BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

ADJUDICATION ORDER NO. Order/GR/BM/2023-24/26929-26944

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

In respect of:

S. No.	Name of Noticee	PAN/Aadhar No.
1.	Mr. Mangalbhai Valabhai Rathod	858610013362
2.	Mr. Ronakkumar R Patel	BLIPP2230F
3.	Zodiac Solutions (Proprietor: Mr. Zala Pratipalsinh Dharmendrasinh)	ABNPZ7758E
4.	Mr. Mehul Tulsidas Simaria	ALLPS4572P
5.	Mohan Project Contractors Pvt. Ltd.	AACCM5041J
6.	Mr. Suudeep Luniya	ADKPL4919N
7.	Ms. Aakansha Rajendra Surana	BINPS1338B
8.	Mr. Aayush Rajendra Surana	BINPS1337Q
9.	Ms. Anita Mahendra Surana	ANEPS1061Q
10.	Ms. Beena R. Surana	ABEPS1626E
11.	Mahendra N Surana HUF	AAIHM4021M
12.	Mr. Mahendra Nihalchand Surana	AFAPS0184C
13.	Rajendra N Surana HUF	AAEHR1336R
14.	Mr. Rajendra Nihalchand Surana	ABAPS7795M
15.	Mr Ashik Dhirubhai Sanghavi	ATJPS9279F
16.	Mr. Vishal Kiranbhai Sheth	AVPPS3591L

In the matter of “Gayatri Sugars Limited”

BACKGROUND

1. Securities and Exchange Board of India ("**SEBI**") had conducted an investigation in the matter of Gayatri Sugars Limited **("Gayatri"),** a company listed on Bombay Stock Exchange Limited **("BSE").** The investigation was to ascertain whether there was any violation of the provisions of Securities and Exchange Board of India, Act 1992 (hereinafter referred to as **"SEBI Act"**) and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to securities market) Regulations, 2003 (hereinafter referred to as **PFUTP Regulations**) by certain entities for the period from April 10, 2018 to April 23, 2018 (hereinafter referred to as **Investigation period/IP**).

2. During the course of investigation, it was observed and alleged that Mr. Mangalbhai Valabhai Rathod (hereinafter referred to as **"Noticee No. 1"**) as well as Ronakkumar R Patel (hereinafter referred to as **"Noticee No. 2"**) had failed to furnish information sought vide summons by the Investigating Authority (IA), thereby hampering the Investigation process. Similarly, Zodiac Solutions (Proprietor: Mr. Zala Pratipalsinh Dharmendrasinh) (hereinafter referred to as **"Noticee No. 3"**) was alleged to have failed not only to furnish information sought by summons by the IA but also failed to appear before the IA. Further, Noticee No.3 advertised information that was misleading and having an impact on the market.

3. This apart, it was also observed and alleged that Mr. Mehul Tulsidas Simaria (hereinafter referred to as "**Noticee No. 4**") had deliberately attempted to increase and manipulate the price of the scrip. Further, investigation also revealed that Mohan Project Contractors Pvt. Ltd. (hereinafter referred to as "**Noticee No. 5**"), Suudeep Luniya (hereinafter referred to as "**Noticee No. 6**"), Aakansha Rajendra Surana (hereinafter referred to as "**Noticee No. 7**"), Aayush Rajendra Surana (hereinafter referred to as "**Noticee No. 8**"), Anita Mahendra Surana (hereinafter referred to as "**Noticee No. 9**"), Beena R. Surana (hereinafter referred to as "**Noticee No. 10**"), Mahendra N Surana HUF (hereinafter referred to as "**Noticee**

No. 11"), Mahendra Nihalchand Surana (hereinafter referred to as "**Noticee No.12**"), Rajendra N Surana(hereinafter referred to as "**Noticee No. 13**"), Rajendra Nihalchand Surana (hereinafter referred to as "**Noticee No. 14**"), Ashik Dhirubhai Sanghavi (hereinafter referred to as "**Noticee No. 15**") and Vishal Kiranbhai Sheth (hereinafter referred to as "**Noticee No. 16**") by various acts, alleged to have created misleading appearance of trading in the scrip (hereinafter all of them together referred to as the "**Noticees/You**", unless the context specifies otherwise).

4. Accordingly, it was alleged that all the Noticees failed to comply with the provisions of aforementioned Act and Regulation as specified in the Show Cause Notice.

APPOINTMENT OF ADJUDICATING OFFICER

5. In this regard, SEBI initiated Adjudication Proceedings against the Noticees and appointed undersigned as the Adjudicating Officer, vide order dated communicated vide communique dated March 23, 2022 under Section 15-I of the SEBI Act, 1992 read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as "**Adjudication Rules")** to inquire into and adjudge for the aforesaid alleged irregularities under Sections 15A(a) of the SEBI Act by Noticee No. 1 to 3 and Section 15HA of the SEBI Act by Noticee 3 to 16.

SHOW CAUSE NOTICE, HEARING AND REPLY

6. A common Show Cause Notice dated January 10, 2023 (hereinafter referred to as **SCN**) was issued to the Noticees in terms of Section 15-I of the SEBI Act, 1992 read with Rule 4 of the Adjudication Rules to show cause as to why an inquiry should not be held against them and why penalty, if any, under Section 15A(a) and 15HA of the SEBI Act, 1992 as applicable, be not imposed upon the Noticees. The

said SCN along with annexures issued to the Noticees were duly delivered through SPAD and email.

In the interest of natural justice and in order to conduct an inquiry in terms of Rule 4(3) of the Adjudication Rules, an opportunity of personal hearing was granted to the Noticees. The details of mode of delivery of the SCN and the Hearing Notice are mentioned in the table below:

Table: 1

Noticee No.	Name of the Noticee	SCN Delivered (Y/N)	Reply Received Y/N (Date)	Hearing Notice Date	HN Delivered (Mode of Service)	Hearing Date	Hearing Attended (Y/N)
1	Mangalbhai Valabhai Rathod	Y	N	March 03, 2023	EMAIL	March 14, 2023	N
2	Ronakkumar R Patel	Y	N	March 10, 2023, April 05, 2023	EMAIL	March 20, 2023, April 13, 2023	N
3	Zodiac Solutions (Proprietor: Mr. Zala Pratipalsinh Dharmendrasinh)	Y	N	March 10, 2023, April 05, 2023	EMAIL	March 20, 2023, April 13, 2023	N
4	Mehul Tulsidas Simaria	Y	N	March 10, 2023, April 05, 2023	EMAIL	March 20, 2023, April 13, 2023	N
5	Mohan Project Contractors Pvt. Ltd.	Y	Y	March 10, 2023, April 05, 2023	EMAIL	March 20, 2023, April 13, 2023	N

6	Suudeep Luniya	Y	Y	March 10, 2023, March 29, 2023	EMAIL	March 20, 2023 March 31, 2023	Y
7	Aakansha Rajendra Surana	Y	Y	March 20, 2023	EMAIL	March 28, 2023	Y
8	Aayush Rajendra Surana	Y	Y	March 20, 2023	EMAIL	March 28, 2023	Y
9	Anita Mahendra Surana	Y	Y	March 15, 2023, March 27, 2023	EMAIL	March 27, 2023, April 11, 2023	Y
10	Beena R. Surana	Y	Y	March 20, 2023	EMAIL	March 28, 2023	Y
11	Mahendra N Surana HUF	Y	Y	March 15, 2023, March 27, 2023	EMAIL	March 27, 2023, April 11, 2023	Y
12	Mahendra Nihalchand Surana	Y	Y	March 15, 2023,March 27, 2023	EMAIL	March 27, 2023, April 11, 2023	Y
13	Rajendra N Surana HUF	Y	Y	March 20, 2023	EMAIL	March28, 2023	Y
14	Rajendra Nihalchand Surana	Y	Y	March 20, 2023	EMAIL	March 28, 2023	Y
15	Ashik Dhirubhai Sanghavi	Y	N	March10, 2023,April 05, 2023	EMAIL	March 20, 2023, April 13, 2023	Y
16	Vishal Kiranbhai Sheth	Y	N	March 10, 2023, April 05, 2023	EMAIL	March 20, 2023, April 13, 2023	Y

7. The said SCN issued to the Noticees via SPAD and digitally signed email, which was duly delivered. The proof of service is on record.

