out of the aforesaid group had received huge amounts of funds from Noticee no. 15 (Mainak), which is an entity closely connected to the Company itself. I note that neither the Company (Dhyana) nor Noticee no. 15 has come forward to explain the nature of those funds transfers while the recipients of such funds (aforesaid Noticees) have merely made a bald statement that the funds received by them from Noticee no. 15 were part of various loans taken by them from different parties at that time, without being able to produce any documentary support to substantiate their so called loan transactions with Noticee no. 15. Moreover, both the buyers as well as sellers in this case, apart from being connected with the Dhyana Group entities, have been charged of manipulating the price of the scrip by trading amongst themselves. In view of this, I find that the aforesaid decision of Hon'ble SAT is not applicable to the case of these Noticees who are connected and have been found to have acted in concert in their trading in the scrip of Dhyana, as demonstrated in the preceding paragraphs.

120. At the end of the foregoing discussions, I find that Noticee nos. 17, 18, 19, 20,21, 43, 44, 45, 80, 81 while acting as buyers; and Noticee no. 22, 23, 24, 25, 26, 27, 28, 46, 47, 50, 51, 52, 53, 54, 55 and 56 acting as sellers, have executed 84 trades amongst themselves and the said 84 trades have ultimately caused contribution of ₹ 101.00 to the positive LTP of the scrip of Dhyana. The said acts of the aforesaid Noticees have not only caused an artificial increase in the price of the scrip but also have caused a misleading appearance of trading in the scrip of Dhyana thereby adversely impacting the price discovery mechanism

of the market and artificially holding out potential inducements to the investors of the market.

121. Apart from causing artificial increase to the LTP, the trades of the aforesaid Noticees have also been alleged to have caused discovery of New High Price (hereinafter referred to as "**NHP**") during the Patch-1 of the investigation period. While LTP is the price of the scrip on which the last trade has happened, New High Price or NHP is the highest market price which is witnessed by a particular scrip, first time ever in its trading history on a Stock Exchange.

122. In the present case, during the period of June 13, 2014 to November 28, 2014 (Patch-1), out of 109 trading days, a NHP was discovered for the scrip of Dhyana on 64 occasions on 27 different trading days. When the said 64 trades were analyzed, it was revealed that 8 Noticees had created NHP on 39 instances. It was also revealed that out of the total NHP of ₹ 116.50 that was discovered in the scrip of Dhyana, the aforesaid 39 trades executed by the 8 Noticees had contributed ₹ 45.30 (38.88% of the total NHP). The details of the contribution to the NHP by the said 8 Noticees in the scrip are highlighted herein below:

Table 10

Summary of NHP contribution of Noticees during Patch 1 of investigation period

Sr. No.	Noticee no.	Entity Name	BSE			
			Qty	No. of Trades	NHP (₹)	% of total mkt NHP
1.	Noticee no. 3	Rajeshkumar Theophilbhai Christie	50	1	1	0.86%
2.	Noticee no. 18	Taru Pallav Projects Private Limited	7710	11	14	12.02%
3.	Noticee no. 19	Tosif Yunusbhai Amroniya	60	1	1	0.86%
4.	Noticee no. 43	Gaurang Pathak	16170	9	10	8.58%
5.	Noticee no. 44	Ankit R Rajput	2650	2	3	2.58%

Sr. No.	Noticee no.	Entity Name	BSE			
			Qty	No. of Trades	NHP (₹)	% of total mkt NHP
6.	Noticee no. 48	Nimesh Jitendrabhai Purani	6445	9	9	7.73%
7.	Noticee no. 49	Bimesh Arvindbhai Jani	10	1	2.3	1.97%
8.	Noticee no. 81	Gautamsingh Shivsingh Zala	1847	5	5	4.29%
		Noticee's Total	**34942**	**39**	**45.3**	**38.88%**
		Market Total	**45655**	**64**	**116.5**	**100.00%**

123.It can be observed from the aforesaid table that all the above noted 8 entities have contributed towards NHP of the scrip by executing trades at rates at which the scrip was never traded earlier. The aforesaid trades mentioned under Table 10, which had contributed to the NHP in the scrip were also part of the trades which had contributed to market positive LTP as well the details of which have already been provided under Table 8 and 9.

124.It is noted from the SCN that the Noticee no. 48 has contributed ₹ 9 to the NHP in 9 different trades, out of which in as many as 5 trades he has contributed ₹ 5 to the NHP and the counter parties to such trades were also the connected Noticees from the same group of 26 Noticees as discussed earlier. Further, the Noticee no. 49 has contributed ₹1 to the NHP in 1 trade where his counter party was Noticee no. 55. The list of entities who were counter parties to the trades of Noticee nos. 48 and 49 that were executed at NHP during Patch-1 were found to be as under:

Table 11

Sr. No.	Noticee no.	Entity Name
1.	Noticee no. 51	Ruchirani Shah
2.	Noticee no. 52	Dixit M Shah
3.	Noticee no. 53	Varsha Dixit Shah

4.	Noticee no. 54	Purvesh Mansukhbhai Shah
5.	Noticee no. 55	Alkesh M Patel HUF
6.	Noticee no. 56	Alkesh Maheshchandra Patel

125.It is noted from the replies filed by the aforesaid Noticees that they have tried to justify the alleged trades resulted in creating NHP by stating that their trades have added a very miniscule value to the NHP and frequency of such trades is also less as compared to the other trades. It has also been contended that such NHPs were created due to coincidence of matching of orders that happened on the screen based trading and also for the reason that the buyer side Noticees wanted to acquire the shares hence, these trades took place at NHP and should not be considered as manipulative.

126.There is no dispute that the NHP represents a high price of a scrip which has never been seen in the scrip during that period. Therefore, if the price of the scrip is jacked up to a NHP level by trading under a pre-planned manipulative design , such trades can have tremendous potential to induce the gullible investors to trade in the scrip by demonstrating to them a misleading picture of the scrip swinging to NHP and this may lead to investment by such innocent investors who are totally unaware of the manipulative trades being executed by certain entities acting in concert, that is propelling the scrip to reach such NHPs. Thus, creation of NHP by manipulative trades, irrespective of small quantities, miniscule values or less frequency, needs to be viewed seriously and cannot be ignored only because such trades contributed to small quantum of NHP.

127. As regards the contention of the Noticee that it was a matter of sheer coincidence that their trades got matching with connected entities on a trading platform which maintains complete anonymity, the fact which cannot be overlooked is that despite large number of trades taking place in the scrip during that period, only the Noticees were able to execute trades amongst themselves in a manner to mark the price of the scrip higher to an extent which was never ever seen before in the scrip of Dhyana. As noted above, out of 64 occasions when NHP was created in the scrip of Dhyana during Patch-1, only 8 Noticees were the reason behind establishing NHP in as many as 39 instances, which is more that 60% of the total no of such instances. I find it difficult to accept that such a large contribution to the NHP by the aforesaid 8 Noticees can be overlooked under the plea of mere coincidence of matching of orders. Similarly, matching of trades executed by Noticee no. 48 and 49 with Noticee nos. 51 to 56 as pointed out above can by no stretch

of reasonableness be accepted as a result of mere coincidence of order matching in trading system of the Exchange. Therefore, it is held that Noticee nos. 3, 19, 19, 43, 44, 48, 49 and 81 acting as buyers and Noticee nos. 51 to 56 acting as sellers, by way of their matched trades have caused the scrip of Dhyana to reach NHP on different occasions during the period of Patch-1 and thereby are responsible for causing inducement to the general public/investors by displaying such New High Prices in the scrip of Dhyana due to their manipulative and fraudulent trades.

128.To sum up the discussion relating to LTP and NHP contribution, I observe that the Noticee no. 3 (Rajeskumar Theophilbhai Christie), Noticee no. 17 (Parin Infrastructure Private Limited) , Noticee no. 18 (Taru Pallav Projects Private Limited), Noticee no.19 (Tosif Yunusbhai Amroniya), Noticee no. 20 (Devangkumar Arvindkumar Jani), Noticee no. 21 (Rajendra Dahyalal Pathak) , Noticee no. 43 (Gaurang Pathak), Noticee no. 44 (Ankit Rajeshbhai Rajput), Noticee no. 45 (Ravi Dipakbhai Joshi), Noticee no. 48 (Nimesh Jitendrabhai Purani), Noticee no. 49 (Bimesh Arvindbhai Jani), Noticee no. 80 (Hareshkumar P Patel) and Noticee no. 81 (Gautamsingh Shivsingh Zala) ; as well as Noticee no. 22 (Purvesh Mansukhlal Shah HUF), Noticee no. 23 (Dixit Mansukhlal Shah HUF), Noticee no. 24 (Shushilaben M Shah), Noticee no. 25 (Mansukhlal K Shah HUF), Noticee no. 26 (Mansukhlal K Shah), Noticee no. 27 (Vishnubhai Arjanbhai Desai), Noticee no. 28 (Jerambhai Arjanbhai Desai), Noticee no. 46 (Babubhai Kalabhai Bambhroliya), Noticee no. 47 (Labhuben Babubhai Bambhroliya), Noticee no. 50 (Kalpesh Ugarchand Gadhecha), Noticee no. 51 (Ruchirani Shah), Noticee no. 52 (Dixit M Shah), Noticee no. 53 (Varsha Dixit Shah), Noticee no. 54 (Purvesh Mansukhbhai Shah), Noticee no. 55 (Alkesh M Patel HUF) and Noticee no. 56 (Alkesh Maheshchandra Patel) have indulged in manipulative trades which created false appearance of trading in the scrip of Dhyana apart from artificially raising the price of the scrip during Patch-1 of the investigation period. After having considered the conduct of Noticees carefully in terms of the frequency and pattern of trades executed by them apparently to fulfill their plan for marking up the price of the scrip artificially over a period of time and after considering the explanations submitted by the Noticees to justify their trades, I find that the above mentioned Noticees have dealt with the scrip of Dhyana in violation of regulation 3(a),(b),(c),(d) and Regulation 4(1), 4(2)(a) & (e) of SEBI (PFUTP) Regulations, 2003 as alleged in the SCN .

129. I now move on to consider the allegations pertaining to the Patch-2 of the investigation period, i.e., December 01, 2014 to July 24, 2015, during which the price of the scrip rose

from ₹ 352 to ₹ 395.

PATCH-2

130. I note from the SCN that during Patch-2, 53 trades were executed between 16 entities from buyer side and 21 entities from seller side, all being part of the group of connected Noticees. It has been alleged that such 53 trades have contributed a sum of ₹ 83.60 to the positive LTP in the scrip. The said amount of ₹ 83.60 constituted 7.87% of the total market positive LTP (₹ 1062.05) that contributed to price rise of the scrip during Patch-2. The details of the seller Noticees as well as their buyer counter parties involved in those 53 trades along with the LTP contributions made by their respective trades, are highlighted in the tables below:

Table 12

Buyer entities

Sr. No.	Noticee no.	Entity Name (Buyer)	LTP	No. of Trades	Volume	% of Positive LTP to Total Market Positive LTP
1.	Noticee no. 29	Shalomiben Anilbhai Bariya	5.5	5	4050	0.52%
2.	Noticee no. 30	Dipakkumar Rajaram Joshi	1.4	2	470	0.13%
3.	Noticee no. 31	Birju Pravinchandra Sanghvi	1	1	100	0.09%
4.	Noticee no. 43	Gaurang Pathak	2.4	2	3011	0.23%
5.	Noticee no. 44	Ankit Rajeshbhairajput	1	1	650	0.09%
6.	Noticee no. 45	Ravi Dipakbhai Joshi	18.4	2	1010	1.73%
7.	Noticee no. 49	Bimesh Arvindbhai Jani	3	3	562	0.28%
8.	Noticee no. 59	Amit Dipakbhai Gajjar	13.3	6	1578	1.25%
9.	Noticee no. 60	Shah Chirag	7.5	2	300	0.71%

10.	Noticee no. 61	Ronak Nayankumar Shah	7.5	6	1400	0.71%
11.	Noticee no. 62	Dholakia Jayshree Kishor	7.2	10	3744	0.68%
12.	Noticee no. 63	Jayshreeben Kiritkumar Shah	6.7	4	705	0.63%
13.	Noticee no. 64	Chandrikaben Naranbhai Panchal	4	4	2863	0.38%
14.	Noticee no. 81	Gautamsingh Shivsingh Zala	2	1	11	0.19%
15.	Noticee no. 65	Nikunj Dineshkumar Soni	2	2	438	0.19%
16.	Noticee no. 58	Pratikbhai Kiritkumar Shah	0.7	2	304	0.07%
	Group Total		**83.6**	**53**	**21196**	**7.87%**

Table 13

Seller entities

Sr. No.	Noticee no.	Entity Name(Seller)	No. of Trades	LTP Contribution	% of Positive LTP to Total Market Positive LTP
1.	Noticee no. 9	Ramilaben Baladevbhai Patel	3	4	0.38%
2.	Noticee no. 11	Gunjan Rajendrakumar Patel	1	0.4	0.04%
3.	Noticee no. 15	Mainak Comtrade Private Limited	3	4.7	0.44%
4.	Noticee no. 16	Pranatpal Tradelink Private Limited	1	0.5	0.05%

5.	Noticee no. 18	Taru Pallav Projects Private Limited	4	15.6	1.47%
6.	Noticee no. 32	Noorbanu Farooq Hawa	5	10.1	0.95%
7.	Noticee no. 33	Mathivanan . M	8	9.1	0.86%
8.	Noticee no. 34	Shailesh Baldevbhai Patel	1	7	0.66%
9.	Noticee no. 35	Azim Farooq Hawa	4	5	0.47%
10.	Noticee no. 36	Zahir Farooq Hawa	2	3	0.28%
11.	Noticee no. 37	Harshaddkumar Baldevbhai Patel	3	2.5	0.24%
12.	Noticee no. 38	Farooq Kasam Hawa	3	2.4	0.23%
13.	Noticee no. 39	Chetan Marutirao Yangalwar HUF	1	1	0.09%
14.	Noticee no. 40	Marutirao Tukaram Yangalwar	1	1	0.09%
15.	Noticee no. 41	Baldevbhai Shankerlal Patel	1	1	0.09%
16.	Noticee no. 42	Hitesh Chinubhai Shah	1	0.3	0.03%
17.	Noticee no. 46	Babubhai Kalabhai Bambhroliya	3	1.6	0.15%
18.	Noticee no. 47	Labhuben Babubhai Bambhroliya	1	0.1	0.01%
19.	Noticee no. 50	Kalpesh Ugarchand Gadhecha	5	11	1.04%
20.	Noticee no. 66	Manisha Rajendra Modi	1	1.3	0.12%
21.	Noticee no. 81	Gautamsingh Shivsingh Zala	1	2	0.19%
			53	**83.6**	**7.87%**

131.It is observed form the above tables certain selling Noticees, viz: Noticee nos. 18, 43, 44, 45, 46, 47, 50 and 81 of Patch-2 were also trader in the scrip during Patch-1 of the investigation period. As stated earlier, all the Noticees who have traded both in the Patch-1 and Patch-2, have been addressed as connected entities of Dhyana and are being considered as Dhyana Group entities primarily because of their fund transactions with

certain entities who were directly connected with Dhyana, and also due to their off-market shares transfers with certain entities connected to the Company (Dhyana) as well as due to the fact that these Noticees were sharing common address, common email address, common Directors etc., which have been briefly highlighted in the Table-4 of this order.

132. The Noticees who have traded during Patch-2 period have advanced their arguments and offered explanations quite similar to the submissions made by the Noticees who have traded during the Patch-1 period, to justify their funds/shares transactions under the plea of *bonafide* loan or business transactions but without any verifiable supporting evidence or documents that can be relied upon. Further, similar to many other Noticees, Noticee nos. 29, 62, 63, 64, 81 have pleaded that they have not been able to repay their loans to Noticee no.15 or other connected entities of Dhyana on account of freezing of their pay-outs arising out of their trades executed on July 27, 2015. I have already dealt with these explanations and objections raised by the Noticees against being treated as connected entities of Dhyana because of their funds or shares transactions, and have put all of their unsubstantiated and specious submissions to rest, by holding them to be connected entities of Dhyana and part of the Dhyana Group. Therefore, it is desirable to avoid repetitions of the specifics of connections that the buyer and seller Noticees of Patch-2 were having with the Dhyana related entities and the explanation offered by each of these Noticees to refute their alleged connections as the same have already been discussed at length and disregarded in the earlier parts of this order

133. In this regard, I find that insofar as Noticee nos. 39 and 40 are concerned, they been made Noticees in the present case as they had received shares of Dhyana in off-market from Noticee no. 49. With respect to the Noticee no. 40 (Marutirao Tukaram Yangalwar), it is noted from the records that a letter has been filed intimating that the Noticee no. 40 has expired on June 26, 2017. A copy of death certificate has also been filed in this connection. I therefore hold that the proceedings initiated against the Noticee no. 40 cannot continue hence, the same stands abated due to his death.

134. Noticee no. 39 has filed a reply to the SCN and has been submitted that it had purchased 5500 shares of Dhyana from one Mr. Nikeshbhai Shah and the said shares being in physical mode, were lodged for transfer in its name. It has further submitted that as the transfer and subsequent dematerialization of the shares were likely to take some time, it 'borrowed' shares from Noticee no. 49 in off-market dematerialized transfer. The

said shares were sold by it on the market platform and when the shares originally purchased by it were credited in its account in demat form, the said shares were returned to the Noticee no. 49.

135.I have carefully considered the submissions made by the Noticee no. 39. I find the reply filed on behalf of the Noticee no. 39 is evasive as it does not disclose the material particulars like dates when the shares of Dhyana were purchased by it or the reasons for purchasing the shares of a listed Company in off-market transactions. Further it does not specify the date on which the shares were submitted for transfer in their name with the Company. The reason for obtaining/borrowing shares from the Noticee no. 49 by the Noticee no. 39 has been ascribed to be urgent. A careful perusal of the demat account statement of Noticee no. 39 indicates that it had received 5,500 shares of Dhyana in its demat account on March 18, 2015. Even though it has been claimed that the shares were borrowed for urgent needs of funds, the Noticee no. 39 chose not to sell the shares for a period of one month after receiving them in its demat account and sold these shares between the period of April 16, 2015 to April 22, 2015. Therefore, the claim of borrowing shares due to dire need of funds is contradicted by its decision to hold the shares for another month. Had the Noticee borrowed the shares for some genuine need to sell them, it would have sold its own shares as soon as it got them in its Demat account from the Noticee no. 49 so as to repay the lender of shares. Therefore, the *bonafide* of the claim of the Noticee no. 39 does not inspire an iota of confidence. Moreover, it is difficult to accept as to how someone (Noticee no. 49) can lend a large quantity of 5,500 shares enabling the Noticee no. 39 to sell them and realize ₹ 19 Lakh (approx.), without executing any kind of documentation/terms of conditions so as to secure the return/refund of his valuable shares.

136.On account of the aforesaid, I cannot ignore the apparent fact that the Noticee no. 39 shared a strong connection with Noticee no. 49 because of which, even after getting its own shares (that were lodged with the Company for transfer and demat) on June 08, 2015, Noticee no. 39 returned those shares at its own leisure convenience to the Noticee no. 49 only on August 10, 2015, i.e., after two months. Noticee no. 39 has failed to explain as to what was that urgent need of money for which it had to borrow shares of Dhyana from Noticee no. 49 to sell them for money and whether it had tried to borrow money from any other source and having failed to do so it was left with no option but to approach Noticee no. 49 to borrow their shares. Moreover, it is also not clear if Noticee no. 49 had no other shares to lend except for the shares of Dhyana and under what

circumstances Noticee no. 49 could have transferred those shares worth around ₹ 19.00 Lakh without securing any documentation or even charging any interest thereon for the period of lending of those shares.

137. Contrary to the contention of Noticee no. 39 that the off-market deals *per se* are not illegal or prohibited, I note that the SCN has not made any allegation relating to the off market transaction of Noticee no. 39. It only refers to it so as to establish connection between the two Noticees. Therefore, the peculiarity with which Noticee no. 39 has advanced justifications for its transactions, I am constrained to hold that not only Noticee no. 39 was well connected with Noticee no. 49 but also was well aware of the ongoing scheme of manipulation in the scrip of Dhyana, due to which it could not wait till the shares purchased by it in off-market deal to be dematerialized in its own name and instead, had to borrow shares of Dhyana and sell them at the ongoing manipulated rates and through those sell trades, he has also contributed his bit to the positive LTP of the scrip in terms of the pre-planned scheme as alleged in the SCN.

138. From the details of trades executed in Patch-1 and Patch-2, I note that the Noticee nos. 18, 43, 44, 45, 46, 47, 50 and 81 have also executed manipulated trades in Patch-1 of the investigation period. Further, Noticee no. 81 has executed both buy as well as sell trades during Patch-2 of the investigation period.

139. It is pertinent to note that the allegations in the SCN have been made primarily for manipulating the price of the scrip through trades executed by the Noticees with connected entities, which have resulted in cumulative increase of the market price of the scrip. Moreover, the above allegations have been made in the backdrop of the connection that the Noticees were sharing with the Company through its related entities during the relevant period. Therefore, the trades of the Noticees deserve to be dealt with holistically and not individually, no matter how small may be the contribution to positive LTP by a Noticee at his/her individual level.

140. In this regard, the details of the trades which have matched at prices above than LTP between the Noticees, have been culled out from the trade log and reproduced in the following table:

Table 14

TRADE_DATE	CLIENTNAME	CP_CLIENTNAME	TRADE_RATE	LTP_RATE	LTP_PERCENT	TRADED_QTY
12/2/2014	Ravi Dipakbhai Joshi	Kalpesh Ugarchand Gadhecha	360	5	1.41	740
12/4/2014	Gaurang Pathak	Azim Farooq Hawa	364	2	0.55	2600
12/4/2014	Amit Dipakbhai Gajjar	Kalpesh Ugarchand Gadhecha	370	1	0.27	581
12/8/2014	Ankit Rajeshbhairajput	Kalpesh Ugarchand Gadhecha	370	1	0.27	650
12/9/2014	Gautamsingh Shivsingh Zala	Kalpesh Ugarchand Gadhecha	369	2	0.54	11
12/10/2014	Amit Dipakbhai Gajjar	Kalpesh Ugarchand Gadhecha	370	2	0.54	358
12/11/2014	Amit Dipakbhai Gajjar	Farooq Kasam Hawa	365	1	0.27	25
12/12/2014	Bimesh Arvindbhai Jani	Farooq Kasam Hawa	365	1	0.27	236
12/16/2014	Amit Dipakbhai Gajjar	Noorbanu Farooq Hawa	357	7	2	92
12/16/2014	Amit Dipakbhai Gajjar	Noorbanu Farooq Hawa	358	1	0.28	72
12/22/2014	Birju Pravinchandra Sanghvi	Azim Farooq Hawa	346	1	0.29	100
12/22/2014	Dholakia Jayshree Kishor	Azim Farooq Hawa	347	1	0.29	258
12/29/2014	Ronak Nayankumar Shah	Zahir Farooq Hawa	334	2	0.6	100
12/29/201	Nikunj	Zahir Farooq Hawa	335	1	0.3	38

4	Dineshkumar Soni					
12/30/2014	Nikunj Dineshkumar Soni	Azim Farooq Hawa	331	1	0.3	400
1/22/2015	Dipakkumar Rajaram Joshi	Farooq Kasam Hawa	325	0.4	0.12	420
1/23/2015	Dipakkumar Rajaram Joshi	Noorbanu Farooq Hawa	326	1	0.31	50
2/23/2015	Shah Chirag	Babubhai Kalabhai Bambhroliya	346.5	0.5	0.14	200
3/16/2015	Chandrikaben Naranbhai Panchal	Babubhai Kalabhai Bambhroliya	336	1	0.3	200
3/18/2015	Dholakia Jayshree Kishor	Labhuben Babubhai Bambhroliya	334.6	0.1	0.03	41
3/18/2015	Dholakia Jayshree Kishor	Babubhai Kalabhai Bambhroliya	334.6	0.1	0.03	191
3/23/2015	Dholakia Jayshree Kishor	Harshaddkumar Baldevbhai Patel	336	1	0.3	36
3/24/2015	Chandrikaben Naranbhai Panchal	Noorbanu Farooq Hawa	339	1	0.3	1158
3/24/2015	Dholakia Jayshree Kishor	Noorbanu Farooq Hawa	339	0.1	0.03	1000
3/30/2015	Pratikbhai Kiritkumar Shah	Harshaddkumar Baldevbhai Patel	334.5	0.5	0.15	104
3/30/2015	Dholakia Jayshree Kishor	Mathivanan . M	335	0.2	0.06	20
3/30/2015	Dholakia Jayshree Kishor	Mathivanan . M	335	0.2	0.06	250
3/31/2015	Dholakia Jayshree Kishor	Mathivanan . M	335	0.5	0.15	218
3/31/2015	Pratikbhai	Mathivanan . M	335	0.2	0.06	200

	Kiritkumar Shah					
4/6/2015	Ronak Nayankumar Shah	Mathivanan . M	342	3	0.88	1000
4/8/2015	Dholakia Jayshree Kishor	Mathivanan . M	344	3	0.88	300
4/13/2015	Dholakia Jayshree Kishor	Harshaddkumar Baldevbhai Patel	348	1	0.29	1430
4/20/2015	Shalomiben Anilbhai Bariya	Chetan Marutirao Yangalwar Huf	351	1	0.29	1000
4/20/2015	Shalomiben Anilbhai Bariya	Marutirao Tukaram Yangalwar	352	1	0.28	1000
4/27/2015	Shalomiben Anilbhai Bariya	Baldevbhai Shankerlal Patel	354	1	0.28	1800
6/2/2015	Amit Dipakbhai Gajjar	Manisha Rajendra Modi	356	1.3	0.37	450
6/9/2015	Bimesh Arvindbhai Jani	M Mathivanan	355	1	0.28	126
6/10/2015	Bimesh Arvindbhai Jani	M Mathivanan	355	1	0.28	200
7/8/2015	Shalomiben Anilbhai Bariya	Gautamsingh Shivsingh Zala	362	2	0.56	150
7/8/2015	Shalomiben Anilbhai Bariya	Pranatpal Tradelink Private Limited	362.5	0.5	0.14	100
7/13/2015	Ronak Nayankumar Shah	Taru Pallav Projects Private Limited	364	1.5	0.41	50
7/13/2015	Ronak Nayankumar Shah	Taru Pallav Projects Private Limited	364.3	0.3	0.08	100
7/13/2015	Ronak Nayankumar Shah	Taru Pallav Projects Private Limited	364.7	0.4	0.11	100
7/13/2015	Ronak	Hitesh Chinubhai Shah	365	0.3	0.08	50

	Nayankumar Shah					
7/15/2015	Gaurang Pathak	Gunjan Rajendrakumar Patel	364.9	0.4	0.11	411
7/22/2015	Ravi Dipakbhai Joshi	Taru Pallav Projects Private Limited	379.9	13.4	3.66	270
7/23/2015	Chandrikaben Naranbhai Panchal	Ramilaben Baladevbhai Patel	382	1	0.26	305
7/23/2015	Chandrikaben Naranbhai Panchal	Ramilaben Baladevbhai Patel	382	1	0.26	1200
7/23/2015	Jayshreeben Kiritkumar Shah	Ramilaben Baladevbhai Patel	382	2	0.53	45
7/23/2015	Jayshreeben Kiritkumar Shah	Mainak Comtrade Mainak Comtrade Private Limite	384.8	2.8	0.73	270
7/23/2015	Jayshreeben Kiritkumar Shah	Mainak Comtrade Mainak Comtrade Private Limite	385.9	1.1	0.29	290
7/23/2015	Jayshreeben Kiritkumar Shah	Mainak Comtrade Mainak Comtrade Private Limite	386.7	0.8	0.21	100
7/24/2015	Shah Chirag	Shailesh Baldevbhai Patel	392	7	1.82	100

141.I have already observed in the preceding paras while dealing with the alleged trades executed by relevant Noticees in Patch-1, that the Noticees have followed a peculiar trading pattern to avoid being caught for fraudulent trade practices and on a first look, their trades may look normal trades. On a close look at the trades executed during the Patch-2 of the investigation period, it is noticed that the trades executed in Patch-2 also reveal an easily identifiable trading pattern in which, on any given trading day when trades were executed at prices above LTP, the Noticees were found to be executing those LTP contributing trades turn by turn, either individually or in small sub-groups.

142. The analysis of date wise spread of those sequential trades by Individuals or different sub-groups on different days as indicated above are tabulated as under:

Table 15

Sr. No.	Trade Dates	Group	Noticees
1.	04.12.2014; 11.12.2014 to 23.01.2015; and 24.03.2015	Hawa Group	Noticee nos. 32, 35, 36, 38
2.	23.01.2015 to 18.03.2015	Bambhroliya Group	Noticee nos. 46 and 47
3.	23.03.2015; 30.03.2015; 13.04.2015; 27.04.2015; 23.07.2015; and 24.07.2015	Patel Group	Noticee nos. 9, 34, 37 and 41
4.	30.03.2015 to 08.04.2015 ; 09.06.2015 to 10.06.2015 ; 08.07.2015; and 13.07.2015 to 23.07.2015	Dhyana Group	Noticee nos. 33, Noticee no. 81 , Noticee no. 16, Noticee no. 18, Noticee no. 42 , Noticee no. 11, Noticee no. 15
5.	02.12.2014; 04.12.2014; 08.12.2014 to 10.12.2014	Kalpesh Ugarchand Gadhecha	Noticee no. 50
6.	20.04.2015	Chetan Group	Noticee no. 39 , Noticee no. 40#
7.	06.02.2015	Manisha Rajendra Modi	Noticee no. 66

#The proceedings against Noticee no. 40 have been abated on account of his death and the aforesaid demonstration is only to show the pattern of trades executed by various sub-groups.

143.It can be easily discerned from the above table that in most of the cases, all the sellers side entities have taken turns to execute their LTP contributing trades on different days. For example, Noticee no. 50 starts with his trade on December 02, 2014 and thereafter his trades went on from December 04, 2014 to December 10, 2014. In between, one trade is executed by a member of Hawa Group on December 04, 2012. Thereafter, from December 11, 2014 to January 23, 2015, the trades have been executed by the Hawa Group. Similarly, the Patel Group members, can be seen trading with other Noticees on April 13, 2015, April 27, 2015, April 23, 2015 and April 24, 2015. Similarly, other Noticees can be seen to have taken their turns to execute trades matching with their

connected buyer side entities on prices above LTP.

144. It is relevant here to mention that on certain days, there were instances where more than one seller Noticees have executed trades with other Noticees. However, a detailed scrutiny of such trades goes on to show that such Noticees (who executed trades on a particular day) in fact enjoyed close connection amongst them as imputed in the SCN and apparently executed their trades as a team on those days. The said details are tabulated herein below:

Table 16

Sr. No.	Date	Noticee no. (seller side)	Connection
1.	04.12.2014	Azim Farooq Hawa (Noticee no. 35)	Fund transactions with Noticee no. 15
		Kalpesh Ugarchand Gadhecha (Noticee no. 50)	He had received 19,982 shares of Dhyana from Noticee no. 81.
2.	18.03.2015	Labhuben Babubhai Bambhroliya (Noticee no. 47)	₹ 30 Lakh received from Noticee no. 15 were transferred to Shrey Chemicals [in which Ravi Dipakbhai Joshi (Noticee no. 45)] was a Director]
		Babubhai Kalabhai Bambhroliya (Noticee no. 46)	Same as above
3.	30.03.2015	Harshaddkumar Baldevbhai Patel (Noticee no. 37)	He had transferred funds to Noticee no. 15 out of the money received from the stock broker.
		Mathivanan . M (Noticee no. 33)	Fund transfers with Noticee no. 12. He had transferred funds to Dhyana in March, 2015.
4.	20.04.2015	Chetan Marutirao Yangalwar HUF (Noticee no. 39)	It has received shares of Dhyana in off market from Noticee no. 49.
		Marutirao Tukaram Yangalwar (Noticee no. 40)	He has received shares of Dhyana in off market from Noticee no. 49.