8. Further, the Hearing Notices (HN) were served in accordance with Rule 4 (3) of the SEBI Adjudication Rules, 1995 upon the Noticees through e-mail at the email

ID of the Noticees available in the record the same did not bounce back. However, Noticee No.1-5 did not attend the hearing.

9. In this regard, Rule 7 of the SEBI Adjudication Rules, 1995 states that:

   7. Service of notices and orders.

   (1) A notice or an order issued under these rules shall be served on the person through any of the following modes, namely: –

   …

   (b) by sending it to the person by fax or <u>electronic mail</u> or electronic instant messaging services along with electronic mail or by courier or speed post or registered post:

   …

   Provided also that a notice sent through electronic mail or electronic instant messaging services along with electronic mail shall be digitally signed by the competent authority and bouncing of the electronic mail shall not constitute valid service.

10. The material available on record shows that the Notice No. 1 to 4 didn't submit any reply to the SCN till date and also didn't attend the hearing. Further, Noticee No.5 submitted its reply to the SCN but didn't attend the hearing.

11. In response to the SCN, the Authorized Representatives (AR) of Noticee No.15 and 16 attended the hearing. Further, the AR of Noticee No.7, 8, 10, 13 and 14 vide email dated February 04, 2023 sought inspection of certain documents in the matter. Accordingly, vide email dated February 21, 2023, an opportunity was granted to inspect the documents along with an advise to file reply to the SCN by March 03, 2023. Similarly, the AR of the Noticee No. 9, 11 and 12, vide email dated March 07, 2023, sought inspection of certain documents in the matter. Accordingly, vide email dated March 09, 2023, the said AR was granted an opportunity to inspect the documents in respect of the said Noticee with an advise to file reply in respect of the Noticees by March 21, 2023. However, the AR sought more time to file reply. Accordingly, vide email dated March 15, 2023, the said AR was granted time till March 26, 2023.

12. Subsequently, vide letter dated March 28, 2023, the AR of the Noticee No. 7, 8, 10, 13 and 14 submitted reply to the SCN. Further, the AR of the Noticee No. 9, 11 and 12 submitted reply to the SCN vide letters dated March 06, 2023, March 28, 2023 and April 17, 2023.

13. It is noted that the Noticee No.1, 2, 3 and 4 have neither filed any reply nor have availed the opportunity of personal hearing despite service of notices upon them. In the facts and circumstances of this case, I am of the view that the said Noticees have nothing to submit and in terms of Rule 4(7) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 the matter can be proceeded ex parte on the basis of material available on record. In the absence of any response from the Noticee No.1 to 4 to the SCN, I presume that the said Noticees have admitted the charges levelled against them.

14. In this regard, it is pertinent to note that the Hon'ble Securities Appellate Tribunal (SAT) in the matter of **Classic Credit Ltd. vs. SEBI** (Appeal No. 68 of 2003 decided on December 08, 2006) has, inter alia, observed that, *"......the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show cause notice were admitted by them".*

15. Further, the Hon'ble SAT in the matter of **Sanjay Kumar Tayal & Others vs SEBI** (Appeal No. 68 of 2013 decided on February 11, 2014), has also, inter alia, observed that: *"........... appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges leveled against them in the show cause notices..."*

16. Additionally, the same position reiterated by the Hon'ble Securities Appellate Tribunal (SAT) in the matter of **Dave Harihar Kirtibhai vs SEBI** (Appeal No. 181 of 214 dated December 19, 2014), wherein the Hon'ble SAT observed as under:

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

17. In view of the observations made by the Hon'ble SAT, I find no reason to take a different view and accordingly, I deem it appropriate to proceed against the Noticee No.1, 2, 3 and 4) *ex parte*, based on the material available on record.

18. The reply of the remaining Noticees is summarized as under:

<u>Reply of Noticee No. 5</u>

a) The Noticee had not attempted to either increase or manipulate the price of the scrip during the IP and did not create any misleading appearance of trading and thus has not violated PFUTP Regulations.

b) It submitted that it was not connected with the purported SMS promising higher prices and is accordingly not a party to the rise in the price of the scrip during IP.

c) It had traded as per the rules and Regulations of the exchange and that it had not done any artificial or fictitious trades and that and that the trading takes place on the screen wherein it is not possible to know the counterparty.

d) The placement of orders by Noticee No.6 were purely incidental to its trading and was not pre-planned. The random nature of timing, quantity, dealers and partial matching with other market participants substantiate that these were unintentional and a matter of pure co-incidence and that the trading takes place *through the algorithmic trading software wherein orders are matched at the exchange level with no human interventions.*

e) *It does not have any relation/nexus with other brokers and /or clients involved as counterparty broker/clients or any of its Directors/Promoters.*

Reply of Noticee No. 6

a) *He traded in the scrip since all the sugar stocks were going high and Gayatri Sugar was at rock bottom.*

b) *He was not aware of Noticee No.5 and was not aware of the counterparty and that he had also kept and held 284776 shares of Gayatri Sugar and ultimately sold it at a huge loss.*

Reply of Noticee No. 7, 8, 10, 13 and 14

a) *Denied that they had sold their shares after getting induced by any alleged SMS. Infect, they sold it at a loss and that they traded in a jobbing manner by investing in shares and selling it by waiting for short period depending upon the market movements with expectation to achieve minimum profit and then to continue re-investing in some other shares.*

b) *The aforementioned Noticees are not aware of or connected with any other entities except Noticee No.9,11 and 12 since they are relatives.*

c) *There is not a single complaint by any investor/shareholder against the Noticees alleging that they had created misleading appearance of trading.*

d) *The said Noticees had not been notified of the investigation before initiation of the Adjudication proceedings by issuance of SCN and that they have been deprived of an opportunity to submit any clarification with regard to selling of shares which is against the principle of natural justice.*

e) *The Noticees had traded in normal course and have accordingly filed Income Tax Returns, paid Security Transaction Tax, SEBI Turnover Fees, Stamp Duty, CGST, SGST and Clearing and Settlement Charges.*

f) *No impact on market as sales constituted only 1.3% and no unlawful gain made rather incurred a loss of Rs.36,249/-*

g) *There are no past actions against the Noticees.*

Reply of Noticee No. 9, 11 and 12

a) *There is a gross inordinate delay of 5 years in issuance of SCN which is in violation of Principles of Natural Justice.*
b) *SEBI did not provide full and complete Investigation Report(IR) instead it provided only an extract of IR*
c) *They submitted that the SCN is frivolous, vague, baseless and without merits.*
d) *The IR concedes that there was no connection between the said Noticees and the counterparties viz, Noticee Nos (1, 2, 3, 4, 5, 6, 15 and 16) or any person/management of the company.*
e) *There is no allegation or material to suggest any self trade or synchronized trade or creation of artificial trade or any transfer of beneficial interest or unlawful gain or avoidance of loss against the said Noticees and that there is no evidence of past violation or any warning issued by SEBI or broker prohibiting sale of shares by the Noticees.*
f) *There was no meeting of minds between Surana family and the Noticee No 15 and 16 which is evident from the fact that Noticee Nos 9,11 and 12 incurred losses to the tune of Rs.27,525, Rs.9700 and Rs.27,075 whereas the corresponding counterparties viz. Noticee No.15 and 16 incurred profit, thus showing no discussion on exit. Mere purchase of shares on trading portal without even knowing the identity of purchaser could never amount to meeting of minds by any figment of imagination.*
g) *The price of the scrip was above Rs.10/- per share on various occasions even before April 10, 2018 and hence the said Noticees could have disposed their shares at higher price which shows that the said Noticees were not dependent on the SMS or obtaining any exit from the Noticee No.15 and 16 and that the argument of SEBI that shares were initially offered at Rs.9.44 above prevailing price which were then readjusted to Rs.9.35 does not stand as the previous day the scrip was priced at Rs.10.50.*

h) Notice No 7-14 are family members (or HUF of family members) and that the family members often used to buy scrips together and dispose of scrips more or less on the same day without any intent to manipulate the price and that sale of shares by the family members on the same day does not culminate into any offence or violation.

i) There is no finding or recording of fact on ingredients of fraud, use or employment of ant deceptive device, scheme, artifice or contravention of any provisions and that to allege fraud, the allegation should atleast indicate an intent ot deceive or intent to cause a wrongful gain or wrongful loss.

j) The IR mentions names of top 10 buyers and sellers who have not even been probed or investigated whereas the said Noticees who names did not figure in the said list have been made party to the proceedings wherein they only sold their shares.

k) It was due to government policy, monsoon, excess stock of sugar in the country and so on basis which the said Noticees sold their shares.

l) The Noticees submitted that allegation of quoting Rs.9.44 and then updating the sell order rate to Rs.9.35 does not amount to any offence instead shows the legitimate expectation of a seller and establishes that there was no connection with the buyer. Further, they submitted that quoting of sell order at Rs.9.94 was a typographical error.

m) Miniscule impact on market since market has higher volume of change in prices even after exit of the said Noticees and that trades were executed on the exchange platform wherein the identity of the buyer and seller is unknown. Further, that there is no allegation nor can the same be inferred from IR that the said Noticees had caused any loss to investors.