145.One can notice that the entities mentioned at Serial no. 2 and 4 respectively and who have executed sell trades on the same trading days, shared close nexus with each other as narrated in the table above. Further, Noticee no. 35 has been found to have fund transaction with Noticee no. 15 (Mainak) which was closely connected to Dhyana. Similarly, Noticee no. 50 has been found to have connection with Noticee no. 81, who in turn was closely connected to Dhyana. Similarly, the connections of entities mentioned at Serial no. 3 above also relates back to Dhyana via Noticee nos. 12 and 15.

146.In view of the above, I observe that although on certain occasions more than one selling entity have executed their sell trades on same dates, such entities were actually connected with each other due to various common factors, details of which have been already enumerated above and have apparently traded as one group on those days. Therefore, the trades executed by these seemingly separate selling entities have also to be viewed as the trades executed by one connected group under the said alleged scheme of manipulation. Under the circumstances, the observation made earlier that the Noticees on sell side have followed a specific trading pattern whereby on any given trading day, only one individual or one group of connected Noticees is seen to be present in the market for trading holds good even for the Noticees who traded on same day as a group. Thus, by following the said *modus operandi* in their trading, the seller Noticees have executed their respective LTP contributing sell trades in a manner to inflate the price of the scrip on different trading days spread across the Patch-2 of the investigation period.

147.In the context of my analysis and discussions of the trades executed by the 26 Noticees in the Patch-1, I have already recorded my findings and have held my views on various defenses taken by those Noticees such as, time gap between placing of order and execution of resultant trades, change of beneficial ownership, small individual contribution to LTP etc. Therefore, to avoid repetition, I shall not deal with those identical points again, raised by the buyer and seller Noticees of Patch-2. In the following paragraphs I shall deal with certain additional grounds commonly raised by the Noticees so as to come to a finding as to whether or not, the charges made against them under the SCN would sustain based on the materials available on record.

i. **<u>The scrip was in trade to trade segment</u>**

a) Noticees have taken a ground that the scrip of Dhyana was trading in the trade to trade segment which does not leave any scope for manipulation. However, such a submission so advanced by the Noticees lacks merit. It is known that when a scrip is trading in T2T Segment, the trades have to compulsory result into delivery of shares and a person cannot execute *intra-day* trades in such a scrip. However, all other features of trading such as matching of order on price time priority, change of LTP, placement of buy orders and sell orders etc., remain the same as in the case of other scrips trading in normal segment. Contrary to what Noticees have stated, in a T2T Segment where no *intra-day* trading takes place, it is all the more easier for two or more entities trading from opposite ends to artificially raise the market price by consistently executing LTP contributing trades amongst themselves, which apparently has been observed in the instant proceedings. As observed in earlier paragraphs, the Noticees have been found to have followed a specific trading pattern normally not detectable from a superficial observation of the trade log and by following the said trading pattern, they have succeeded in contributing to the LTP of the scrip of Dhyana. In a T2T Segment, it is the seller who happens to be on the driving seat and can easily manipulate the price as it is the seller who is only certain about the delivery of the shares. Price rise through artificial means become easier for a scrip under T2T Segment, when the seller is connected and acts in concert with the buyer. I have already observed above that these Noticees were enjoying connection and nothing substantial have been put forth for consideration before me to controvert and refute the allegations of those connections and relationships as has been alleged to have been shared by the Noticees. In view of the above, I don't find the submissions of Noticees have any merit deserving any favourable consideration.

ii. **<u>Sell orders were placed in the morning and were chased by the buyer entities:</u>**

a) It has been submitted that sell orders were placed in the morning at fixed prices without any modification and no violation can be attributed to the seller since buyers have chased the pending sell orders which led to settlement through multiple trades. In support of the submission, it has been stated that on

December 01, 2014 Noticee no. 50 had placed an order to sell 5200 shares of Dhyana at the price of ₹ 356 and the said sell order was chased by Noticee no. 15 which resulted into trade of 50 shares and the time gap in placing of the sell order and execution of trade was of two hours. It has also been contended that his offer for 5200 shares was sold in 49 separate trades for which he cannot be alleged to have indulged in manipulating the price. In this regard, while perusing the trade log, it is noted that on December 01, 2014, the Noticee no. 50 had placed sell order and sold 5200 shares in 49 different trades executed on the market platform. However, in all the above 49 trades, the buyer of the shares was only Noticee no. 15. It is observed that different buy orders of quantities ranging from 50-190 shares each were placed by the Noticee no. 15 which ultimately resulted in purchase of the 5200 shares in a time span of two minutes. Similarly, Noticee no. 15 had purchased 2310 shares from the Noticee no. 50 in 17 different trades executed on December 03, 2014. It is seen that the Noticee no. 15 has purchased around an aggregate of 25,000 shares from the Noticee no. 50 in 7 trading days

b) I note that the SCN has only made allegations with respect to the trades which had contributed to the LTP of the scrip and out of the aforesaid 49 trades executed between Noticee no. 15 and Noticee no. 50 on December 01, 2014 as aforesaid, only those trades that had contributed to the LTP have been alleged to be manipulative trades in the SCN and other trades not contributing to the LTP have not been alleged. It is also noted that on December 03, 2014, the first trade made a contribution of ₹ 7.00 to the LTP, however, the trades executed subsequently did not contribute to the LTP hence have not been alleged in the SCN. Considering the submissions advanced by the Noticee in the light of the materials available on record, in my view the same is fraught with contradictions. It has been contented that the shares of the Company were trading on the screen based anonymous trading platform where matching of orders is a matter of coincidence whereas, the sell orders in this instance placed by Noticee no. 50 for 5200 shares got repetitively matched with the same Noticee on each of the 49 instances on the same day . In my considered view, such continuous matching of orders between the two Noticees defies the argument of the Noticee that the screen based trades cannot be doubted and any matching of order between two connected entities is coincidental only. Such types of trades rather reinforces the allegation that the trades were executed with a pre-arrangement mindset to artificially manipulate the price of the scrip. The submissions of the Noticees that

the charge of manipulations of market price would not sustain against them since the trades so executed by them have resulted in change of beneficial ownership, is also an infructuous excuse having no substance since irrespective of change of beneficial ownership, it has been already demonstrated in the preceding paragraphs as to how the Noticees have repeatedly matched their orders in small quantities on a single day and have deliberately marked up the price of the scrip by acting in concert even on an electronic trading system . Given the connections and common relationships that the Noticees enjoyed with each other, the trades executed by them to contribute to the LTP of the scrip can not be wished away by simply labeling them as mere coincidence on the trading system as advocated by them.

c) Noticee no. 50 has also contended that that on December 09, 2014 he had placed sell order for 6000 shares of the Company at the rate of ₹ 369.00 per share, however, his trade for only 11 shares which had matched with the trade of Noticee no.81, has been alleged to be manipulative trade in the SCN . In this regard, an analysis of the trade log reveals that on the said date, i.e., December 09, 2014, a total number of 186 trades of the Noticee no. 50 had matched with the buy orders of Noticee no. 81 and out of these said 186 trades, as many as 86 trades were executed at the price of ₹ 369.00. Further, the Noticee no. 50 had admittedly sold 2,00,000 shares during the period of December 01, 2014 to December 10, 2014 through 1931 trades. Out of the said 1931 trades, I find that 1062 trades comprising of 1,15,274 shares have matched with buyer side Noticees. On the whole, it is observed that more than 50% of the shares sold by the Noticee no. 50 were found to be purchased by different buyer Noticees who are connected with each other as discussed earlier in this order. The matching of such huge quantities of orders placed by the Noticee no.50 with the orders of connected buyer Noticees so frequently can't be viewed simply as a mere coincidence on the trading system as claimed by the Noticee. It is difficult to hold that these trades were executed between the connected entities in the normal course of trading without being influenced by any scheme or artifice.

d) It is also relevant to mention here that out of total 2,444 trades executed in the scrip of Dhyana during Patch-2, the 1931 trades were executed by Noticee no. 50 as referred to above, constituted around 79% of the total number of trades executed during Patch-2. Although in the SCN has charged only those trades that were executed at prices above LTP, the aforesaid instances of matching of trades

on numerous occasions between Noticee no. 50 and other Noticees have been illustrated to assess the veracity of the claims of Noticee no. 50 claiming that matching of trades on Exchange trading system is mere coincidental. The submissions are further not supported by the fact that the scrip of Dhyana was enjoying high liquidity at the relevant point in time, hence matching of orders on a particular scrip between connected Noticees with such high frequency and on a continuous basis irrespective of whether contributing to LTP or not, can't be regarded as mere coincidence.

e) At this stage, I need to recall that Noticee no. 50 had received 19,982 shares of Dhyana in off-market transfers from Noticee no. 81, for which no details or explanation have been put forth before me. In his reply, Noticee no. 50 has claimed that one of his trades matched with Noticee no. 81 and the transfer of shares in off-market was not connected with the trade that matched with the Noticee no. 81. I find the said contention to be erroneous as the details of his trades narrated in the above paragraphs clearly reveal that a large number of trades of Noticee no. 50 have matched with the trades of Noticee no. 81 and that further strengthen the charges of resorting to manipulative trades to raise the price artificially.

f) Noticee no. 50 has also mischievously harped upon an inadvertent error found in the annexure to the SCN which indicates that shares were transferred by Noticee no. 81 to Alkesh M Patel HUF (Noticee no. 55). However, such a small typographical error can't invalidate the allegations made against the Noticee no. 50. He has miserably failed to discharge the onus by not even commenting on the off-market transfer of shares to him from Noticee no. 81. The Noticee no. 50 has also contended that the allegation of connections attributed to him based on the common directorship, KYC, off-market transfer etc., do not satisfy the definition of 'fraud' as envisaged under PFUTP Regulations. I have perused the definition of fraud prescribed under the PFUTP Regulations and observe that the ingredients of fraud, in terms of the said Regulations are made up of acts of entities which *inter alia* could result in inducement to other persons. In this case the connection of entities has been highlighted with a view to point out that the connected entities were acting in a pre-conceived manner while dealing with the scrip of Dhyana. I note that Hon'ble Supreme Court of India, in the matter of SEBI *Vs. Kanaiyalal Baldevbhai Patel & Ors. (MANU/SC/1188/2017)* had analyzed the definition of fraud and have given much emphasis on the

inducement that would be caused by a fraudulent act while holding that : "*The emphasis in the definition in Regulation 2(c) of the 2003 Regulations is not, therefore, of whether the act, expression, omission or concealment has been committed in a deceitful manner but whether such act, expression, omission or concealment has/had the effect of inducing another person to deal in securities.*"

g) Further, with respect to the contention that no connection is established due to the allegation of off-market transfer, I find it appropriate to refer to the findings of Hon'ble SAT in a recent decision passed in the matters of *Giriraj Kumar Gupta HUF Vs. SEBI and other connected matters, (date of decision: 25.02.2020),* wherein Hon'ble SAT have observed inter alia as: "… *The appellants have not given the details of their off-market transactions with an entity which is also found to be part of the group which manipulated the scrip of RMCL. The unwillingness of the appellants in giving the details of those off-market transactions and in turn placing buy orders above LTP in the market subsequently cannot be viewed in isolation.*"

h) With respect to the details of the shares that Noticee no. 50 had received through off-market transfer from the Noticee no. 81, it is glaringly apparent that Noticee no. 50 had certainly enjoyed close ties with the Noticee no. 81. Hence his trading in the scrip of Dhyana has to be examined in the backdrop of the connection that he shared with Noticee no. 81 who in turn, had close links with Dhyana by virtue of the fact that he was serving as a Director on the Board of Noticee no. 17, where Noticee no. 3 (Rajeshkumar Theophilbhai Christie) a Promoter-Director of Dhyana, also served as a shareholder Director. Therefore, I find that receipt of shares of Dhyana by Noticee no. 50 from Noticee no.81 in off-market dealing is in itself a clinching piece of evidence to establish his connection with Dhyana and its related entities and therefore the matching of trades between the two can't leave me to view that the same were executed in the normal course of trading. On the contrary, upon examining the alleged trades in the backdrop of admitted relations/connections amongst the Noticees, the matching of trades on the platform of Stock Exchanges can be possible only when the same are executed by the Noticees under an arrangement sharing a prior meeting of mind.

i) To sum it up, the matching of trades between buyer and seller entities who were closely connected to the Company and its other connected entities was preponderantly due to a pre-designed plan by all the connected Noticees to manipulate the market price of the scrip and cannot be attributed only to buyers for chasing the pending sell orders of the selling entities, as the Noticee no. 50

would like me to believe.

iii. <u>Other parties have been exonerated</u>

a) Noticees have also contended before me that SEBI has not found the preferential allotment irregular and other preferential allottees as well as various other entities who traded as counter parties of suspected entities or whose trades are similar to their trades, have been exonerated by SEBI.

b) In this regard, I note from the material available on record that the preferential allotment by the Company *per se* has not been alleged to be illegal and the SCN has charged only those preferential allottees who had links/connection with the Company or its related entities so as to be treated as part of Dhyana Group and who had received funds from the related entities of the Company. As regards the exoneration of other entities who were supposedly claimed to be standing on similar footing with the Noticees and against whom no proceedings have been initiated, I would like to remind the Noticees that the purpose of the present proceedings is to only adjudge the allegations made in the SCN against the Noticees and non-impleading of other persons cannot be taken as a shelter to secure a *suo moto* exoneration of the Noticees. The Noticees have to take the burden of persuading me with cogent arguments and documentary support, as to how the allegations made against them are not tenable or not capable of standing the test of facts & law in their efforts to disprove the allegations. The Noticee can not seek parity by citing the exclusion of some other persons/Noticees from the instant proceedings as an alibi, for securing their own exoneration without defending themselves with supporting facts and evidence to rebut the allegations made against them in the SCN.

c) A similar argument seeking parity with other persons who were not impleaded in the proceedings was taken before Hon'ble SAT in the matter of *Systematix Shares & Stocks (India) Limited Vs. SEBI (date of decision: April 23, 2012)*. Hon'ble SAT had rejected the said argument by observing as: "…*It is true that the Board has taken action selectively against a few entities involved in the alleged wrong doing. According to the appellant the Board should have proceeded against all wrong doers and the action against the appellant and a few entities alone is also discriminatory. We cannot subscribe to this view since the Board has set its own benchmark in selecting cases for action and, in any case, the appellant cannot plead himself innocent or his trades as lawful."* Notwithstanding the above, none

of the Noticees have been able to place before me any details to justify that they were standing identically similar to those against whom no proceedings have been initiated. I observe that the Noticees have not been able to demonstrate or substantiate that those against whom no proceedings have been initiated or those who were exonerated were also enjoying connection with the Company, as was being enjoyed by the Noticees and that their trades had also matched with the other connected Noticees (as in their case) thereby raising the price of the scrip to higher levels by contributing to LTP in the scrip. In view of the aforesaid discussion, such an argument advanced by the Noticees is devoid of any merit, hence is liable to be rejected.

iv. <u>Entire price of scrip was not manipulated</u>

a) There are no two opinions that the market price of the scrip of Dhyana witnessed unusual and artificial increase during the investigation period. Based on the analysis of various documents, trade log, trading pattern and connectedness amongst various trading entities etc., the SCN has made allegations against the entities whose trades had not only matched with other suspected entities but had also contributed to the market positive LTP of the scrip. As a result of which, it was found that the trades executed by the connected entities during the Patch-1 and Patch-2 of the investigation period, contributed cumulatively to a substantial price rise in the scrip of Dhyana. It is a common knowledge that once the price of the scrip increases, even due to the manipulative trades executed by certain connected entities, it creates all possible instances for innocent investors get induced to deal in the said scrip being oblivious of the exact reasons of the price rise. I observe that Hon'ble Supreme Court in the matter of *Rakhi Trading (supra)* while referring to the purpose of SEBI Act, had observed as: "*The Act intends to prevent undesirable transactions in securities by regulating the business of dealing therein. Undesirable transactions would certainly include unfair practices in trade. The SEBI Act, 1992 was enacted to protect the interest of the investors insecurities. Protection of interest of investors should necessarily include prevention of misuse of the market. Orchestrated trades are a misuse of the market mechanism. It is playing the market and it affects the market integrity.*"

b) As already highlighted in the Table 12 and 13 above, during the Patch-2 of the investigation period, 21 seller Noticees matched their orders with 16 buyer

Noticees and in the process executed 53 trades causing LTP contribution of an amount of ₹ 83.60 in the scrip of Dhyana through those 53 trades. Therefore, even if a fraction of the price rise is caused due to manipulative trades by a group of connected entities those manipulative trades need to be suppressed and punished since any manipulative trade in a scrip carries a potential to induce the innocent investors to fall prey, by mistaking the said artificial increase of market price to be a genuine rise in the price of the scrip.

c) I note that the Noticees including Noticee no. 50 has made a feeble submission that even admitting for the sake of arguments that his trades were structured, it cannot be said that such trades had impacted the price. Contrary to the same, it can be easily deciphered from the trades executed by Noticee no. 50 that his trades not only matched with other Noticees like Noticee nos. 15, 81 etc. but also had impacted the price of the scrip as soon as those trades were executed. Thus, the trades executed by him were not only structured but also have resulted in price hike of the scrip of Dhyana. Notwithstanding the above, it is trite law that once a fraud committed in a listed scrip is established, it is sufficient to proceed against the manipulators and evidence of actual inducement caused to the investors is not an essential ingredient so to justify taking any kind of action under the extant legal framework, be it preventive, curative or even punitive measures. Therefore, the submission, as aforesaid does not deserve any favorable consideration.

d) Keeping the foregoing discussions and based on the attendant facts, more particularly the facts pertaining to the connections shared by Noticees with the Company and the fact of their trading within the group of Noticees during the Patch-2 period and the way their orders were matched and trades were executed, I have to hold that the trades executed by the Noticees during the Patch-2 of the investigation period were manipulative and fraudulent in nature and were intended to artificially increase the market price of the shares of Dhyana as part of a deliberate plan by the Noticees to inflate the price of the scrip. In view of the above discussion and findings, I hold that the Noticee no. 29, Noticee no. 30, Noticee no. 31, Noticee no. 44, Noticee no. 45, Noticee no. 43, Noticee no. 49, Noticee no. 58, Noticee no. 59, Noticee no. 60, Noticee no. 61, Noticee no. 62, Noticee no. 63, Noticee no. 64, Noticee no. 65, and Noticee no. 81, acting as buyers; and Noticee no. 9, Noticee no. 11, Noticee no. 15, Noticee no. 16, Noticee no. 18, Noticee no. 32, Noticee no. 33, Noticee no. 34, Noticee no. 35,

Noticee no. 36, Noticee no. 37, Noticee no. 38, Noticee no. 41, Noticee no. 42, Noticee no. 46, Noticee no.47, Noticee no. 50, Noticee no. 66, and Noticee no. 81 acting as sellers during the Patch-2, have manipulated the price of the shares of Dhyana by trading amongst themselves and through such trades, have contributed to the rise in the price artificially . Such trading practices on the part of the Noticees had all the ingredients to create artificial appearance of trading in the scrip and to induce investors to trade in the scrip. It may be relevant to mention here that Noticee no. 81 has acted as both buyer and seller during Patch-2 of the investigation period.

148. As observed by me in the beginning, the proceedings against Noticee no. 40 arising out of the SCN have been abated, since he has expired.

149. After recording my findings on the LTP contributing trades executed during Patch-2 by the Noticees, I shall now deal with the NHP that was achieved due to the trades executed by the Noticee through their manipulative trades.

150. I note from the SCN that during the period of Patch-2 (December 01, 2014 to July 27, 2015), out of 163 trading days, a New High Price (NHP) was discovered in as many as 26 trades executed over a period of 7 (seven) trading days. It was further revealed that out of the said 26 trades, in 21 trades the NHP was established due to trades executed by different Noticees. Out of the total NHP of ₹ 43, the said 21 trades had contributed ₹ 38 to the NHP, which was 88.37% of the total NHP. The breakup of such 21 trades is tabulated below:

Table 17

Sr. No.	Noticee no.	Entity Name	BSE			
			Qty	No. of Trades	NHP (₹)	% of Total Market NHP
1.	Noticee no. 15	Mainak Comtrade Pvt. Ltd.	275	3	3	6.98%
2.	Noticee no. 16	Pranatpal Tradelink Private Limited	300	2	3	6.98%
3.	Noticee no. 17	Parin Infrastructure Private Limited	175	1	2	4.65%

Sr. No.	Noticee no.	Entity Name	BSE			
			Qty	No. of Trades	NHP (₹)	% of Total Market NHP
4.	Noticee no. 42	Hitesh Chinubhai Shah	2423	1	1	2.33%
5.	Noticee no. 45	Ravi Dipakbhai Joshi	1470	3	9	20.93%
6.	Noticee no. 57	Bhavesh Ishwarlal Panchasara	108	2	3	6.98%
7.	Noticee no. 60	Shah Chirag	450	2	7.3	16.98%
8.	Noticee no. 63	Jayshreeben Kiritkumar Shah	660	3	4.7	10.93%
9.	Noticee no. 64	Chandrikaben Naranbhai Panchal	305	1	1	2.33%
10	Noticee no. 80	Hareshkumar P Patel	85	2	3	6.98%
11	Noticee no. 81	Gautamsingh Shivsingh Zala	30	1	1	2.33%
		Noticees' Total	**6281**	**21**	**38**	**88.37%**
		Market Total	**11720**	**26**	**43**	**100.00%**

151.As enumerated in the above table, 11 Noticees had, in 21 trades contributed ₹38 to the NHP. Out of such 21 trades, 13 were such trades which were executed within the group of Noticees themselves. The said 13 trades had contributed ₹ 29.90 to the NHP (69.53% of the total market NHP) , details of which are presented below:

Table 18

Sr. No.	Noticee no.	Entity Name	BSE			
			Qty	No. of Trades	NHP (₹)	% of Total Market NHP
1.	Noticee no. 15	Mainak Comtrade Private Limited	50	1	1	2.33%
2.	Noticee no. 16	Pranatpal Tradelink Private Limited	250	1	2	4.65%
3.	Noticee no. 17	Parin Infrastructure Private Limited	175	1	2	4.65%
4.	Noticee no. 45	Ravi Dipakbhai Joshi	270	1	7.9	18.37%
5.	Noticee no. 57	Bhavesh Ishwarlal Panchasara	108	2	3	6.98%
6.	Noticee no. 60	Shah Chirag	100	1	5.3	12.33%
7.	Noticee no. 63	Jayshreeben Kiritkumar Shah	660	3	4.7	10.93%
8.	Noticee no. 64	Chandrikaben Naranbhai Panchal	305	1	1	2.33%
9.	Noticee no. 80	Hareshkumar P Patel	85	2	3	6.98%
Noticees' Total			**2003**	**13**	**29.9**	**69.53%**
Market Total			**11720**	**26**	**43**	**100.00%**

152. As mentioned in Table 17, out of total NHP of ₹ 43 created during Patch-2 of the investigation period, ₹ 38 (88.37% of the total NHP) was caused due to the manipulative trades executed by the Noticees mentioned therein. Furthermore, it is also seen from the next table that 13 trades were executed at NHP due to matched trades within the group of Noticees causing NHP of ₹ 29.90 to the total NHP (69.53% of the market total NHP).

153. Strangely enough, out of the aforesaid amount of ₹ 29.90, 11 trades were executed between 5 Noticees acting as buyers and only one Noticee on the seller side, thereby contributing ₹ 11 to the NHP (25.58% of the market total NHP). The 5 buying Noticees were Noticee nos. 57, 80, 16, 17 and 15 and the common counter party seller to those trades of the five buying Noticees referred to above was Notice no. 50.

154. While dealing with the trades executed at NHP during Patch-1 of the investigation period, I have already recorded my findings regarding the impact on NHP arrived due to manipulative trades and have also dealt with the grounds taken by the various Noticees therein, which also covers all the defenses taken and arguments advanced by the Noticees who have created NHP during Patch-2 of the investigation period.

155. In the present scenario also, it cannot be said that the trades were coincidentally matching within the groups of Noticees and that too at NHP and irrespective of less no. of frequency or less quantum of NHP, such trades cannot be ignored to exonerate these Noticees from the charge of executing manipulating trades at NHP. On the contrary, the frequency and other attending circumstances strongly suggest towards the existence of a pre-design and collusive intent behind the execution of such alleged trades.

156. It is a fact that the trades in the scrip of Dhyana were executed on a screen based anonymous trading system however, the trades executed amongst the connected entities with Dhyana and its related entities being at center stage, as have been analyzed and discussed in the preceding paragraphs, clearly suggest that the matching of trades at NHP within such a small group of connected Noticees cannot be just a function of coincidence on the trading platform and no other reason can be attributed to these trades. Keeping in view the compelling facts and circumstances of the case and the web of interconnectedness that the Noticees were having with each other, the manner in which the price of the scrip of Dhyana increased rapidly as soon as the preferential issue was over , and the kind of gains that the Noticees made out of trading in the scrip of a company which lacked basic market fundamentals worth the name to create any interest around its scrip so as to push its price up, I note that the matching of trades amongst the Noticees displayed by the trade logs to discover NHP in the scrip could not have been possible unless there was a matching of minds elsewhere, between the buyers and the sellers. Therefore, I have to hold that the aforesaid entities, viz: Noticee nos. 15, 16, 17, 42, 45, 50, 57, 60, 63, 64, 80, 81 had executed fraudulent and manipulative trades at NHP which projected an artificial picture of trading at such price in the scrip of Dhyana so as to induce other innocent investors to trade in the said scrip.

iii. Purchase of shares from (exit giving to) preferential allottees

157. It is noted from the contents of the SCN that during Patch-2 of the investigation period (December 01, 2014 to July 24, 2015), the total trading volume in the scrip of Dhyana in

the market was 36,64,803 shares. Out of the said volume, the majority of the shares, i.e., around 85% of the total market volume amounting to 31,12,371 represented shares sold by those preferential allottees to whom the allotment was made by the Company on November 30, 2013. The SCN further depicts a list of 30 top buyers each of whom had purchased more than 20,000 shares of Dhyana from the preferential allottees. Details of those 30 top buyers who purchased shares from preferential allottees are as follows:

Table 19

Sr. No.	Noticee no. (preferential allottees)	Name of buyer	No. of shares bought	Shares bought as a percentage of total shares sold by preferential allottees during Patch 2	Shares bought as a percentage of total market volume during Patch 2
1	Noticee no. 15	Mainak Comtrade Private Limited	319268	10.26%	8.71%
2	Noticee no. 16	Pranatpal Tradelink Private Limited	238368	7.66%	6.50%
3	Noticee no. 17	Parin Infrastructure Private Limited	222965	7.16%	6.08%
4	Noticee no. 18	Taru Pallav Projects Private Limited	135413	4.35%	3.69%
5	Noticee no. 63	Jayshreeben Kiritkumar Shah	109836	3.53%	3.00%
6	Noticee no. 67	Kiritbhai Shantilal Shah	103113	3.31%	2.81%
7	Noticee no. 80	Hareshkumar P Patel	97001	3.12%	2.65%
8	Noticee no. 30	Dipakkumar Rajaram Joshi	64306	2.07%	1.75%
9	Noticee no. 66	Manisha Rajendra Modi	63755	2.05%	1.74%
10	Noticee no. 62	Dholakia Jayshree Kishor	62419	2.01%	1.70%
11	Noticee no. 59	Amit Dipakbhai Gajjar	61415	1.97%	1.68%
12	Noticee no. 68	Naranbhai J Panchal	58400	1.88%	1.59%
13	Noticee no. 69	Rahim Umarbhai Ravkarda	58354	1.87%	1.59%

14	Noticee no. 58	Pratikbhai Kiritkumar Shah	56245	1.81%	1.53%
15	Noticee no. 64	Chandrikaben Naranbhai Panchal	52510	1.69%	1.43%
16	Noticee no. 70	Dholakiya Kishorbhai S	51950	1.67%	1.42%
17	Noticee no. 49	Bimesh Arvindbhai Jani	50408	1.62%	1.38%
18	Noticee no. 71	Rinkeshkumar N Panchal	50119	1.61%	1.37%
19	Noticee no. 72	Yogendra J Prajapati	48681	1.56%	1.33%
20	Noticee no. 61	Ronak Nayankumar Shah	45420	1.46%	1.24%
21	Noticee no. 77	Prajapati Nilesh J	44947	1.44%	1.23%
22	Noticee no. 78	Manthan Rajendrabhaimodi	44804	1.44%	1.22%
23	Noticee no. 60	Shah Chirag	44221	1.42%	1.21%
24	Noticee no. 73	Hiteshkumar Mahipatlal Patel	41333	1.33%	1.13%
25	Noticee no. 79	Rohitkumar Shantilal Shah	40320	1.30%	1.10%
26	Noticee no. 65	Nikunj Dineshkumar Soni	39178	1.26%	1.07%
27	Noticee no. 81	Gautamsingh Shivsingh Zala	38277	1.23%	1.04%
28	Noticee no. 74	Manish Shah	32675	1.05%	0.89%
29	Noticee no. 75	Anilbhai Bhalabhai Baria	29290	0.94%	0.80%
30	Noticee no. 76	Hiral Manish	21950	0.71%	0.60%
Total			**2326941**	**74.76%**	**63.49%**
Total no. of shares sold by preferential allottees			**3112371**	**100.00%**	**84.93%**
Market volume during Patch 2			**3664803**	**-**	**100.00%**

158.The SCN alleges that Noticee nos. 12, 14, 15,16, 17 and 18 had provided funds to another set of Noticees viz., Noticee nos. 63, 67, 80, 66, 62, 59, 68, 69, 58, 64, 70, 71, 72, 61, 65, 81, 74, 75 and 76. These recipient Noticees, who had purchased shares from the preferential allottees were not having sufficient balances in their bank accounts, hence, immediately after receiving funds from the afore-mentioned transferor Noticees, on the same day itself they had transferred those funds to their respective brokers to meet their pay-out obligations. To take the example of Noticee no. 63, it is seen that he had received

₹ 20.00 Lakh from Notice no. 15 on January 27, 2015, before which her account balance was showing positive balance of ₹ 21,000.00 only. Upon receipt of amount from the Company connected entities, the same was transferred to stock broker on the same day. Similarly, she had transferred ₹ 10.00 Lakh to her broker on February 03, 2015 and ₹ 15.00 Lakh on March 02, 2015 and these funds were received by her from the Noticee no. 15 on the above mentioned dates. Again, an amount of ₹ 15.00 Lakh was received by her from Noticee no.18 on April 24, 2015 and on the same day, the said amount was remitted to her stock broker. The other fund receiving Noticees also have dealt with the funds received by them in the same way.

159. I note that Noticee no. 14, who has been confronted with the allegations of providing funds to the buying entities has filed a reply and she has rested her case on the argument that she was merely a non-executive Director of Noticee no. 15 and the evidence are not sufficient to support the allegation.

160. At the outset, I observe that the reply of Noticee no. 14 is largely evasive. It is noted from the Table 4 at page no. 62 of the present order that the Noticee no. 14 was not only a promoter of Dhyana and Director of Noticee no. 15, but also was holding directorship in Parin (Noticee no. 17) and Taru Pallav (Noticee no. 18). However, in her reply, there is a conspicuous silence about her role as Directors in Noticee no. 17 and 18 and general grounds have been taken to escape the liability.

161. Insofar as her contention that evidence in form of bank account statements has not been furnished with the SCN, on a reference to the Annexure 3 to the SCN it is clearly observed that Noticee no. 67 (Kiritbhai Shah) had, amongst others, received funds from Noticee no. 14 also.

162. It is further noted that copy of bank account statements has been duly furnished as Annexure 5 to the SCN. The said statements contain statement of bank account of Noticee no. 67 held with DCB Bank. From the said statement, it is seen that on January 27, 2015, Noticee no. 14 had transferred ₹ 21.00 Lakh to the Noticee no. 67, out of which an amount of ₹ 20.00 Lakh was transferred by the Noticee no. 67 to his stock broker on the same day itself. I find that when the statement of bank account of the recipient of money has been duly furnished, the principles of natural justice have been adequately complied with more so when the transfer was made through the account of Noticee no. 14 herself.