19. Taking into account the aforesaid facts, I am of the view that principle of natural justice has been followed in the matter by granting the Noticees ample opportunities for replying to the SCN and of being heard. Therefore, I deem it appropriate to decide the matter on the basis of facts/material available on record and reply submitted by the Noticees.

CONSIDERATION OF ISSUES AND FINDINGS

20. I have carefully perused the charges levelled against the Noticees, reply to the SCN filed by them and the documents available on record and the issues that arise for consideration in the present case are:

Issue I:

(a) Whether Noticee No.5-16 have violated the provisions of Section 12A(a), (b), (c) of SEBI Act read with Regulation 3(a), (b), (c), (d), 4(1), 4(2) (a) of the PFUTP Regulations?

(b) Whether Noticee No.4 has violated provisions of Section 12A(a), (b), (c) of SEBI Act read with Regulation 3(a), (b), (c), (d), 4(1), 4(2) (a) and (e) of PFUTP Regulations?

(c) Whether Noticee No.1 and Noticee No.2 have violated the provisions of Section 11C(3) of the SEBI Act?

(d) Whether Notice No.3 has violated Section 11C(3), 11C(5) and Section 12 A(a), (b), (c) of SEBI Act read with Regulation 3(a), (b), (c), (d), 4(1), 4(2)(k) of PFUPTP Regulations?

Issue II: Does the violation, if any, on the part of the Noticees attract penalty under Section 15A(a) and 15HA of the SEBI Act, as applicable?

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

21. Before I proceed further with the matter, it is pertinent to mention the relevant provisions of SEBI Act and PFUTP Regulations alleged to have been violated by the Noticees. The same are reproduced below:

SEBI Act, 1992

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

Investigation.

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

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

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

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

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

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing

in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

SEBI (PFUTP) Regulations, 2003

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

(a) buy, sell or otherwise deal in securities in a fraudulent manner;
(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made thereunder.
(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a 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 manipulative, fraudulent or an unfair trade practice in securities markets.

Explanation.– For the removal of doubts, it is clarified that any act of diversion, misutilisation or siphoning off of assets or earnings of a company whose securities are listed or any concealment of such act or any device, scheme or artifice to manipulate the books of accounts or financial statement of such a company that *would directly or indirectly manipulate the price of securities of that company shall be and shall always be deemed to have been considered as manipulative, fraudulent and an unfair trade practice in the securities market.*

(2) Dealing in securities shall be deemed to be a manipulative fraudulent or an unfair trade practice if it involves any of the following: —
(a) knowingly 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 including, influencing or manipulating the reference price or bench mark price of any securities;
(k) disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading in a reckless or careless manner and which is designed to, or likely to influence the decision of investors dealing in securities;

FINDINGS

22. Considering the facts and circumstances of the case, submission of the Noticee and material available on record, I record my findings hereunder.

23. Before proceeding to deal with the merits of the case, I wish to settle the following two preliminary objections raised in this proceeding by Noticee No.9, 11 and 12:
    a) There is a gross inordinate delay of 5 years in issuance of SCN which is in violation of Principles of Natural Justice.
    b) SEBI did not provide full and complete Investigation Report(IR) instead it provided only an extract of IR.

24. With regard to the aforesaid contention regarding delay in issuance of SCN, it is to be noted that, there is no provision under SEBI Act which prescribes a time limit for taking cognizance of a breach of the provision of SEBI Act and Rules and Regulations made thereunder as has been contented by the Noticee. Further, as

per Section 11C of SEBI Act, SEBI can initiate investigation at any point of time, for any period of alleged violation or any period of alleged transactions. In this regard, I note that the investigation relating to instant matter on the selling of shares by Noticee No.7 - 14 on the next day of circulation of SMS along with the increase in the price of the scrip from Rs.9.80 to Rs.14 during the IP is a complex process and requires proper analyses which itself is a time taking exercise. Subsequently, pursuant to the completion of investigation, SCN was issued on January 10, 2023. I note that there was no delay the way it has been argued by said Noticees. Further, the said Noticees have also not specified how the delay, if any, has caused prejudice to it. In this regard, I rely on the judgment of the Hon'ble SAT in the matter of **Pooja Vinay Jain vs SEBI** (Appeal No. 152 of 2019 decided on March 17, 2020) held that, *"The record would show that all the documents concerning the defence of the appellant were filed by her before the AO. Therefore, for want of any prejudice the proceedings cannot be quashed simply on the ground of delay in launching the same".*

25. I also note that the Hon'ble SAT in the matter of **Bipin R Vora vs SEBI** (decided on March 22, 2006) held that, *"As regards the plea of delay and latches and submission that the show cause notice is barred by limitation, I do not find any merit in these contentions as the* time *and efforts involved in an investigation though may vary from case to case, generally investigations per-se is a time consuming process which invariably involve collection, scrutiny and careful examination of voluminous records/ order-trade details of all the concerned including the exchanges/recording of statements etc. and therefore no time limit can be fixed in this regard to enable a regulator to take appropriate disciplinary action for the safeguard and improvement of the system/market".*

26. In view of the above, and considering the facts and circumstances, I find that the contention of the said Noticees in this regard is without merits.

27. With regard to the another contention of Noticee regarding non providing of complete IR, I note that the relied upon and relevant extract of IR as admitted by the said Noticees in the present matter was duly provided to them during the course of instant proceedings which are in line with the principle pronounced via the judgment of Hon'ble Supreme Court in **T. Takano Vs SEBI**. It is pertinent to note that the question before the Hon'ble Supreme Court in the aforesaid judgment was whether an investigation report under Regulation 9 of the PFUTP Regulations must be disclosed to the person whom a notice to show cause is issued, when all the relied upon documents have been furnished to the Noticee. In this context, the Apex court has opined at para 39 of the judgment *that "the actual test is whether the material that is required to be disclosed is relevant for the purpose of adjudication".* The Apex Court also relied on test for the standard of 'relevancy' laid down by a four judge Bench of the Hon'ble Supreme Court in **Khudiram Das vs. State of West Bengal** (1975) 2 SCC 81. The test is a two-prong test where; firstly, the material must have nexus with the order and secondly, the material might have influenced the decision of the authority. The Black's Law Dictionary defines "nexus" as "a connection or link, often a casual one". Since, all relevant material relied upon in the instant proceedings have been provided to the said Noticees, I find that the principle pronounced by the Hon'ble Supreme Court in the said order has been duly complied with. Further, I would like to refer to the observation of the Hon'ble SAT in the matter of **Anant R Sathe Vs. SEBI** (Appeal No. 150 of 2020) vide Order dated July 17, 2020, reaffirmed the principle elucidated in the judgment of Shruti Vora's case, which has been reproduced herein and held that: *"the Authority is required to supply the documents that they rely upon while serving the show cause notice which in the instant case has been done and which is sufficient for the purpose of filing an efficacious reply in his defence".*

28. Subsequently, exhaustive reply has also been filed by the said Noticees as already detailed in the preceding paragraphs. Further, the said Noticees have also not sufficiently demonstrated how the documents sought by them were relevant to the

allegation in the present case of not disclosing the fact of the case and how this ground of non-availability of information has caused prejudice to them.

29. In view of the above, I note that the principles of natural justice have been complied with. Now that all the preliminary objections have been dealt with, I am now proceeding with the merits of the case.