163.It is also observed that no justification, whatsoever has been given by the Noticee no. 14 for transferring such a huge amount of funds to the Noticee no. 67, whose account was having a previous credit of merely ₹ 20,000 before the funds were transferred by Noticee no. 14. Therefore, the fact that Noticee No.14 had provided finance to the Noticee no.67 to enable him to buy shares from the preferential allottees, can not be evaded by taking such frivolous ground as stated above.

164.It is further noted from the records that out of the afore stated Noticees, the Noticee nos. 72, 74, 76, and 79 have not provided any information with supportive documents to explain the *bonafide* about the transfer of funds to their accounts, while some other Noticees viz., Noticee nos. 67, 70, 71, 73 etc., have pleaded that the fund was received by them in course of their legitimate business transactions or loan transaction. However, as already noted by me in the preceding part of the order, no details whatsoever, for the purported business transaction or the loan transactions or any other independently verifiable documentary evidence has been put forth by any of the Noticees to substantiate their claim of executing loan transaction sans any documentations Thus, the purported business needs or the nature of loan transaction against which such funds were received by the Noticees from the transferor Noticees have remained unexplained and unsubstantiated. In my view, the connections observed amongst the Noticees as discussed in the foregoing paragraphs of this order and the funds transactions amongst the Noticees that remained unexplained and undocumented as pointed out above, serve as a strong pointer towards the misconduct and complicity on the part of the Noticees and reinforce the allegations against the Noticees for being part of a larger scheme *inter alia,* to cause price manipulation in the scrip of Dhyana. I have observed above in connection with Noticee no. 63 that the Noticee was having only ₹ 21,000 in her account when she received an amount of ₹ 20.00 Lakh from the Noticee no. 15 without any documentary support with respect to the nature & purpose of receiving the said funds and immediately thereafter, she transferred the entire amount to her stock broker to meet her pay-out obligation. Such a transaction of funds can hardly be worthy of a legitimate loan or business transactions, when the entity providing the funds and the entity receiving funds have been held to be closely connected to Dhyana and the money so received immediately gets utilized for treading in the scrip of Dhyana in a clandestine manner.

165.Further, the Noticee nos. 62, 63, 64, 67, 68, 70, 74, 75,76 and 81 in their post-hearing submissions have expressed that they could not repay the so called loans taken by them from other Noticees as the payout of the trades executed in the scrip of Dhyana on July

25 has been stopped or put under freeze. The justification so advanced further goes on to cement by above observation and prove further that the fund transferred was not in the nature of any legitimate business transaction or loan but was done only with a specific *intent* to trade in the shares of Dhyana as part of a pre-designed fraudulent scheme, as alleged in the SCN. It also shows that the funds receiving Noticees did not have any other sources of income and were essentially dependent upon their earnings from trading in the scrip of Dhyana to return the funds to the transferor Noticees. It also further proves a point that these fund receiving Noticees were having prior information that the market price of the scrip was bound to increase based on which they were confident to make huge profits out of their trading in the scrip of Dhyana.

166. As can be observed from the Table 19 above, the total market volume in the scrip of Dhyana was 36,64,803 shares, out of which 31,12,371 shares were sold by the preferential allottees alone. Further, out of the said 31,12,371 shares, only 30 entities had purchased as many as 23,26,941 shares, i.e., 74.76% of the total shares that were sold by the preferential allottees. I note that out of these 30 buyer Noticees, 24 Noticees viz., Noticee nos. 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80 and 81 were having negligible balances in their respective bank accounts, before they had received funds from the Company connected entities. All the above mentioned Noticees have immediately transferred the funds so received to their respective stock brokers and the same were utilized to buy Dhyana shares from the above mentioned preferential allottees. As noted earlier, the neither the Noticees who received funds nor those Noticees who transferred funds, have been able to justify the fund transfers with any convincing supporting document or any reliable explanation. Further, the connections that these Noticees have enjoyed with the Company and its related entities makes a persuasive case that these fund transfers and the manner of immediate utilization thereof by the recipients, was nothing but a dubious pre-arrangement by the Company in association with the connected entities to deal with the scrip of Dhyana in a fraudulent manner as alleged in the SCN.

167. Under the aforesaid circumstances, I hold that the Noticee nos. 15, 16, 17, 58, 59, 60, 61, 62, 63, 64,65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75,76,77, 78, 79, 80 ad 81 through their matched trades with the preferential allottees and by buying the shares of Dhyana to an extent of approximately more than 70% of the total number of shares of Dhyana sold by the preferential allottees, have created a misleading appearance of trading in the scrip of Dhyana and such artificially created trading volumes was potentially harmful for the

innocent investors who did not have any means to ascertain the correctness of such trading before getting induced to trade in the scrip. Besides, the above stated conduct of the these buyer Noticees in dealing in the scrip of Dhyana by no means can be held to be trading in shares in the normal course without being influenced by any external factors.

iv. Unlawful gains

168.The SCN also makes allegation that certain entities had made unlawful gains while trading in the scrip of Dhyana during the investigation period .The details of such alleged unlawful gains are discussed under specific heads in the following paragraphs.

a. **Fraudulent Preferential Allotment:**

169.As discussed in the early part of this order, the Noticee nos. 5 to 11 were allotted shares by Dhyana under preferential allotment and it is alleged that the funds for such preferential allotment were provided by Noticee nos. 13 and 15 through Noticee no. 12. I have already held that the said preferential allotment *qua* Noticee nos. 5 to 11 was fraudulent in so far as those allotments were funded by the Noticee no. 1 (Company) in complicity with Noticee nos. 12 and 13 and Noticee no.15. As the Noticee nos. 5 to 11 were allotted shares without any 'actual' payment of consideration and through fraudulent manner, the amount of money that they had realized after selling of such shares on the market platform alleged to be a gain illegitimately earned by such entities out of the said preferential allotment under the alleged fraudulent scheme. I note that disgorgement is a method to deprive a wrongdoer from the benefit that he had derived by resorting to unfair means or through fraudulent manner not recognized under the law.

170. From the SCN, I note that the following amounts have been contemplated to be disgorged from the three Noticees who have sold their shares allotted under the preferential allotment to them during the investigation period :

Table 20

Sr. No.	Noticee no.	Name of Entity	No. of shares allotted	Buy Quantity (in no.)	Buy Value (in ₹)	Weighted Avg. Buy Price (in ₹)	Sell Quantity (in no.)	Sell Value (in ₹)	Weighted Avg. Sell Price (in ₹)	Profit (in ₹)
			A	B	C	D	E	F	G	H
1	Noticee no. 6	Sanjaybhai Nandlalbhai Pareliya HUF	150000	-	0	0	2850	952185.00	334.10	952185.00
2	Noticee no. 9	Ramilaben Baladevbhai Patel	150000	-	0	0	37669	13566490.35	360.15	13566490.35
3	Noticee no. 11	Gunjan Rajendrakumar Patel	150000	-	0	0	18595	6543208.60	351.88	6543208.60
		Total								**21061883.95**

171. I further note that the SCN has taken the cost of acquisition of the shares incurred by the aforesaid Noticees to be zero as these Noticees have not paid the consideration and the amount paid against the allotment were actually received by them from the Company related entities which was utilized to purchase the shares allotted to them in the preferential allotment. I note that the Noticees have disputed the calculation stating the same as baseless and claimed that they have paid the purchase consideration amount from their borrowed funds. In this connection, I have already observed as to how the purported borrowing was executed between the Noticee no. 12 (Mihir), who in turn got the money from two (2) connected entities and I have also recorded that all these transactions are not genuine, contrary to the claim of the concerned Noticees. Further, out of these three Noticees, only Noticee no. 9 has claimed to have refunded the said amount to Noticee no. 12 on April 23, 2015. From the reply filed on behalf of Noticee no. 9, I note that after allotment of 1,50,000 shares under preferential allotment on November 30, 2013, she started selling the shares from April 20, 2015. A total of 7100

shares were sold by her at the average rate of ₹352.00 per share, payout for which aggregated to ₹ 24.99 Lakh (approx.). Thus, it becomes clear that out of the payout of funds so received after selling of shares of Dhyana, the Noticee no. 9 had repaid the amount of ₹15.00 Lakh to the Noticee no. 15. Under the circumstances, as alleged in the SCN, the purchase consideration of the shares was never paid by the Noticees from their own funds, hence the same shall have to be taken as nil. Therefore, the profits that were unlawfully earned by the Noticee nos. 6, 9 and 11 shall have to be calculated by considering the total actual sell consideration received by them and such sell considerations shall be treated to be the actual profit made by them from dealing in these shares of Dhyana.

172. In view of the above, I hold that Noticee nos. 6, 9, and 11 have made unlawful gains amounting to ₹ 9,52,185, ₹ 13566490.35 and ₹ 65,43,208.60 respectively during the investigation period by selling the shares of Dhyana which were acquired by them under preferential allotment in a fraudulent manner with the funds received from entities having connection with the Company.

173. It is further noted from the SCN that the aforesaid Noticees viz., Noticee nos. 6, 9 and 11 have not sold all the shares allotted to them under the preferential allotment. Hence, the SCN also contemplates disgorgement of notional profits from the aforesaid three Noticees for the shares held by them in their demat accounts, in the following manner:

Table 21

	Noticee no.	Name of Entity	No. of shares allotted	Buy Quantity (in no.)	Buy Value (in ₹)	Weighted Avg. Buy Price (in ₹)	Sell Quantity (in no.)	Sell Value (in ₹)	Weighted Avg. Sell Price (in ₹)	Net Quantity (in no.)	Profit (in ₹)
			A	B	C	D	E	F	G	H=(A+B)-E	I
1	Noticee no. 6	Sanjaybhai Nandlalbhai Pareliya HUF	150000	-	-	-	2850	-	-	147150	59698755.00
2	Noticee no. 9	Ramilaben Baladevbhai	150000	-	-	-	37669	-	-	112331	45572686.70

		Patel									
3	Noticee no. 11	Gunjan Rajendrakumar Patel	150000	-	-	-	18595	-	-	131405	53311008.50
		Total									**158582450.20**

174.It is noted that the rule stipulated in the SCN for computing the profit for the unsold shares by the aforesaid Noticees is as under:

Profit made (I) = (Net Qty (H) * Closing price of shares on last day of investigation period which was ₹ 405.7)

175. Thus, based on the aforesaid principle, unlawful profit alleged to have been made by the other four preferential allottees (Noticee nos. 5, 7, 8 and 10) has also been computed for the purpose of disgorgement even though they had not sold any of the shares. Details of these four Noticees are detailed in the following table:

Table 22

Sr. No.	**Noticee no.**	**Name of Entity**	**No. of shares allotted**	**Buy Quantity (in no.)**	**Buy Value (in ₹)**	**Weighted Avg. Buy Price (in ₹)**	**Sell Quantity (in no.)**	**Sell Value (in ₹)**	**Weighted Avg. Sell Price (in ₹)**	**Net Quantity (in no.)**	**Profit (in ₹)**
			A	**B**	**C**	**D**	**E**	**F**	**G**	**H=(A+B)-E**	**I**
1	Noticee no. 5	Nandlalbhai Ghanshyambhai Parelia HUF	150000	-	-	-	-	-	-	150000	60855000
2	Noticee no. 7	Harshaben Alpeshbhai Lakhani	150000	-	-	-	-	-	-	150000	60855000

3	Noticee no. 8	Dilipbhai Kantilal Patel	150000	-	-	-	-	-	-	150000	60855000
4	Noticee no. 10	Manishaben Bhavanbhai Mujhani	150000	-	-	-	-	-	-	150000	60855000
		Total									**243420000.00**

176.The Noticees have contended before me that with respect to the shares not sold by them, there can't be any allegation of making 'notional unlawful profit' and there can't be a disgorgement direction for such a notional profit which has neither accrued nor has arisen to the credit of the Noticees in any manner. Hence, such notional profit can't be directed to be disgorged.

177.I note that the Table 21 and 22 contain the calculation of notional profits with respect to the shares which have not been sold and are still held by the seven (07) preferential allottees listed therein who were allotted shares under the said fraudulent scheme. It has already been held in the preceding paras that the preferential allotment was made to the aforesaid seven (07) Noticees in fraudulent manner however, at the same time, in my view in order to determine the 'unlawful gains' arising out of manipulation in a scrip and to give consequential direction of disgorgement of such unlawful gains, the said unlawful gains should have actually accrued to the Noticee or should have been received by the Noticee, so that disgorgement as an equitable remedy recognized under law to strip a delinquent entity of the gains that have been made by way of any wrongful act, can be effectively applied. In the present case, the commission of wrongful act by the seven (07) Noticees in collusion with the Company & its related entities has been established and I have also held that the gains made by Noticee nos. 6 , 9 and 11 by selling the shares of Dhyana are unlawful gains that is liable to be disgorged. However, in my considerate view, considering the peculiarity attached to the matter, disgorgement of any notional gain on the shares not yet sold by the Noticees, which are still being held in the demat account of the Noticees, would not be fair and not be permitted by principles of fair and reasonableness. Under the circumstances, I am of the view that directions of disgorgement should be confined to the actual gain accrued to or received by the respective Noticees and not to cover the shares still being held by them.

b. **Preferential Allottees indulged in price manipulation and who sold during investigation period:**

178.The SCN has also alleged that nine (09) Noticees who were allotted shares under preferential allotment by the Company and had also indulged in the price manipulation of the shares of the Company, have also made unlawful profits by selling their respective shares at highly manipulated/inflated prices. The SCN makes the following calculation in the table below, to determine the profits earned by these nine (09) preferential allottees who have allegedly indulged in the manipulation of the price of the scrip of Dhyana and made unlawful gains:

Table 23

Sr. No.	Noticee no.	Name of Entity	No. of shares allotted	Buy Quantity (in no.)	Buy Value (in ₹)	Weighted Avg. Buy Price (in ₹)	Sell Quantity (in no.)	Sell Value (in ₹)	Weighted Avg. Sell Price (in ₹)	Profit (in ₹)
			A	B	C	D	E	F	G	H
	Noticee no. 32	Noorbanu Farooq Hawa	50000	-	12550000.00	251.00	50000	17339000.00	346.78	4789000.00
	Noticee no. 33	M Mathivanan	150000	-	16764541.00	251.00	66791	22974705.00	343.98	6210164.00
	Noticee no. 34	Shaileshkumar Baldevbhai Patel	150000	-	7951931.00	251.00	31681	11378365.00	359.15	3426434.00
	Noticee no. 35	Azim Farooq Hawa	50000	-	12550000.00	251.00	50000	17566200.00	351.32	5016200.00
	Noticee no. 36	Zahir Farooq Hawa	50000	-	7279000.00	251.00	29000	9689500.00	334.12	2410500.00
	Noticee no. 37	Harshadkumar B Patel	150000	-	18998190.00	251.00	75690	25991922.00	343.40	6993732.00

	Noticee no. 38	Farooq Kasam Hawa	50000	-	12550000.00	251.00	50000	17372900.00	347.46	4822900.00
	Noticee no. 41	Baldev S Patel**	150000	-	15736775.00	255.16	61675	21411656.50	347.17	5674881.50
	Noticee no. 50	Kalpesh Ugarchand Gadhecha*	200000	-	50200000.00	251.00	200000	73228350.00	366.14	23028350.00
										62372161.50

* Kalpesh Ugarchand Gadhecha sold 46401 shares which are not considered for calculation of ill-gotten gains as the shares sold during lock –in period.

****** Baldev S Patel has bought 1750 shares on market and the same has been added in his buy value on actual basis.

179. From the above table and contents of the allegations made in the SCN, it is noted that while imputing disgorgement, the SCN alleges and takes into account, the opening price of the shares on the first day of the investigation period which was ₹ 251, as the cost of acquisition of shares for the purposes of calculation of the ill-gotten profits.