Issue I:

(a) ***Whether Noticee No.5 - 16 have violated the provisions of Section 12A(a), (b), (c) of SEBI Act read with Regulation 3(a), (b), (c), (d), 4(1), 4(2) (a) of the PFUTP Regulations?***

(b) ***Whether Noticee No.4 has violated provisions of Section 12A(a), (b), (c) of SEBI Act read with Regulation 3(a), (b), (c), (d), 4(1), 4(2) (a) and (e) of PFUTP Regulations?***

(c) ***Whether Noticee No.1 and Noticee No.2 have violated the provisions of Section 11C(3) of the SEBI Act?***

(d) ***Whether Notice No.3 has violated Section 11C(3), 11C(5) and Section 12 A(a), (b), (c) of SEBI Act read with Regulation 3(a), (b), (c), (d), 4(1), 4 (2) (k) of PFUPTP Regulations?***

A. Allegation w.r.t. creation of misleading appearance of trading in the scrip:

Noticee No.5 and 6:

30. With respect to the captioned allegation, it was observed that Noticee No.5 was the top seller with 15.39% contribution to sell volume at an average sell rate of Rs.14.22 over 5 days viz. April 17-20 and April 4, 2018 and Noticee No.6 was his top counterparty (i.e. 17.77% shares).

31. In view of the aforesaid, the trades between Noticee No.5 and 6 were analyzed. Upon examination of trades and demat transaction statement of Noticees No.5, it was observed that Noticee No.5 received 77,08,789 shares from Gayatri through

Corporate Action on July 27, 2011 which were acquired by way of scheme of Amalgamation between GSR Sugars Private Limited (Transferor Company) and Gayatri (Transferee Company) with effective date of April 01, 2010. Noticee No.5 was a shareholder in GSR Sugars Private Limited holding 2,19,81,000 Equity Shares. Pursuant to the aforesaid amalgamation, Noticee No.5 was allotted 77,08,789 Equity Shares of Gayatri. As mentioned above that the Noticee No.6 was the counterparty to the sell trades of the Noticee No.5, the details of manner in which the orders were placed by the Noticee No.6 on the buy side and Noticee No.5 on the sell side is mentioned in the table below:

Table 2:

TRADE_DATE	CLIENTNAME	ORDER_TIME	CP_ORDER_TIME	TRADE_TIME	TRADE_RATE	ORDER_RATE	CP_ORDER_RATE	TRADED_QTY	ORDER_QTY	CP_ORDER_QTY
4/19/2018	Suudeep Luniya	15:24:57	15:25:03	15:25:03	14.4	14.4	14.4	72376	100000	100000
4/19/2018	Suudeep Luniya	15:25:06	15:25:36	15:25:36	14.4	14.4	14.4	70854	100000	100000
4/19/2018	Suudeep Luniya	15:24:57	15:25:36	15:25:36	14.4	14.4	14.4	17261	100000	100000
4/19/2018	Suudeep Luniya	15:25:19	15:25:59	15:25:59	14.4	14.4	14.4	63303	100000	100000
4/19/2018	Suudeep Luniya	15:25:06	15:25:59	15:25:59	14.4	14.4	14.4	29146	100000	100000
4/19/2018	Suudeep Luniya	15:25:44	15:26:21	15:26:21	14.4	14.4	14.4	62231	100000	100000
4/19/2018	Suudeep Luniya	15:25:19	15:26:21	15:26:21	14.4	14.4	14.4	36697	100000	100000
4/19/2018	Suudeep Luniya	15:26:33	15:26:56	15:26:56	14.4	14.4	14.4	88815	100000	100000
4/19/2018	Suudeep Luniya	15:26:43	15:26:56	15:26:56	14.4	14.4	14.4	10123	100000	100000
4/19/2018	Suudeep Luniya	15:26:43	15:27:47	15:27:47	14.4	14.4	14.4	50000	100000	50000
								5,00,806		

32. In this regard, I note from the IR that on April 19, 2018, the total traded quantity was 51,45,063 shares in the scrip and Noticee No.5 had net sold 7,50,000 shares at trade rate of Rs.14.40. Further, from the above table, I note that Noticee No.6 was the counterparty buyer for 5,00,806 shares (66.77%). Further, total shares bought by Noticee No.6 on April 19, 2018 was 5,89,924 shares which was almost 85% shares bought by him on that day where Noticee No.5 was his counterparty.

33. I further note that the investigation relied on the order log wherein it is observed that on April 19, 2018, Noticee No.6 placed his first buy order for the day only at 15:13:16 and immediately deleted the same at 15:14:17 and Noticee No.5 placed his first sell order for the day at 15:23:39 for 50,000 shares at sell rate of Rs.14.40, followed by two more sell orders at 15:24:05 and 15:24:38 for 50,000 shares and 1,00,000 shares each at Rs.14.4. This was again followed by a series of synchronized buy orders of Noticee No.6 and sell orders of Noticee No.5.

34. Accordingly, in view of the aforesaid the pattern of trading and order placement by the Noticee No.5 and 6, I note that the meeting of minds has been clearly brought out between the said two Noticees which resulted in creating false and misleading appearance of trading in the scrip.

Noticee No. 7 to 16:

35. Investigation further observed that on April 10, 2018, SMS for BUY recommendation in the scrip of Gayatri were first circulated. On that day the volume of the shares traded increased from 1,00,158 on April 09, 2018 to 11,50,037 on April 10, 2018. It was observed that on April 10, 2018, 8 entities from the Surana family (Noticee No.7-14) had sold the shares of Gayatri and exited the scrip. They had sold 422959 shares of Gayatri which is 2.31% of the total traded volume during the investigation period. The details of shares sold by the Surana family (Surana's) is as under:

Table 3:

Name	TRADED_QTY	TRADE_VALUE (Rs)
Aakansha Rajendra Surana	50000	463939
Aayush Rajendra Surana	79381	738274.25
Anita Mahendra Surana	70000	659500
Beena R. Surana	28578	266086.5
Mahendra N Surana HUF	50000	467500
Mahendra Nihalchand Surana	65000	611363.96
Rajendra N Surana	50000	467500
Rajendra Nihalchand Surana	30000	280500
Grand Total	**422959**	**3954663.71**

36. I note from the IR that 3 members of Surana family i.e. Noticee No.8, 9 and 12 form part of the top 20 net sellers for the investigation period for which the details are tabulated below:

Table 4:

S. No	Position in top 20 Net sellers	Client Name	Gross Buy	Gross Sell	Net Qty.	% of Net Qty. to Mkt. Vol.	Connections
1	13	Aayush Rajendra Surana	0	79381	-79381	0.43%	Common email surana.1572@gmail.com between Rajendra Surana, Mahendra Nihalchand Surana, Anita Mahendra Surana and Aayush Rajendra Surana
2	14	Anita Mahendra Surana	0	70000	-70000	0.38%	
3	16	Mahendra Nihalchand Surana	0	65000	-65000	0.36%	

37. I further note from the IR that the following sell orders and buy orders were placed by the Noticee No.7 - 14 as mentioned below:

a) At 14:09:54.676765, Noticee No.13 placed a sell order no. 1523331000001277694 for 50,000 shares at sell order rate Rs.9.44. At that time, the trade rate was at Rs.9.25. At 14:18:19.668749, the said sell order was updated to sell order rate of Rs.9.35;

b) At 14:10:08.052763, Noticee No.11 placed a sell order no. 1523331000001277696 for 50,000 shares at sell order rate Rs.9.44. At that time, the trade rate was at Rs.9.25. At 14:18:26.511122, the said sell order was updated to sell order rate of Rs.9.35;

c) At 14:10:22.482837, Noticee No.12 placed a sell order no. 1523331000001277698 for 15,000 shares at Rs.9.44. At that time, the trade rate was at Rs.9.25. At 14:18:05.420735, the said sell order was updated to sell order rate of Rs.9.35;

d) At 14:10:36.548991, Noticee No.9 placed sell order no. 1523331000001277702 for 20,000 shares at Rs.9.44. At that time, the trade rate was at Rs.9.25. At 14:18:01.024596, the said sell order was updated to sell order rate of Rs.9.35;

e) At 14:13:20.609068, Noticee No.14 placed sell order no. 1523331000001277720 for 30,000 shares at Rs.9.44. At that time, the trade rate was at Rs.9.40. At 14:18:32.616874, the said sell order was updated to sell order rate of Rs.9.35;

f) At 14:13:59.183603, Noticee No.10 placed sell order no. 1523331000001277722 for 28,578 shares at Rs.9.44. At that time, the trade rate was at Rs.9.40. At 14:18:37.530775, the said sell order was updated to sell order rate of Rs.9.35;

g) At 14:14:18.537679, Noticee No.8 placed sell order no. 1523331000001277724 for 79,381 shares at Rs.9.44. At that time, the trade rate was at Rs.9.40. At 14:18:42.465080, the said sell order was updated to sell order rate of Rs.9.35. This order was further updated to 9.25 at 14:19:50.801884;

h) At 14:15:58.745098, Noticee No.7 placed sell order no. 1523331000001277732 for 50,000 shares at Rs.9.44. At that time, the trade rate was at Rs.9.40. At 14:19:45.433790, the said sell order was updated to sell order rate of Rs.9.25;

38. I further note that around the time the sell orders were placed by Noticee No.7 - 14 as mentioned above, Noticee No.15 had placed buy orders as mentioned below:

a) Immediate or Cancel (IOC) buy order no. 1523331000001277744 by Noticee No.15 at 14:18:02.511491 for 1,50,000 shares at buy order rate Rs.9.35;

b) Immediate or Cancel (IOC) buy order no. 1523331000001277745 by Noticee No.15 at 14:18:11.801042 for 25,000 shares at buy order rate Rs.9.35;

c) Buy order no. 1523331000001277747 by Noticee No.15 at 14:18:21.821454 for 50,000 shares at buy order rate Rs.9.35;

d) Buy order no. 1523331000001277748 by Noticee No.15 at 14:18:30.356504 for 50,000 shares at buy order rate Rs.9.35;

e) Buy order no. 1523331000001277749 by Noticee No.15 at 14:18:32.922459 for 15,000 shares at buy order rate Rs.9.35;

f) Immediate or Cancel (IOC) Buy order no. 1523331000001277750 by Noticee No.15 at 14:18:37.212106 for 50,000 shares at buy order rate Rs.9.35;

g) Buy order no. 1523331000001277751 by Noticee No.15 at 14:18:43.337609 for 29,000 shares at buy order rate Rs.9.35;

h) Buy order no. 1523331000001277755 by Noticee No.15 at 14:18:51.890444 for 50,000 shares at buy order rate Rs.9.35;

39. From the above, I note that out of total orders for 4,22,959 shares placed by the Noticee No.7 - 14, trades for 2,36,700 shares (56%) were done with Noticee No.15 which is also evident from the table 5 below:

Table 5:

TRADE_DATE	CLIENTNAME	CP_CLIENTNAME	ORDER_NO	CP_ORDER_NO	ORDER_LMTIME	CP_ORDER_LMTIME	TRADE_TIME	TRADE_RATE	ORDER_LMRATE	CP_ORDER_LMRATE	TRADED_QTY	ORDER_QTY	CP_ORDER_QTY
10/04/2018	ASHIK DHIRUBHAI SANGHAVI	ANITA MAHENDRA SURANA	1523331000001277744	1523331000001277702	14:18:02.511491	14:18:01.024596	14:18:02.511491	9.35	9.35	9.35	20000	150000	20000
10/04/2018	ASHIK DHIRUBHAI SANGHAVI	MAHENDRA NIHALCHAND SURANA	1523331000001277745	1523331000001277698	14:18:11.801042	14:18:05.420735	14:18:11.801042	9.35	9.35	9.35	15000	25000	15000
10/04/2018	ASHIK DHIRUBHAI SANGHAVI	RAJENDRA N SURANA	1523331000001277747	1523331000001277694	14:18:21.821454	14:18:19.668749	14:18:21.821454	9.35	9.35	9.35	50000	50000	50000
10/04/2018	ASHIK DHIRUBHAI SANGHAVI	MAHENDRAN SURANA HUF	1523331000001277748	1523331000001277696	14:18:30.356504	14:18:26.511122	14:18:30.356504	9.35	9.35	9.35	39600	50000	50000
10/04/2018	ASHIK DHIRUBHAI	MAHENDRAN SURANA HUF	1523331000001277749	1523331000001277696	14:18:32.922459	14:18:26.511122	14:18:32.922459	9.35	9.35	9.35	9000	15000	50000

	SANG HAVI												
10/04/ 2018	ASHI K DHIR UBHA I SANG HAVI	RAJEN DRA NIHAL CHAND SURAN A	1523331 0000012 77749	1523331 0000012 77720	14:18:3 2.92245 9	14:18:32. 616874	14:18: 32.922 459	9.35	9.35	9.35	6000	15000	30000
10/04/ 2018	ASHI K DHIR UBHA I SANG HAVI	MAHE NDRA N SURAN A HUF	1523331 0000012 77750	1523331 0000012 77696	14:18:3 7.21210 6	14:18:26. 511122	14:18: 37.212 106	9.35	9.35	9.35	1400	50000	50000
10/04/ 2018	ASHI K DHIR UBHA I SANG HAVI	RAJEN DRA NIHAL CHAND SURAN A	1523331 0000012 77750	1523331 0000012 77720	14:18:3 7.21210 6	14:18:32. 616874	14:18: 37.212 106	9.35	9.35	9.35	24000	50000	30000
10/04/ 2018	ASHI K DHIR UBHA I SANG HAVI	BEENA R. SURAN A	1523331 0000012 77751	1523331 0000012 77722	14:18:4 3.33760 9	14:18:37. 530775	14:18: 43.337 609	9.35	9.35	9.35	8700	29000	28578
10/04/ 2018	ASHI K DHIR UBHA I SANG HAVI	AAYUS H RAJEN DRA SURAN A	1523331 0000012 77751	1523331 0000012 77724	14:18:4 3.33760 9	14:18:42. 465080	14:18: 43.337 609	9.35	9.35	9.35	16000	29000	79381
10/04/ 2018	ASHI K DHIR UBHA I SANG HAVI	AAYUS H RAJEN DRA SURAN A	1523331 0000012 77755	1523331 0000012 77724	14:18:5 1.89044 4	14:18:42. 465080	14:18: 51.890 444	9.35	9.35	9.35	23910	50000	79381
10/04/ 2018	ASHI K DHIR UBHA I SANG HAVI	BEENA R. SURAN A	1523331 0000012 77755	1523331 0000012 77722	14:18:5 1.89044 4	14:18:37. 530775	14:18: 51.890 444	9.35	9.35	9.35	8700	50000	28578
10/04/ 2018	ASHI K DHIR UBHA I SANG HAVI	AAKAN SHA RAJEN DRA SURAN A	1523331 0000012 77755	1523331 0000012 77732	14:18:5 1.89044 4	14:18:47. 701052	14:18: 51.890 444	9.35	9.35	9.35	14390	50000	50000

40. Further, the meeting of minds between Surana family/Suranas and Noticee No.15 is evident from the trading pattern, which is brought out as below:

a) It is observed from the PV data that on April 09, 2018, 1,00,158 shares were traded through 148 trades. This volume suddenly on April 10, 2018, peaked to 11,50,037 shares (11 times) through 827 trades;

b) On April 10, 2018, Suranas sold 4,22,959 shares in the market, out of which traded quantity of 2,36,700 shares (56%) matched with Noticee No.15, who had placed total buy quantity of 4,19,000 shares;

c) It is observed from a perusal of the order log that other than the sell orders placed as above, Suranas did not place any other buy/ sell order on April 10, 2018;

d) It is further observed from a perusal of the order log that other than the buy orders placed as above by Noticee No.15, he did not place any other buy orders on April 10, 2018, except buy order no. 1523331000001277733 for 3,00,000 shares at 14:16:06.943218 at Rs.8.14, which was immediately deleted at 14:16:09.462017

e) It is observed that sell order rates of all orders of Suranas, which were earlier kept away from the last traded price, were updated between 14:18:01.024596 to 14:19:50.801884 to bring the sell order rate at the last traded price. Simultaneously, Noticee No.15 placed his buy orders between 14:18:02.511491 to 14:18:51.890444 and at the same buy order rates as the updated sell order rates

f) During the entire investigation period, Noticee No.15 had bought 2,61,312 shares. Out of the same, 2,36,700 shares (90.5%) were bought from Suranas on April 10, 2018;

41. I further note that the following sell orders and buy orders were placed by Suranas and Noticee No.16 respectively:

Sell orders of Anita Surana (Noticee No.9) and Buy orders of Vishal Kiranbhai Sheth (Noticee No.16)

a) Noticee No.9 had placed sell order no. 1523331000001277451 for 50,000 shares at sell rate of Rs.9.94 at 12:32:28.679361;

b) At that point of time, the trade rate was at Rs.9.45;

c) At 12:34:47.657028, Noticee No.9 updated the sell rate of the aforesaid sell order to Rs.9.44;

d) Immediately after such updation, Noticee No.16 placed a buy order no. 1523331000001277459 for 50,000 shares at Rs. 9.44 at 12:34:55.986291;

e) This resulted in trade for 49,750 shares at 12:34:55.986291 between Noticee No.9 and Noticee No.16.

f) Immediately thereafter at 12:34:59.099626, Noticee No.16 placed another buy order no. 1523331000001277460 for 2,500 shares;

g) This buy order than matched with the pending quantity of 250 shares from Noticee No.9's aforesaid sell order resulting in trade for 250 shares.

h) Thus, the entire sell quantity of Noticee No.9 was bought by Noticee No.16 in the aforesaid manner.