180. Based on the said cost of acquisition as ₹ 251, the unlawful profit for disgorgement has been calculated by adopting the rule i.e., **Profit made (H) = Sell Value (F) – Buy Value (C).**

181. It is noted that with respect to the disgorgement, Noticee no. 50 has contested that since there is no finding in the SCN to suggest that any of their counter party buyers has incurred loss, no unlawful gain can be alleged to have been made by them. In this connection, I find that the price of the scrip was ₹ 251 on June 13, 2014 (beginning of investigation period) after which it increased to ₹ 405.70 on July 27, 2015 (end of investigation period). Similarly, the market volume of the scrip also witnessed multifold increase from 5400 shares on June 13, 2014 to 332,951 shares on July 27, 2015. It is further observed during investigation that majority of the shares sold by the preferential allottees were purchased by entities who are also Noticees in the present proceedings. It was also noticed that as many as nine (09) Noticees out of the 28 Noticees who had purchased shares from the preferential allottees through their matched trades and thereby have given exit to those preferential shareholders, had ultimately sold large number of

those shares (bought from the preferential share holders) on July 27, 2015 (i.e. on the last day of investigation period) and have also made handsome gains by resorting to unlawful, unfair and fraudulent trades. It must be borne in mind that law is well settled that disgorgement is primarily a remedy or measure to strip the unlawful gain made by any person. Such a measure to retrieve the gains made by unlawful means need not be couched essentially with corresponding identified loss to other entities. There may a possibility to identify the group of investors in a given case who had suffered loss on account of such unlawful and fraudulent trades. However, merely for the reason that corresponding investors who had either suffered loss have not been identified or there is no corresponding loss to any investors, would not be a ground to entitle *ipso facto* entities who have been found to have made unlawful gain, seek exoneration from the charge of disgorgement solely for the reason that the corresponding investors suffering loss has not been identified or found. Thus, the fact of non identification of loss to corresponding buyers would not take away or negate the findings already recorded *qua* those entities who have visible made gains by unlawful means so as to enrich themselves unlawfully. Therefore, the argument advanced by Noticee no. 50 by trying to link his unlawful gains to the corresponding probable loss of counterparty buyer or investors at large, is an absurd irrelevant assertion, devoid of any merit hence deserves rejection.

182.It is noted that the Noticee nos. 32, 35, 36, 38 were allotted 50,000 shares each; Noticee no. 33, 41, 34 and 37 were allotted 1,50,000 shares each and the Noticee no. 50 was allotted 2,00,000 shares of Dhyana under the preferential allotment. Further, Noticee nos. 32, 35, 38 and 50 have sold all the shares that were allotted to them, whereas, Noticee no. 36 had sold 29000 shares; Noticee no. 33 had sold 66791 shares; Noticee no. 41 had sold 61675 shares (including 1750 shares that were purchased by him from the market platform); Noticee no. 34 had sold 31681 shares; and Noticee no. 37 had sold 75690 shares.

183.I note that the Noticee no. 41 has submitted that his broker by mistake, in place of selling 1750 shares, had bought 1750 shares hence, he subsequently placed sell order of 3500 shares to rectify the mistake, but had to pay purchase price for those 1750 shares, which should not be considered for the purpose of disgorgement. I note that as the allegations in the SCN with respect to making unlawful gains have been confined to only those shares which were acquired by the Noticees through the preferential allotment, any additional shares which may have been purchased on the market platform by Noticee no. 41 (even by mistake) should not be considered for the purpose of calculating the unlawful

gains. Therefore, the calculation of unlawful gains for the purpose of disgorgement with respect to the Noticee no. 41 is revised as under:

Table 24

Sr. No.	Notice no.	Name of Entity	No. of shares allotted	Buy Quantity (in no.)	Buy Value (in ₹)	Weighted Avg. Buy Price (in ₹)	Sell Quantity (in no.)	Sell Value (after deducting sell value of 1750 shares) (in ₹)	Profit (in ₹)
			A	B	C	D	E	F	G
1	Notice no. 41	Baldev S Patel	150000	-	1,50,41,175	251	59925	2,07,11,359.75	5,67,0184.75

184. As far as manipulative trades allegedly executed by the aforesaid Noticees to artificially inflate the market price of the scrip is concerned, I note from the relevant parts of the SCN that Noticee nos. 32, 33, 34, 35, 36,37, 38, 41 have indulged in manipulative trades during the Patch-2 of the investigation period, whereas Noticee no. 50 has indulged in manipulative trades spread across both the Patches of the investigation period and as per records all such trades have resulted in contribution to the LTP of the scrip of Dhyana.

185. The aforesaid Noticees have already been held to have indulged in manipulative and unfair trade practices and resultantly committing violation of various provisions of PFUTP Regulations by their manipulative and fraudulent trades which have jacked up the price of the scrip of Dhyana. Simultaneously at the time of selling their shares which have also resulted in contribution to positive LTP in the scrip, the aforesaid nine (09) Noticees had made large amounts of profit. One of the contentions of the Noticees is that the scrip had already reached a level of ₹ 367 in November, 2014, before they had started selling in December, 2014. In this connection, it is to be noted that the price of the scrip

of Dhyana was already manipulated in earlier part of the investigation period due to the pre-planned manipulative trades of other Noticees who were connected to these Noticees through Company related entities like Noticee no. 15. It is appropriate to reproduce hereunder, the Price Volume Analysis of the shares of Dhyana, as presented in the opening part of the SCN:

Table 25

Period	No. of Trading days	Price & Vol	Opening price (volume) on first day of the period (₹)	Closing price (volume) on last day of the period (₹)	Lowest price (volume) during the period (₹)	Highest price (volume) during the period (₹)	Total Volume (Avg. no. of shares traded daily during the period)
Pre Investigation (01.05.14 to 12.06.14)*	-	-	-	-	-	-	-
Investigation period (13.06.14 to 27.07.15)	273	**Price**	251.00	405.70	251.00 (13.06.2014)	406.00 (27.07.2015)	4,572,989 (16,751)
		Volume	5400	332,951	170 (14.11.2014)	332,951 (27.07.2015)	
Post Investigation (28.07.15 to 30.09.15)	22	**Price**	386.00	180.00	180.00 (11.09.2015)**	386.00 (28.07.2015)	3,190 (145)
		Volume	1,949	11	1 (02.09.2015)	1,949 (28.07.2015)	

***no trading before 13.06.2014 on BSE. Scrip got listed on BSE w.e.f 12.06.2014.**

****no trading between 11.09.2015 to 04.10.2015**

186. In the preceding portions of this order I have already analyzed and discussed at length as to how different Noticees have, through numerous trades executed by them in the scrip

of Dhyana in the Patch-1 and Patch-2 of investigation period, pushed its price upwards. As pointed out in the SCN, because of the manipulation of market price of the scrip by the Noticees connected with the Company, the price of the scrip of Dhyana witnessed a rise from the level of ₹ 251.00 to ₹ 354.00 during the period of June 13, 2014 to November 28, 2014 (Patch-1) and then to ₹ 395.00 during December 01, 2014 to July 24, 2015 (Patch-2) before closing at a price of ₹ 405.70 on July 27, 2015. Similar to the increase of price, the market volume of the scrip too saw multifold increase from 5400 shares on June 13, 2014 to 332,951 shares on July 27, 2015. It is important to note that all these drastic upward swings in the price as well as volume of the scrip took place in only 273 days and strangely enough, the price as well as volume of the scrip immediately declined on the very next day of the end of investigation period, i.e., on July 28, 2015 when only 1949 shares of Dhyana traded with the opening price being ₹ 386/-.

187.It is also relevant to mention here that the Company, Dhyana as well as its Directors are Noticees in the present proceedings. However, none of them has filed any reply to the SCN served upon them nor has thought it necessary to appear before me for personal hearing or to produce any persuasive material before me to validate that the above stated uncharacteristic rise in price and volume of the shares of their Company was driven by market fundamentals or financial prospect of the Company and not by any manipulative trades as alleged in the SCN.

188.There is no doubt that the large number of entities who have entered into manipulative trades in the shares of Dhyana during the investigation period also comprised the aforesaid nine (09) Noticees. Apart from indulging in manipulative trades, the aforesaid nine (09) Noticees have also sold their shares of Dhyana, either partially or fully, which they had received from the Company under the preferential allotment, at artificially inflated prices and have made substantial unlawful gains. Under the circumstances, I hold that the profits earned by the Noticee nos. 32, 33, 35, 36, 37, 38, 41 and 50 as demonstrated above, by selling the shares of Dhyana were nothing but ill-gotten profits as a result of manipulation in the price of the scrip of Dhyana under a pre-conceived scheme.

c. **Entities indulged in price manipulation and Net Sellers on July 27, 2015:**

189.The SCN alleges that as many as 13 Noticees who had indulged in price manipulation of

the scrip were also net sellers on the last day of investigation period, i.e., July 27, 2015. I find it relevant to clarify here that the significance of the date of July 27, 2015 is more than that of the last day of the investigation period as is implied under the *interim* order in the case.

190. I note from the *interim* order that on July 28, 2015, BSE received several complaints from investors *inter alia* stating that they had received stock tips through SMS to invest in the scrip of Dhyana on July 27, 2015 and based on such stock tips, they had purchased the shares of Dhyana on the said day. Further, as the scrip was trading in trade to trade segment, they could not sell the shares on the same day while on the next day, i.e., July 28, 2015, the scrip of Dhyana opened at a lower circuit. The examination of the complaints conducted by BSE revealed that the number of orders placed in the scrip of Dhyana on July 27, 2015 was quite huge as compared to the orders placed during last five (05) trading days. It was also revealed that messages prompting for buying the shares of Dhyana were displayed on the website BSEbull.in & spam messages on "stockAxis.com". The aforesaid website viz., www. stockAxis.com however clarified on July 28, 2015 stating that the sender id "*StAxis*" has been misused by some unauthorized persons who have sent those fraudulent investment advices to the investors. Further, the price of the scrip also increased by 2.45%, i.e., from ₹ 396 to ₹ 405.70 on July 27, 2015. It was also noticed that the traded volume of the scrip on July 27, 2015 rose to 3,32,951 shares whereas the average volume of one month was only 10,714 shares. *Prima facie*, it was observed that the stock tips that were circulated through SMS on July 27, 2015 was maliciously aimed at instigating more and more purchases of the shares of Dhyana on that day so as to help the sellers to exit with a massive profit.

191. It was noticed by BSE that majority of the sell orders in the scrip of Dhyana were placed during the early morning trades and shares sold by the top 10 net sellers alone constituted 47.83% of the total market volume on that day. It is also pertinent to note that the scrip of Dhyana was initially listed on Ahmedabad Stock Exchange ("**ASE**") and only about one & half months ago, i.e. w.e.f. June 12, 2014 the scrip was listed on BSE and even on ASE, there was no trading in the scrip during the last decade, prior to its listing on BSE.

192. Keeping in view the aforesaid manipulative and suspicious activities involving the trading in the scrip of Dhyana on July 27, 2015, SEBI vide email dated July 28, 2015 as well as vide the *interim* order, had directed BSE to withhold the payout of the trades executed on July 27, 2015. I note that all the direction(s) issued by SEBI for withholding

of payouts to various entities was issued as an *interim* measure based on the findings from the facts and circumstances available on record especially, based on the examination made by BSE on the adverse impact of stock tips circulated through SMS. It is noted that the SCN does not mention any thing about the background facts pertaining to circulation of the SMS stock tips for trading in Dhyana shares on July 27, 2015. Some of the Noticees have contended that since the SCN makes no mentions about the circulation of stock tips through SMS the charges levelled against them in the SCN, cannot be sustained.

193.I have considered the aforesaid contentions put forth by Noticees in the context of the investigation conducted by SEBI pursuant to the complaints received against the above noted stock tips and the SCN issued to Noticees thereafter. Taking into account the inducement created by circulation of those stock tips to trade in the scrip of Dhyana, in order to protect the interest of the investors, SEBI had directed BSE to withhold the pay outs against the trades executed in the scrip of Dhyana on July 27, 2015. It is noted that vide the said *interim* order, SEBI had also restrained 76 entities from accessing the securities market and had further prohibited them from buying, selling or otherwise dealing in securities, either directly or indirectly, in any manner whatsoever, till further directions. Subsequently, separate confirmatory orders dated August 24, 2016, October 10, 2016, October 28, 2016, November 01, 2016 and May 26, 2017 were passed and the restraints imposed vide *interim* order was confirmed against 75 entities and was revoked against one entity.

194.Meanwhile, the investigation into the trading activities in the scrip was completed and based on the outcome of such investigation, an order dated April 24, 2018 was passed by SEBI vide which, the restraints imposed vide *interim* order was revoked *qua* 34 entities, as named therein. With respect to remaining 41 entities, the directions passed vide *interim* order and confirmed by the subsequent confirmatory orders were directed to be continued. Accordingly, vide an order dated June 24, 2019, BSE was directed to release the payout of sale proceeds of the trades executed in the scrip of Dhyana on July 27, 2015 in respect of those 34 selling entities except for the 41 entities against whom the proceedings were directed to be continued in terms of the order dated April 24, 2018.

195.Going back to the issue of circulation of SMS, there is no dispute that a SMS was circulated amongst investors which had induced a large number of persons to trade in the scrip of Dhyana. It is also noted that the SMS was circulated with the help of information

technology, through certain websites. For the sake of reference a few of the SMS so circulated *inter alia* as mentioned in the *interim* order are reproduced hereunder :

- *"If You Are Not Allowed To Buy DHYANAFIN(538450) then please call your broking house head office and buy from there, anyhow just buy it, don't miss.www.BSEBULL.in."*

- *"Premium HNI Call. Buy DHYANAFIN(538450) Above 400 With Stop Loss 396 For Intraday Target 415 And 480+ By Thursday(30 July) 100% Loss Recovery Call So Don"t Miss."*

196.It can be seen from the aforesaid messages that such messages were certainly aimed at inducing gullible investors to buy the shares of Dhyana with a promise of quick profits in a few days.

197.It is further noted from the records that apart from initiating the present proceedings, SEBI has also initiated adjudication proceedings against one company viz., Mosto Systems. The said company was a registered telemarketer and it was found during investigation that it has allowed one of its clients viz., Shubh Investment to send those bulk SMS to a large number of investors, without obtaining proper KYC from the said client (Shubh Investment).

198.As noted earlier, the trading volume in the scrip of Dhyana suddenly increased multi-fold on July 27, 2015. It is the grievance of some of the Noticees that the SCN does not relate the trading activities of Noticees with the background of the case and especially to the circulation of those SMS. However, these Noticees must understand that the SCN does not allege manipulation in the trading of the scrip against each and every entity who ever has bought or sold the shares on July 27, 2015, rather, the SCN has made a case and framed charges against those Noticees who were not only connected with the Company or its related entities in some way or other, by way of fund or shares transfers or otherwise, but also have traded in the shares on that date to make profit at the cost of the innocent buyers who got induced to invest in the scrip being influenced by those stock tips circulated through SMS. The Noticees, while contending that SCN does not make any reference to the SMS have contended that the instant proceedings have deviated from the *prima facie* observation noticed in the *interim* order and therefore, the charges made in the SCN do not survive as the same are not framed in continuation of the observation recorded in the *interim* order.

199.I find that such a contention of Noticees is devoid of merit and has no adverse influence

on the pending proceedings. It has not been disputed that there was circulation of messages luring investors to trade in the scrip of Dhyana. It has also been not rebutted that the contents of SMS had potential to influence the minds of the investors at large. In this regard, it must be borne in mind that the said circulation of SMS was only used as a tool to create artificial demand for the scrip of Dhyana and to influence the price of the scrip of Dhyana by inducing the general investors to purchase the shares of Dhyana. Correspondingly, the SMS was accordingly used as a tool also to provide a gainful exit to the sellers. However, the said SMS should not be treated as an end in itself and just because the SCN has not proceeded with its allegations against the Noticees in continuation of the allegations made in the *interim* order , the Noticees can not brush aside the findings of the investigation under the carpet, about their involvement in the manipulation of trades in the scrip of Dhyana as well as their nexus with the Company and its related entities, as have been unearthed in the course of investigation, based on the information about their connections with the Company and the trades executed during the investigation period.