42. Sell orders of Beena R. Surana (Noticee No.10), Aakansha Rajendra Surana (Noticee No.7), Aayush Rajendra Surana (Noticee No.8) and Buy orders of Vishal Kiranbhai Sheth (Noticee No.16)

a) At 14:13:59.183603, Noticee No.10 placed a sell order no. 1523331000001277722 for 28,578 shares at Rs.9.45. At that time, the trade rate was at Rs.9.40. At 14:18:37.530775, the said sell order was updated to sell order rate of Rs.9.35. However, at that time, trades of Suranas with Noticee No.15 that have been brought out as above were getting executed. Subsequent to the same, a part of sell order no. 1523331000001277722 matched buy order no. 1523331000001277751 of Noticee No.15 resulting in trade for 8,700 shares and with buy order no. 1523331000001277755 resulting in trade for another 8,700 shares Once the buy orders of Noticee No.15 got exhausted, at 14:19:39.037783, the sell order no. 1523331000001277722 was updated by Noticee No.10 to sell order rate of Rs.9.25;

b) Similarly, at 14:14:18.537679, Noticee No.8 placed a sell order no. 1523331000001277724 for 79,381 shares at Rs.9.45. At that time, the trade rate was at Rs.9.40. At 14:18:42.465080, the said sell order was updated to sell order rate of Rs.9.35. However, at that time, trades of Suranas with Noticee No.15 that have been brought out as above were getting executed. At 14:19:50.801884, the said sell order was updated to sell order rate of Rs.9.25;

c) Also, at 14:15:58.745098, Noticee No.7 placed a sell order no. 1523331000001277732 for 50,000 shares at Rs.9.45. At that time, the trade rate was at Rs.9.40. At 14:18:47.701052, the said sell order was updated to sell order rate of Rs.9.35. However, at that time, trades of Suranas with Noticee No.15 that have been brought out as above were getting executed. At 14:19:45.433790, the said sell order was updated to sell order rate of Rs.9.25;

d) Around the time when Noticee No.10, Noticee No.8 and Noticee No.7 updated their sell order rates to Rs.9.25, at 14:19:40.200630, Noticee No.16 placed buy order no. 1523331000001277758 for 80,000 shares at Rs.9.25 after buy orders of Noticee No.15 got exhausted;

e) Further, at 14:20:00.077179, Noticee No.16 placed another buy order no.1523331000001277760 for 6,000 shares at Rs.9.25;

f) This resulted in trades for 84,221 shares (53%) between Noticee No.10, Noticee No.7, Noticee No.8 and Noticee No.16, out of total order for 1,57.959 shares placed by Suranas as aforesaid. The details of the trades are as follows:

Table 6:

TRADE_DATE	CLIENTNAME	CP_CLIENTNAME	ORDER_NO	CP_ORDER_NO	TRADE_TIME	ORDER_LMTIME	CP_ORDER_LMTIME	TRADE_RATE	ORDER_LMRATE	CP_ORDER_LMRATE	TRADED_QTY	ORDER_QTY	CP_ORDER_QTY
10/04/2018	VISHAL KIRANBHAI	*BEENA R. SURANA	1523331000001277758	*1523331000001277722	14:19:40.200630	14:19:40.200630	14:19:39.037783	9.25	9.25	9.25	9230	80000	28578

	SHETH												
10/04/2018	VISHAL KIRANBHAI SHETH	AAKANSHA RAJENDRA SURANA	1523331000001277758	1523331000001277732	14:19:45.433790	14:19:40.200630	14:19:45.433790	9.25	9.25	9.25	35610	80000	50000
10/04/2018	VISHAL KIRANBHAI SHETH	AAYUSH RAJENDRA SURANA	1523331000001277758	1523331000001277724	14:19:50.801884	14:19:40.200630	14:19:50.801884	9.25	9.25	9.25	35160	80000	79381
10/04/2018	VISHAL KIRANBHAI SHETH	AAYUSH RAJENDRA SURANA	1523331000001277760	1523331000001277724	14:20:00.077179	14:20:00.077179	14:19:50.801884	9.25	9.25	9.25	4221	6000	79381

*It is pertinent to mention here that 17,400 shares from updated sell order of Noticee No.7 matched with Noticee No.15

43. From the above, I note that the same pattern which was seen between Suranas and Noticee No.15 is also evident here. It is further noted that the sell order rates of all orders of Noticee No.7, 8 and 10, which were earlier kept away from the last traded price, were updated further between 14:19:39.037783 and 14:19:50.801884, and simultaneously, Noticee No.16 placed his buy orders between 14:19:40.200630 and 14:20:00.077179, at the same buy order rates as the updated sell order rates, resulting in trades between Noticee No.7, 8, 10 and Noticee No.16 for 84,221 shares and 44,082 shares further matched between Noticee No.12 and Noticee No.16.

44. I also note from the aforesaid that out of 4,22,959 shares sold by Suranas in the market during the IP, which were all sold on April 10, 2018, traded quantity of

1,78,303 shares (42%) matched with Noticee No.16 who had placed total buy quantity of 4,19,000 shares. Further, Noticee No.16 had bought 3,13,284 shares. Out of the same, 1,78,303 shares (57%) were bought from Suranas on April 10, 2018.

45. In view of the aforesaid, it is observed that there was a clear meeting of mind between Suranas (Noticee No.7 - 14) with Noticee No.15 and Noticee No.16 wherein Noticee No. 15 and 16 provided Suranas an exit for 4,15,003 shares (98%) out of a total of 4,22,959 shares that were sold by Suranas to the said Noticees during the IP on a single day i.e. on April 10, 2018. It is pertinent to mention here that on a day prior to that i.e. on April 09, 2009, only 1,00,158 shares were traded in the scrip on market.

46. In this regard, I note that all the aforesaid Noticees viz Noticee No.5 to 14 has contended that they were not aware of the counterparties, there is no meeting of mind between the parties and that the trades were not pre-planned and were incidental, unintentional and mere coincidence. It is further contended that the trades were done in exchange on the screen and it is not possible to know the counterparty. Further, some of the Noticees has also contended that they have incurred losses which proves that there is no meeting of mind.

47. As discussed in the preceding paragraphs, majority of the trades of Noticees matched with each other (i.e. Noticee No.5 with Noticee No.6 and Noticee No.7-14 with Noticee No.15 and 16) and this coupled with their trading and order placement pattern clearly depicts the meeting of mind between the said Noticees.

48. Here I would like to rely on the judgment of Hon'ble Supreme Court in **SEBI v Kishore R Ajmera** (AIR 2016 SC 1079) decided on February 23, 2016, wherein it was held that - *"…in the absence of direct proof of meeting of minds elsewhere in synchronized transactions, the test should be one of preponderance of probabilities as far as adjudication of civil liability arising out of the violation of the*

Act or provision of the Regulations is concerned. The conclusion has to be gathered from various circumstances like that volume of the trade effected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such other relevant factors. The illustrations are not exhaustive...".