200.I further note that although the act of creating and/or disseminating SMS has not been *per se*, made a charge in the SCN, the SCN has categorically framed charges against the Noticees based on their association with the Noticee Company and their manipulative trades, especially those manipulative trades which have caused substantial contribution to the LTP of the scrip. I observe that in order to seek exoneration, the Noticees are expected to reply on the merit of their case by rebutting the allegations made in the SCN with supportive documents. The reference made by them to other things not connected to the instant case in hand and their insistence that the SCN should have followed the observations made in the *interim* order, are nothing but frivolous assertions carrying no persuasive value to influence the outcome of the instant proceedings *qua* the Noticees. Thus, it is not the selling of shares alone on July 27, 2015 by the Noticees but also their linkages with Dhyana and its connected entities which have bred the seed of allegations in the SCN that cannot be ignored by the Noticees. Therefore even if the SCN has not been able to locate the sender of the SMS apparently due to involvement technological impediments to directly link the said SMS-sender with those who had executed manipulative trades on July 27, 2015, the overall conduct of the afore stated Noticees in manipulating the trades and in selling huge quantities of shares on July 27, 2015, cannot by any judicious standard, be regarded as a normal trading activity by a normal investor purely under the influence of the SMS tips without any malicious intent or involvement in a pre-designed scheme to manipulate the trades in the scrip .

201. As noted earlier, out of 81 Noticees in the instant proceedings, 13 Noticees who were involved in the price manipulation of the scrip of Dhyana were also net sellers who earned substantial gains from their sell of the scrip on the fateful day of July 27, 2015. Out of the said 13 Noticees, 9 Noticees are found have sold only on July 27 2015 and not on any occasion before the said date. The remaining 4 Noticees have also sold majority portion of their total sales of the scrip on the said last day of the investigation period, July 27, 2015 and a small portion of their total sales occurred before that day during the investigation period. The details of the shares sold by the above mentioned 13 Noticees along with the purchase details, and the profit earned out of their trading in the scrip of Dhyana are presented in the following tables:

Table 26A

Details of Noticees who sold only on July 27, 2015

Sr. No.	Notice e no.	Name of Entity	Buy Quantity (in no.)	Buy Value (in ₹)	Weighted Avg. Buy Price (in ₹)	Sell Quantity (in no.)	Sell Value (in ₹)	Weighted Avg. Sell Price (in ₹)	Profit (in ₹)
			A	B	C	D	E	F	G
1.	Noticee no. 21	Rajendra Dahyalalpathak	20085	6969744.00	347.01	11000	4449500.00	404.50	**6,32,390.00**
2.	Noticee no. 29	Shalomiben Anilbhai Bariya	32089	11430333.50	356.21	8400	3362520.00	400.30	**3,70,356.00**
3.	Noticee no. 31	Birju Pravinchandra Sanghvi	20910	6979824.00	333.80	14910	6005280.00	402.77	**10,283,42.70**
4.	Noticee no. 43	Gaurang Pathak	43769	13982365.80	319.46	11000	4449500.00	404.50	**9,35,440.00**
5.	Noticee no. 44	Ankit Rajeshbhairajput	40088	13150178.00	328.03	11000	4449500.00	404.50	**8,41,170.00**
6.	Noticee	Ronak	51345	17665936.10	344.06	12620	5089314.00	403.2	

	no. 61	Nayankumar Shah						7	**7,47,230.20**
7.	Noticee no. 62	Dholakia Jayshree Kishor	72530	24490547.70	337.66	8400	3371160.00	401.33	**534828.00**
8.	Noticee no. 64	Chandrikaben Naranbhai Panchal	66755	22942684.50	343.68	10000	4014800.00	401.48	**5,78,000.00**
9.	Noticee no. 80	Hareshkumar P Patel	121954	42403212.85	347.70	10000	4026000.00	402.60	**5,49,000.00**

Table 26B

Details of Noticees who sold majority of their shares on July 27, 2015

Sr. No.	Noticee no.	Name of Entity	Buy Quantity (in no.)	Buy Value (in ₹)	Weighted Avg. Buy Price (in ₹)	Sell Quantity (in no.)	Sell Value (in ₹)	Weighted Avg. Sell Price (in ₹)	Net Quantity (in no.)	Profit (in ₹)
			A	B	C	D	E	F	G	H
1.	Noticee no. 16	Pranatpal Tradelink Private Limited	313923	107622280.45	342.83	9500	3758841.20	395.67	304423	19640971.85
2.	Noticee no. 18	Taru Pallav Projects Private Limited	241900	80013184.50	330.77	13655	5247778.00	384.31	228245	17833590.00
3.	Noticee no. 63	Jayshreeben Kiritkumar Shah	122939	42007348.40	341.69	17582	7038708.10	400.34	105357	7774694.60
4.	Noticee no. 81	Gautamsingh Shivsingh Zala	77985	26807692.40	343.75	17407	6950067.40	399.27	60578	4718869.60

Table 26C

Details of shares sold by aforesaid four Noticees

Noticee no.	Noticee name	Total shares sold during investigation period	Total shares sold on July 27, 2015
Noticee no. 16	Pranatpal Tradelink Private Limited	**9500**	**7500**
Noticee no. 18	Taru Pallav Projects Private Limited	**13655**	**7500**
Noticee no. 63	Jayshreeben Kiritkumar Shah	**17582**	**17576**
Noticee no. 81	Gautamsingh Shivsingh Zala	**17407**	**16379**

202.I note that the SCN deploys the following formula to calculate the unlawful profit earned by these 13 Noticees by selling shares on July 27, 2015:

Profits made (H) = [Sell Value (E) + (Net Qty (G) * Closing price of shares on last day of investigation period which was ₹ 405.7)] - Buy Value (B)

203.I find that the aforesaid rule also encompasses within itself, the notional profit that could have been earned by the Noticees, had they sold all of their shares of Dhyana on July 2015, which was the last day of the investigation period. By doing so, the principle so followed also calculated the notional profit that could have been earned along with the actual profit earned by these Noticees for determination of disgorgement amount with respect to these Noticees

204.It can be easily deciphered from the above table that majority of the shares were sold by these Noticees on the last day i.e., July 27, 2015. It cannot be a mere coincidence that these Noticees who were involved in the manipulation of the price of the scrip throughout the investigation period comprising of 13 months, held on to majority of their shares only to sell them on a particular day which happened to be the last day of the investigation period. Such a dubious trading pattern speaks volume of the malicious

intent and ostensible complicity of the Noticees with the Company and its related entities in a pre-planned scheme involving the scrip of Dhyana.

205.It is also pertinent to note that the *interim* order passed by SEBI had observed that the investors belonging to general public were lured by the SMS which induced them to buy the shares of Dhyana on July 27, 2015. However, despite the fact that the SMS had successfully induced the public to buy the shares of the Dhyana which was evident from the large volume of trades seen on that date, the aforesaid Noticees did not seem to act in accordance with the said stock tips and evince any interest to buy the stock like other regular investors did, and rather surprisingly took just an opposite view about the scrip and sold the shares of Dhyana in huge quantities throughout that day. Such a trading behavior on the part of the Noticees reinforces the observations made in previous paragraphs with much more vigor that these Noticees at first, indulged themselves in manipulating the price of the scrip of Dhyana upwards as part of a pre-conceived plan and subsequently on the last opportune day of July 27, 2015 sold large number of shares at artificially inflated prices that were created by their own manipulative design devised in co-ordination with other connected Noticees. The preponderance of probabilities that emerge out of the contrarian trading behavior of these Noticees strongly suggest that they were confident of the fact of imminent possibility of hike in the market price of the scrip on July 27, 2015 as part of the pre-conceived plan of the Dhyana group. Under the circumstances the profits so made by the 13 Noticees by selling their shares of Dhyana on July 27, 2015 cannot be termed as profits arising out of genuine & legitimate trading activities that of an ordinary prudent investor but from their fraudulent trading practices and the price manipulations caused by their LTP contributing trading in the scrip during the investigation period. Hence such profits that have been earned out of sale of shares of Dhyana by these Noticees can be convincingly termed as their unlawful gains and certainly deserve to be disgorged.

206.I find that the Noticees have contested the calculation of unlawful gains made in the SCN by submitting that the calculation of profit made in the *interim* order was done in a different manner under which the alleged profit so determined was lower than the profit that has been computed in the SCN. In this regard, I observe that the *interim* order was passed on the basis of limited information available at the disposal of SEBI at that stage but subsequently, after the investigation was completed, further information with respect to the shares that were not sold by the Noticees came to the possession and knowledge of SEBI.

207. Nevertheless, I agree with the contention of the Noticees that notional profit on shares that were not sold by the Noticees should not be subjected to disgorgement since such profit has not been earned in any manner by the Noticees. According to the Noticees, the shares which were not sold cannot be considered for the purposes of calculation of the disgorgement amount. I have already held my view while dealing with the issue of unlawful gains made by the preferential allottees, that notional gains cannot be disgorged as no profit has been earned. Therefore, for the reasons that I have already explained in the context of the preferential allottees, in my views considering the peculiar facts of the matter, the notional gains are excluded while calculating the amount liable to be disgorged from these Noticees in the matter. Accordingly, the revised profit calculation of the aforesaid Noticees are as under:

Table 27

Sr. No.	Noticee no.	Name of Entity	Buy Quantity (in no.)	Buy Value (in ₹)	Weighted Avg. Buy Price (in ₹)	Sell Quantity (in no.)	Sell Value (in ₹)	Weighted Avg. Sell Price (in ₹)	Profit (in ₹)
			A	B	C	D	E	F	G
1.	Noticee no. 16	Pranatpal Tradelink Private Limited	313923	107622280.45	342.83	9500	3758841.20	395.67	**5,01,980.00**
2.	Noticee no. 18	Taru Pallav Projects Private Limited	241900	80013184.50	330.77	13655	52477753.05	384.31	**7,31,088.70**
3.	Noticee no. 21	Rajendra Dahyalalpathak	20085	6969744.00	347.01	11000	4449500.00	404.50	**6,32,390.00**
4.	Noticee no. 29	Shalomiben Anilbhai Bariya	32089	11430333.50	356.21	8400	3362520.00	400.30	**3,70,356.00**
5.	Noticee	Birju Pravinchandr	20910	6979824.00	333.80	14910	6005280.00	402.7	**10,283,42.70**

	no. 31	a Sanghvi						7	
6.	Noticee no. 43	Gaurang Pathak	43769	13982365.80	319.46	11000	4449500.00	404.50	**9,35,440.00**
7.	Noticee no. 44	Ankit Rajeshbhairajput	40088	13150178.00	328.03	11000	4449500.00	404.50	**8,41,170.00**
8.	Noticee no. 61	Ronak Nayankumar Shah	51345	17665936.10	344.06	12620	5089314.00	403.27	**7,47,230.20**
9.	Noticee no. 62	Dholakia Jayshree Kishor	72530	24490547.70	337.66	8400	3371160.00	401.33	**534828.00**
10.	Noticee no. 63	Jayshreeben Kiritkumar Shah	122939	42007348.40	341.69	17582	7038708.10	400.34	**10,31,184.30**
11.	Noticee no. 64	Chandrikaben Naranbhai Panchal	66755	22942684.50	343.68	10000	4014800.00	401.48	**5,78,000.00**
12.	Noticee no. 80	Hareshkumar P Patel	121954	42403212.85	347.70	10000	4026000.00	402.60	**5,49,000.00**
13.	Noticee no. 81	Gautamsingh Shivsingh Zala	77985	26807692.40	343.75	17407	6950092.89	399.27	**9,66,436.64**
		Total							**9,447,194.54**

Profit (G) = Sell Value (E) – Buy Value (B)

208.In view of my foregoing observations, I find that profits calculated in the table above is held as gains unlawfully earned by the aforesaid 13 Noticees and which are liable for disgorgement.

d. **Exit providers to Preferential allottees and Net Sellers on July 27, 2015:**

209.The SCN has also charged another nine (09) Noticees of making unlawful gains. These nine (09) Noticees are those who had purchased shares from the preferential allottees

allegedly to give them a profitable exit and subsequently, these nine Noticees have also sold large number of shares so purchased from the preferential allottees and earned substantial amount of profit by selling them on July 27, 2015. The details of such Noticees, especially the no. of shares purchased by them during the investigation period, no. of shares sold by each of these Noticees, profit made thereon etc., including the notional profit on the unsold shares are presented in the following table, adapted from the SCN:

Table 28

Sr. No.	Noticee no.	Name of Entity	Buy Quantity (in no.)	Buy Value (in ₹)	Weighted Avg. Buy Price (in ₹)	Sell Quantity (in no.)	Sell Value (in ₹)	Weighted Avg. Sell Price (in ₹)	Net Quantity (in no.)	Profit (in ₹)
			A	B	C	D	E	F	G	H
1	Noticee no. 67	Kiritbhai Shantilal Shah	113640	38652132.1	340.13	11164	4477890.30	401.10	102476	7400271.40
2	Noticee no. 68	Naranbhai J Panchal	63800	21854112.6	342.54	10000	4023800.00	402.38	53800	3996347.40
3	Noticee no. 70	Dholakiya Kishorbhai S	56290	19084892.0	339.05	8400	3371160.00	401.33	47890	3715241.00
4	Noticee no. 71	Rinkeshkumar N Panchal	61520	21075860.8	342.59	10000	4032800.00	403.28	51520	3858603.20
5	Noticee no. 73	Hiteshkumar Mahipatlal Patel	48260	16596095.3	343.89	13000	5235700.00	402.75	35260	2944586.70
6	Noticee no. 74	Manish Shah	32675	10770341.0	329.62	12675	5117152.50	403.72	20000	2460811.50
7	Noticee no. 75	Anilbhai Bhalabhai	35490	12517250.0	352.70	8400	3362520.00	400.30	27090	1835683.00

		Baria								
8	Noticee no. 76	Hiral Manish	26350	8765425.00	332.65	13650	5508915.00	403.58	12700	1895880.00
9	Noticee no. 79	Rohitkumar Shantilal Shah	44930	15366006.0	342.00	12170	4902249.70	402.81	32760	2826975.70
		Total								**30934399.90**

210.I note that the calculation of the profits/ unlawful gains in respect of the nine (09) Noticees, as aforesaid, have also been done following the same rule which has been referred to in the earlier part of the order and is being reproduced hereunder for ready reference:

In case where buy quantity is more than the sell quantity, the method adopted to calculate unlawful profit/loss shall be calculated as under:

Profits made (H) = [Sell Value (E) + (Net Qty (G) * Closing price of shares on last day of investigation period which was ₹ 405.7)] - Buy Value (B)

211.As pointed out earlier, the allegation of making unlawful profit *qua* the aforesaid nine (09) Noticees has been made in the SCN due to the fact that these Noticees had purchased shares from the preferential allottees and had subsequently sold those shares on July 27, 2015 thereby earning substantial amount of profit. The manipulative activities of these Noticees and their connection with the Company related entities etc., have already been discussed exhaustively in the preceding parts of this order. With respect to the aforesaid 9 Noticees, I find that on a conjoint reading of the details of purchase of shares from preferential allottees and the trade log reveal the following :

Table 29

Sr. No.	Noticee no.	Shares purchased from preferential allottees	Total shares purchased	Total shares sold during investigation period	Total shares sold on July 27, 2015
1.	Noticee no. 67	103113	113640	11164	11160
2.	Noticee no. 68	58400	63800	10000	10000

3.	Noticee no. 70	51950	56290	8400	8400
4.	Noticee no. 71	50119	61520	10000	10000
5.	Noticee no. 73	41333	48260	13000	13000
6.	Noticee no. 74	32675	32675	12675	12675
7.	Noticee no. 75	29290	35490	8400	8400
8.	Noticee no. 76	21950	26350	13650	13650
9.	Noticee no. 79	40320	44930	12170	12157

212.A careful observation of the aforesaid details reveal that the above noted nine (09) Noticees purchased majority of the shares from the preferential allottees only. I note that Noticee no. 74 has purchased all his shares only from the preferential allottees. The above table further reveals that after purchasing shares from the preferential allottees, these Noticees, have sold large quantities of shares on July 27, 2015. In fact, except for the Noticee nos. 67 and 79, all other aforesaid Noticees have sold the Dhyana shares only on July 27, 2015 and have not sold any share before, on any of the days during the entire investigation period. As far as the Noticee nos. 67 and 79 are concerned, they have also sold almost all of their shares on July 27, 2015, except for a very negligible quantity of 4 and 13 shares, respectively which they had sold before that day. The conduct of the aforesaid Noticees, in first buying the shares from the preferential allottees and subsequently selling those shares on a specific day at inflated prices created by way of price manipulation by Noticees acting in concert with other connected Noticees, cannot be seen to be held as genuine trading but can only be viewed as a part of a well thought out fraudulent plan for making profit. Therefore, for the nine (09) Noticees as discussed above, I would reiterate here my findings and observations already articulated earlier with respect to the 13 Noticees who have been found to have manipulated the price of the scrip of Dhyana during the investigation period only to become net sellers on July 27, 2015 to make unlawful gains out of the said scrip.

213.However, insofar as the calculation of profit made in the SCN is concerned, I hold on to my views already expressed with respect to exclusion of notional gains for shares which were not sold during the investigation period. Therefore, the unlawful gains alleged to

have been made by these 9 Noticees as calculated in Table 28 above, deserve modification to that extent so as to account for only that profit which has been earned by the aforesaid Noticees, by actually selling their shares, as indicated below:

Table 30

Sr. No.	Notice e no.	Name of Entity	Buy Quantity (in no.)	Buy Value (in ₹)	Weighted Avg. Buy Price (in ₹)	Sell Quantity (in no.)	Sell Value (in ₹)	Weighted Avg. Sell Price (in ₹)	Profit (in ₹)
			A	B	C	D	E	F	G
1	Noticee no. 67	Kiritbhai Shantilal Shah	113640	38652132.1	340.13	11164	4477880.40	401.10	**6,80,669.08**
2	Noticee no. 68	Naranbhai J Panchal	63800	21854112.6	342.54	10000	4023800.00	402.38	**5,98,400**
3	Noticee no. 70	Dholakiya Kishorbhai S	56290	19084892.0	339.05	8400	3371172.00	401.33	**5,23,152**
4	Noticee no. 71	Rinkeshkumar N Panchal	61520	21075860.8	342.59	10000	4032800.00	403.28	**6,06,900**
5	Noticee no. 73	Hiteshkumar Mahipatlal Patel	48260	16596095.3	343.89	13000	5235700.00	402.75	**7,65,180**
6	Noticee no. 74	Manish Shah	32675	10770341.0	329.62	12675	5117151	403.72	**9,39,217.50**
7	Noticee no. 75	Anilbhai Bhalabhai Baria	35490	12517250.0	352.70	8400	3362520.00	400.30	**3,99,840**
8	Noticee	Hiral	26350	8765425.0	332.65	13650	5508867	403.58	**9,68,194.50**

	no. 76	Manish		0					
9	Noticee no. 79	Rohitkumar Shantilal Shah	44930	15366006.0	342.00	12170	4902197.70	402.81	**7,40,057.70**
		Total							**6,221,610.78**

Profit (G): Sell Value (E)- Buy Value (B)

214.To sum up the above discussion on the issue of disgorgement and in my considerate view, the determination of profits as revised in the table above is the only profit which can be termed to be the illegal or unlawful profit made by the aforesaid nine (09) Noticees for the purpose of considering disgorgement.

DIRECTIONS:

215. In view of my foregoing discussions and findings with respect to the violations of provisions of PFUTP Regulations committed by various Noticees as alleged in the SCN, the compelling factual evidence suggesting high degree of connectedness amongst Noticees, the manner in which the preferential share allottees were funded and the *modus operandi* followed to inflate the price of the scrip by executing LTP-contributing matched trades amongst Noticees, purchase of shares from the preferential allottees by the exit providers of the group based on the funds provided by the Company connected entities and the shrewd manner of selling of shares by such exit providers on the last date of the investigation period based on the inducement created by circulation of SMS , leave me with no option but to reject all the unreliable assertions made by the Noticees in their submissions and to hold them liable for their fraudulent trade practices rampantly exhibited by them in the case. The findings as recorded above establish conclusively the role played by the Company and its Directors during the relevant period as being in center of the Scheme, whereby shares under preferential allotment was fraudulent allotted to certain entities either without consideration or with the funds made available through its related/connected entities. Further, entities having connection with the Noticee Company have indulged in price rise of the scrip through fraudulent and manipulative device so as to provide opportunity to the preferential shareholders to exit at artificially

inflated price and also by providing funds to certain entities to provide exit to the preferential allottees.

216.It is observed that out of 81 Noticees in the instant matter, **41** Noticees have already been subjected to restraint from accessing securities market under the directions passed by the *interim* order. The remaining **40** Noticees were implicated in the present proceedings based on the findings from the investigation conducted in the matter. Furthermore, based on the allegations levelled in SCN, a set of **34** Noticees have been held in the present order to be liable to disgorge the unlawful gains earned by them by manipulative trades and by engaging in fraudulent trading in the scrip of Dhyana.

217.Keeping in view the totality of the facts and circumstances of the present case and also considering the role played by each Noticees, individually as well as in concert with other connected Noticees in their dealing with the scrip of Dhyana, as has been elaborately discussed in this order, I in exercise of powers conferred upon me under Sections 11(1),11(4),11B(1) read with Section 19 of the Securities and Exchange Board of India Act, 1992, in order to protect the interest of investors and the integrity of the securities market and to meet the ends of justice, hereby direct that:

(i) The Noticee nos. 1 to 4 are hereby directed not to, directly or indirectly, access the securities market, by issuing prospectus, offer document or advertisement soliciting money from the public for a period of 3 years from this Order.

(ii) The Noticee nos. 2 to 4 are hereby restrained from holding post of director, any managerial position or associating themselves in any capacity with any listed public company and any public company which intends to raise money from the public, or any intermediary registered with SEBI for a period of 3 years from this Order.

(iii) The proceedings against the following Noticees, who are already under the restraint placed by the *interim* order dated June 01, 2016, are disposed of without any further directions of debarment but they are directed to disgorge the amounts of unlawful gains earned by them as determined in this order and mentioned here-under:

Noticee no.	Name of the Noticee	Amount directed to be disgorged (in ₹)
Noticee no. 6	Sanjay Nandlalbhai Parelia HUF	9,52,185.00
Noticee no. 9	Ramilaben B Patel	1,35,66,490.35
Noticee no. 11	Gunjan Rajendrakumar Patel	65,43,208.60
Noticee no. 21	Rajendra Dahyalal pathak	6,32,390.00
Noticee no. 29	Shalomiben Anilbhai Bariya	3,70,356.00
Noticee no. 31	Birju Pravinchandra Sanghvi	10,283,42.70
Noticee no. 32	Noorbanu Farooq Hawa	47,89,000.00
Noticee no. 33	Mathivanan M	62,10,164.00
Noticee no. 34	Shailesh Baldevbhai Patel	34,26,434.00
Noticee no. 35	Azim Farooq Hawa	50,16,200.00
Noticee no. 36	Zahir Farooq Hawa	24,10,500.00
Noticee no. 37	Harshaddkumar Baldevbhai Patel	69,93,732.00
Noticee no. 38	Farooq Kasam Hawa	48,22,900.00
Noticee no. 41	Baldevbhai Shankerlal Patel	5,67,0184.75
Noticee no. 43	Gaurang Pathak	9,35,440.00
Noticee no. 44	Ankit Rajeshbhai Rajput	8,41,170.00
Noticee no. 50	Kalpesh Ugarchand Gadhecha	2,30,28,350.00
Noticee no. 61	Ronak Nayankumar Shah	7,47,230.20
Noticee no. 62	Dholakia Jayshree	5,34,828.00

	Kishor	
Noticee no. 63	Jayshreeben Kiritkumar Shah	10,31,184.30
Noticee no. 64	Chandrikaben Naranbhai Panchal	5,78,000.00
Noticee no. 67	Kiritbhai Shantilal Shah	6,80,669.08
Noticee no. 68	Naranbhai J Panchal	5,98,400.00
Noticee no. 70	Dholakiya Kishorbhai S	5,23,152.00
Noticee no. 71	Rinkeshkumar N Panchal	6,06,900.00
Noticee no. 73	Hiteshkumar Mahipatlal Patel	7,65,180.00
Noticee no. 74	Manish Shah	9,39,217.50
Noticee no. 75	Anilbhai Bhalabhai Baria	3,99,840.00
Noticee no. 76	Hiral Manish	9,68,194.50
Noticee no. 79	Rohitkumar Shantilal Shah	7,40,057.70
Noticee no. 80	Hareshkumar P Patel	5,49,000.00
Noticee no. 81	Gautamsingh Shivsingh Zala	9,66,436.64

(iv) The following Noticees are debarred from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly in any manner, for respective periods specified herein below and are also directed to disgorge the unlawful gains earned by them as determined in this order and mentioned against their names here-under:

Noticee no.	Name of the Noticee	Whether debarred in Interim Order	Period of debarment	Amount of disgorgement (in ₹)
Noticee no. 1	Dhyana Finstock Ltd.	Yes	5 Years	
Noticee no. 2	Harshadkumar Patel	Yes	5 Years	
Noticee no. 3	Rajeshkumar Theophilbhai Christie	Yes	5 Years	
Noticee no. 4	Pritesh Patel	Yes	5 Years	
Noticee no. 5	Nandlalbhai Ghanshyambhai Parelia HUF	No	2 Years	
Noticee no. 7	Harshaben Alpeshbhai Lakhani	No	2 Years	
Noticee no. 8	Dilipbhai Kantilal Patel	No	2 Years	
Noticee no. 10	Manishaben Bhavanbhai Munjani	No	2 Years	
Noticee no. 12	Mihir Consultancy & Trading Company	No	2 Years	
Noticee no. 13	AA Plus Commodity Broking Pvt.	No	2 Years	

	Ltd.			
Noticee no. 14	Priti Jayakarbhai Christian	Yes	5 Years	
Noticee no. 15	Mainak Comtrade Private Limited	Yes	5 Years	
Noticee no. 16	Pranatpal Tradelink Private Limited	Yes	5 Years	5,01,980.00
Noticee no. 17	Parin Infrastructure Private Limited	Yes	5 Years	
Noticee no. 18	Taru Pallav Projects Private Limited	Yes	5 Years	7,31,088.70
Noticee no. 19	Tosif Yunusbhai Amroniya	No	6 Months	
Noticee no. 20	Devangkumar Arvindkumar Jani	No	6 Months	
Noticee no. 22	Purvesh Mansukhlal Shah HUF	No	6 Months	
Noticee no. 23	Dixit Mansukhlal Shah HUF	No	6 Months	
Noticee no. 24	Shushilaben M Shah	No	6 Months	
Noticee	Mansukhlal K	No	6 Months	

no. 25	Shah HUF			
Noticee no. 26	Mansukhlal K Shah	No	6 Months	
Noticee no. 27	Vishnubhai Arjanbhai Desai	No	3 Months	
Noticee no. 28	Jerambhai Arjanbhai Desai	No	3 Months	
Noticee no. 30	Dipakkumar Rajaram Joshi	No	1 Year	
Noticee no. 39	Chetan Marutirao Yangalwar HUF	No	3 Months	
Noticee no. 42	Hitesh Chinubhai Shah	No	3 Months	
Noticee no. 45	Ravi Dipakbhai Joshi	No	6 Months	
Noticee no. 46	Babubhai Kalabhai Bambhroliya	No	6 Months	
Noticee no. 47	Labhuben Babubhai Bambhroliya	No	6 Months	
Noticee no. 48	Nimesh Jitendrabhai Purani	No	1 Year	
Noticee no. 49	Bimesh Arvindbhai Jani	No	1 Year	

Noticee no. 51	Ruchirani Shah	No	6 Months	
Noticee no. 52	Dixit M Shah	No	6 Months	
Noticee no. 53	Varsha Dixit Shah	No	6 Months	
Noticee no. 54	Purvesh Mansukhbhai Shah	No	6 Months	
Noticee no. 55	Alkesh M Patel HUF	No	3 Months	
Noticee no. 56	Alkesh Maheshchandra Patel	No	3 Months	
Noticee no. 57	Bhavesh Ishwarlal Panchasara	No	1 Year	
Noticee no. 58	Pratikbhai Kiritkumar Shah	No	1 Year	
Noticee no. 59	Amit Dipakbhai Gajjar	No	1 Year	
Noticee no. 60	Shah Chirag	No	1 Year	
Noticee no. 65	Nikunj Dineshkumar Soni	No	1 Year	
Noticee no. 66	Manisha Rajendra Modi	No	1 Year	

Noticee no. 69	Rahim Umarbhai Ravkarda	No	6 Months	
Noticee no. 72	Yogendra J Prajapati	No	6 Months	
Noticee no. 77	Prajapati Nilesh J	No	2 Years	
Noticee no. 78	Manthan Rajendrabhai modi	No	6 Months	

(v) The Noticee nos. 6, 11, 32, 33, 35, 36, 38 and 50 mentioned in the above table are hereby directed to disgorge the afore stated amounts along with simple interest @ 12% per annum from July 27, 2015 till the date of payment. They shall pay the said amounts within 45 (forty-five) days from the date of this order by way of demand draft drawn in favour of "Securities and Exchange Board of India", payable at Mumbai or by way of e-payment.;

(vi) The Noticee nos. 16, 18, 21, 29, 31, 43, 44, 61, 62, 63, 64, 67, 68, 70, 71, 73, 74, 75, 76, 79, 80 and 81 are also directed to disgorge the unlawful gains as mentioned against their names in the respective columns in the above table. BSE is directed to transfer the respective amounts from the amounts of pay-outs pertaining to the aforesaid Noticees (retained by BSE) to the extent of respective disgorgement amounts, along with the interest accrued so far on such amounts.

(vii) The Noticee nos. 9, 34, 37 and 41 are also directed to disgorge the unlawful gains as mentioned against their names in the respective columns in the table above, along simple interest @ 12% per annum from July 27, 2015 till the date of payment, on the differential of actual disgorgement amount and the payout withheld by BSE. They shall pay the said amounts within 45 (forty-five) days from the date of this order by way of demand draft drawn in favour of "Securities and Exchange Board of India", payable at Mumbai or by way of e-payment. BSE is directed to transfer the respective amounts of the pay-outs belonging to the aforesaid 04 (Noticees), along with the interest accrued so far on such amounts.

(viii) BSE is directed to release the excess amount from the pay-outs for the trades executed on July 27, 2015 to the respective Noticees, after transferring the amounts of disgorgement to SEBI in terms of the above directions against the respective Noticees.

(ix) The particulars of SEBI Account for making e-payment are as under:

Name of the Bank	**Branch Name**	**RTGS Code**	**Beneficiary Name**	**Beneficiary Account No.**
Bank of India	Bandra Kurla Branch	BKID 0000122	Securities and Exchange Board of India	012210210000008

Noticees who are making e- payment are advised to forward the details and confirmation of the payments so made to the Enforcement department of SEBI for their records as per the format provided in Annexure A of Press Release No. 131/2016 dated August 09, 2016 which is reproduced as under:

1. Case Name:	
2. Name of the payee:	
3. Date of payment:	
4. Amount paid:	
5. Transaction No:	
6. Bank Details in which payment is made:	
7. Payment is made for (disgorgement amount and along with order details)	

(x) The proceedings initiated against Noticee no. 40 are disposed of for the reasons stated above.

218.It is clarified that during the period of restraint, the existing holding of securities of the Noticee including units of mutual funds, shall remain frozen.

219. It is clarified that while calculating the period of debarment for Noticee nos. 1, 2, 3, 4, 14, 15, 16, 17 and 18, as directed above, the period of restraint already undergone on account of *interim* order shall be adjusted in respect of the Noticees so restrained by the *interim* order.

220.Obligation of the aforesaid Noticees, in respect of settlement of securities, if any, purchased or sold in the cash segment of the recognized stock exchange(s), as existing on the date of this Order, can take place irrespective of the restraint/prohibition imposed by this Order, in respect of pending transactions, if any. Further, all open positions, if any, of the Noticees debarred in the present Order, in the F&O segment of the stock exchanges, are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.

221.The Order shall come into force with the immediate effect.

222.A copy of this order shall be forwarded to all the Noticees, all the recognized Stock Exchange, depositories and registrar and transfer agents for ensuring compliance with the above directions.

-Sd-

S.K. MOHANTY

DATE: July 29 , 2020 **WHOLE TIME MEMBER**

PLACE: MUMBAI **SECURITIES AND EXCHANGE BOARD OF INDIA**