49. The Hon'ble Supreme Court further held in the same matter that – *"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 a reasonable/prudent man would adopt to arrive at a conclusion."*

50. Further, in the matter of **SEBI v Rakhi Trading Private Limited** (Civil Appeal Nos. 1969, 3174-3177 and 3180 of 2011 decided on February 8, 2018), in which the Hon'ble SC held that - *"Considering the reversal transactions, quantity, price and time and sale, parties being persistent in number of such trade transactions with huge price variations, it will be too naive to hold that the transactions are through screen-based trading and hence anonymous. Such conclusion would be over-looking the prior meeting of minds involving synchronization of buy and sell order and not negotiated deals as per the board's circular. The impugned transactions are manipulative/deceptive device to create a desired loss and/or profit. Such synchronized trading is violative of transparent norms of trading in securities…..".*

51. Further, I note that it is not a mere coincidence that the Noticees could match majority of their trades with the same counterparties. This is the outcome of

meeting of minds elsewhere and it was a deliberate attempt to deal in such a fashion. Here I would like to rely on the judgment of the Hon'ble Supreme Court in **SEBI v Kishore R Ajmera** (AIR 2016 SC 1079) decided on February 23, 2016, wherein it was held that - *"...in the absence of direct proof of meeting of minds elsewhere in synchronized transactions, the test should be one of preponderance of probabilities as far as adjudication of civil liability arising out of the violation of the Act or provision of the Regulations is concerned. The conclusion has to be gathered from various circumstances like that volume of the trade effected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such other relevant factors. The illustrations are not exhaustive...".*

52. In view of the above, I find no merit in the afore mentioned contentions of the Noticees.

53. Noticee No.7 to 14 has also contended that there is no impact on market as sales constituted only 1.3% and market has higher volume of change in prices. In this regard I note that as established in the preceding paragraphs, Noticee No.5 was the top seller with 15.39% contribution to sell volume at an average sell rate of Rs.14.22 over 5 days viz. April 17-20 and April 4, 2018 and Noticee No.6 was his top counterparty (i.e. 17.77% shares). Similarly, Noticee No.7-14 have sold 422959 shares of Gayatri which is 2.31% of the total traded volume during the investigation period and out of total orders for 3,22,959 shares placed by the Noticee No.7 - 14, trades for 2,36,700 shares (73%) were done with Noticee No.15 as well as out of 4,22,959 shares sold by Suranas in the market during the IP, which were all sold on April 10, 2018, traded quantity of 1,78,303 shares (42%) matched with Noticee No.16 who had placed total buy quantity of 4,19,000 shares. The above all trades of all the aforesaid Noticees, taken together, created misleading appearance of trading in the scrip impacting the price of the scrip and causing loss to the gullible investors. Hence, it would be appropriate to consider the impact of these transactions in *toto*.

54. Therefore, the trading behavior of the said Noticees confirms that such trades were not normal as well as genuine and being non-genuine, created misleading appearance of trading in the scrip. Accordingly, the aforesaid contention of the Noticee is untenable.

55. I note that Noticee 9, 11 and 12 have also contended that their trades were not dependent on the alleged bulk SMS first circulated on April 10, 2018 and that both Noticee No.15 and 16 have traded before and after their trades. In this regard, I note that though the said Noticees denied any connection of their trades with the said circulation of SMS, however, they failed to explain that why on the same day, they sold all their holdings at around the same time and how all their trades were matched with Noticee No.15 and 16. Just Noticee No.15 and 16 trading before and after their trades cannot deny the fact that 56% of trades of Noticee No.7-14 on April 10, 2018, matched with Noticee No.15 and 42% matched with Noticee No.16, totaling to 98% of their trades. Further, this fact also cannot be ignored that 56% of trades of Noticee No.15 and 57% of trades of Noticee No.16 done on April 10, 2018 matched with the Suranas. In view of the aforesaid facts, I find no merit in the said contention of the Noticees.

56. I also note that Noticee No.9, 11 and 12 has further contended that due to government policy, monsoon, excess stock of sugar in the country they sold their shares in the scrip. In this regard, I note that they failed to explain that if these were the only reasons of selling their shares, how the same coincided with the fact that a SMS got circulated on the same day and how the Surana's total trades got matched with Noticee No. 15 and 16. This cannot be mere coincidence and this clearly shows meeting of minds between the aforesaid Noticees. Accordingly, the above contention of the Noticees cannot be accepted.

57. Accordingly, the aforesaid facts brought in the preceding paragraphs establishes the fact that Noticees No.5 - 16 have violated the provision of Section 12A(a), (b),

(c) of SEBI Act read with Regulation 3(a), (b), (c), (d), 4(1), 4(2) (a) of PFUTP Regulations.

B. Allegation w.r.t. price manipulation of the scrip of Gayatri:

58. As regards captioned allegation, it is observed from IR that an LTP analysis was carried out for the trades during the IP. The details of top 10 LTP contributors is mentioned below:

Table 7:

	All Trades			LTP Diff. >0			LTP Diff. <0			LTP Diff. =0		% pos. LTP to mkt. Pos. LTP
Name	**LTP impact (in Rs.)**	**Qty. traded**	**No of trades**	**LTP impact (in Rs.)**	**Qty. traded**	**No. of trades**	**LTP impact (in Rs.)**	**Qty. traded**	**No. of trades**	**Qty. traded**	**No. of trades**	
Mehul Tulsidas Simaria	4.45	544521	988	9.28	60853	215	-4.83	80680	238	402988	535	15.86%
Vishal Kiranbhai Sheth	1.07	313284	69	1.78	52932	20	-0.71	55713	11	204639	38	3.04%
Ashish Kumar Gupta	0.95	30	3	0.95	10	1	0.00	0	0	20	2	1.62%
Charanjeet Singh	0.74	61251	84	0.89	11091	24	-0.15	3948	5	46212	55	1.52%
Kiranandrew	0.62	6349	76	0.62	3663	25	0.00	0	0	2686	51	1.06%
Ravindraraosahebmalode	0.36	11873	8	0.36	5995	3	0.00	0	0	5878	5	0.62%
Mahesh Sehra	0.35	3787	7	0.35	1900	2	0.00	0	0	1887	5	0.60%
Thoguluva Rajaram Rajendran	0.34	48265	52	0.60	10311	7	-0.26	3426	9	34528	36	1.03%
Munish Handa	0.31	1507	7	0.31	1	1	0.00	0	0	1506	6	0.53%
Ranita Mukherjee	0.29	9	1	0.29	9	1	0.00	0	0	0	0	0.50%
Top 10 Total	**9.48**	**990876**	**1295**	**15.43**	**146765**	**299**	**-5.95**	**143767**	**263**	**700344**	**733**	**26.36%**
Market Total	**5.26**	**18306696**	**25828**	**58.53**	**1714207**	**2615**	**-53.27**	**2003111**	**2893**	**14589378**	**20320**	**99.81%**

59. It is observed from the table above that the Noticee No.4 was a top LTP contributor with 15.86% contribution to market positive LTP and that Noticee No.5 was his counterparty (9.28% contribution). The details of buy order quantity (less than 10 shares) for the positive LTP trades and the details of trades wherein the said

Noticee contributed to positive LTP of more than one (1) percent with trade quantity less than 10 are mentioned in Table 8 and Table 9 respectively.

Table 8:

Buyer Name	No. of trades (LTP >0)	when buy order qty was of 1 share only		Positive LTP Contribution when buy order qty was between 2-10 shares		Positive LTP Contribution when buy order qty were more than 10 shares		Total Positive LTP contribution (Rs.)	% of positive LTP to Total Market positive LTP	% contribution to positive LTP through small orders (1-10 shares)
		Positive LTP contribution (Rs.)	No. of trades	Positive LTP contribution (Rs.)	No. of trades	Positive LTP contribution (Rs.)	No. of trades			
Mehul Tulsidas Simaria	215	2.95	42	2.93	67	3.4	106	9.28	15.86%	10.05%

Table 9:

S. NO	TRADE_DATE	CLIENTNAME	CP_CLIENTNAME	ORDER_TIME	CP_ORDER_TIME	TRADE_RATE	LTP_RATE	LTP_PERCENT	TRADED_QTY	ORDER_QTY	CP_ORDER_QTY
1	10-04-2018	MEHUL TULSIDAS SIMARIA	AMIT GABA	10:52:21	10:38:53	9.44	0.32	3.51	1	1	1000
2	10-04-2018	MEHUL TULSIDAS SIMARIA	VINODCHANDRA KALIDAS SHAH	12:15:00	12:11:42	9.4	0.25	2.73	1	1	500
3	10-04-2018	MEHUL TULSIDAS SIMARIA	KANTA RANI	13:12:10	13:11:42	9.44	0.24	2.61	1	1	300
4	10-04-2018	MEHUL TULSIDAS SIMARIA	SHOAIB S KHAN	12:06:36	11:02:04	9.5	0.11	1.17	1	1	10000
5	10-04-2018	MEHUL TULSIDAS SIMARIA	THOGULUVA RAJARAM RAJENDRAN	10:41:39	10:38:38	9.4	0.1	1.08	10	10	10
6	10-04-2018	MEHUL TULSIDAS SIMARIA	CHANDRAKANTH PATEL	11:41:17	11:36:33	9.4	0.1	1.08	1	1	5000
7	10-04-2018	MEHUL TULSIDAS SIMARIA	SHOAIB S KHAN	11:07:45	11:02:04	9.5	0.1	1.06	1	1	10000
8	10-04-2018	MEHUL TULSIDAS SIMARIA	SHOAIB S KHAN	11:54:04	11:02:04	9.5	0.1	1.06	1	1	10000
9	10-04-2018	MEHUL TULSIDAS SIMARIA	ASHOKKUMAR HANUMANCHAND BAFNA	11:01:16	09:33:58	9.6	0.1	1.05	1	1	800

S. NO	TRADE_DATE	CLIENTNAME	CP_CLIENTNAME	ORDER_TIME	CP_ORDER_TIME	TRADE_RATE	LTP_RATE	LTP_PERCENT	TRADED_QTY	ORDER_QTY	CP_ORDER_QTY
10	12-04-2018	MEHUL TULSIDAS SIMARIA	SHOAIB S KHAN	15:23:00	15:17:15	10.25	0.15	1.49	2	2	5000
11	12-04-2018	MEHUL TULSIDAS SIMARIA	SHOAIB S KHAN	09:15:43	09:15:00	10.15	0.12	1.2	5	5	10000
12	13-04-2018	MEHUL TULSIDAS SIMARIA	SHOAIB S KHAN	09:16:58	09:15:01	10.45	0.2	1.95	1	1	5000
13	13-04-2018	MEHUL TULSIDAS SIMARIA	SHOAIB S KHAN	09:19:29	09:15:01	10.45	0.15	1.46	1	1	5000
14	13-04-2018	MEHUL TULSIDAS SIMARIA	SHOAIB S KHAN	09:20:58	09:15:01	10.45	0.14	1.36	1	1	5000
15	16-04-2018	MEHUL TULSIDAS SIMARIA	RABI SANKAR MISRA	09:27:06	09:20:02	10.7	0.23	2.2	2	2	380

60. It is observed from the trading pattern of the Noticee No.4 in the table above that he made a deliberate attempt to increase and manipulate the price of the scrip. Accordingly, in view of the above it is alleged that Noticee No.4 has violated provisions of Section 12A(a), (b), (c) of SEBI Act read with Regulation 3(a), (b), (c), (d), 4(1), 4(2) (a) and (e) of PFUTP Regulations.

C. Allegation w.r.t. failure in furnishing information sought vide summons

Noticee No.1:

61. It is observed from IR that the following sample SMS was circulated during the IP by the end user/sender of the SMS.

"BIG MOMENT COMING IN "GAYATRI" BSE:532183 BUY QTY: 10000 Shares CMP: 13.30 Rs and above SURE TGT PRICE: 18,20,22 Rs SL: 11 Rs HOLD – 15 DAYS"

62. Investigation revealed that the Noticee No.1 was one of the end user/sender of the SMS. The table mentioned below shows the details of the Telecom operator,

Aggregator, Resellers and the end users/senders of the SMS circulated during the IP.

Table 10:

SMS Headers	HP-MANTRA and HP-SBULLS
Telephone/mobile Operator	Quadrant Televentures (Formerly HFCL Infotel Limited),
Aggregators (First Level)	Daksh Infosoft Pvt Ltd
Reseller 1st level	Walkover Web Solutions Pvt Ltd Mr.Chinmay Daga
Reseller 2nd level	Newrise Technosys Pvt Ltd Mr. Rahul Dwivedi 9981250068
End Use Details 1	Ashish Ravibhai Bhua 8460155257 - Phone disconnected on Jan 19, 2018 (before the investigation period)
End Use Details 2	Rathod Mangalbhai Valabhai 7567494367

63. Accordingly, summons and reminders for production of documents u/s 11C (3) of SEBI Act were issued to Noticee No.1 to clarify on his rationale for sending SMSes with buy recommendation, Rationale for choosing SMSes recipients for above SMSes and Payment received / paid for sending the SMSes w.r.t. Gayatri during the IP. However, Noticee No.1 failed to reply to the summons., the details of which are mentioned in the table below:

Table 11:

Name of Entity	Address	Summon Date	Last date to submit reply	Delivery Evidence	Reply Received
Rathod Mangalbhai Valabhai	Plot no-21, mahatma gandhi society Bhavnagar, gujarat, India, 364005.	December 18, 2019	December 30, 2019	Indian Post office online tracking receipt/ acknowledgement card	No
Rathod Mangalbhai Valabhai	Plot no-21, mahatma gandhi society Bhavnagar, gujarat, India, 364005.	December 31, 2019	January 07, 2020	Indian Post office online tracking receipt/ acknowledgement card	No

64. The aforesaid facts establish that Noticee No.1 has violated the provisions of Section 11C(3) of the SEBI act by having failed to reply to the summons and to clarify his rationale for sending SMSes in the scrip of the company.

Noticee No.2:

65. In addition to above, with regards to Noticee No.2, it is observed from IR that following are the details of the SMS aggregator who was operating the SMS headers which were used for sending the SMS w.r.t. Gayatri:

Table 12:

Sr. No.	SMS Header	Telephone/ mobile Operator	SMS Aggregator	Contact Person Name	Phone and email id
1	AD- MARKTX	Airtel	Web Tech Solution.	Pratik Patel (CEO)	9898014452. info@webarrival.com
2	AD- SHARKM			Utsav Patel (CEO)	9898014516. support@webarrival.com
3	AX-MARKTX			Ronak Patel (Owner)	7990079979. info@webtechsolution.co.in

66. It is further observed from IR that the details of end user were sought by SEBI from the aggregator (Web Tech Solution) vide email dated October 10, 2018, November 05, 2018 and letter dated November 06,2018. However, no reply was received. Accordingly, summons and reminders for production of documents were issued to Notice No.2 under Section11C(3) of the SEBI Act .The details of the summons issued to Noticee No.2 are mentioned in the table below:

Table 13:

Name of Entity	Address	Summon Date	Last date to submit reply	Delivery Evidence	Reply Received
Mr. Ronakkumar R Patel	Web Tech Solutions, S-9, Narmada Plaza, Opp. DJ School, Nani Kadi Road, Kadi, Gujarat – 382715	December 18, 2019	December 30, 2019	Indian Post office online tracking receipt /Acknowledgement Card	No

Name of Entity	Address	Summon Date	Last date to submit reply	Delivery Evidence	Reply Received
Mr. Ronakkumar R Patel	Web Tech Solutions, S-9, Narmada Plaza, Opp. DJ School, Nani Kadi Road, Kadi, Gujarat – 382715	December 31, 2019	January 07, 2020	Indian Post office online tracking receipt /Acknowledgement Card	Yes

67. In response to the aforesaid summons, Noticee No.2 submitted his reply vide email dated January 17, 2020. Subsequently, Noticee No.2 was summoned to provide the details/KYC documents of end user, details of payment received for SMS sent under SMS header AD- MARKTX, AD- SHARKM and AX-MARKTX w.r.t. the scrip of the company and Noticee No.2 submitted as “Detail not available with us” for all the aforesaid queries. It is further observed from IR that as per TRAI guidelines enumerated below, Noticee No.2 was required to maintain the details of end user.

TRAI Guidelines:

68. TRAI vide its letter no. F.No. 311-3/2015Qos dated August 10, 2017 issued directions to all the access providers. In the said directions TRAI inter-alia has mentioned that:
    - *before sending the SMS relating to investment advice or tip, to verify that the person on whose behalf the message is sent is a SEBI registered investment advisor/ broker etc*
    - *Also collect the requisite documents so as to confirm and verify the identity of the person / entity and verify the same with the details provided.*
    - *Such verification of the person or entity on whose behalf the message is sent shall be ensured to be done by the registered Telemarketers and to ensure such verification before permitting the SMS relating to investment advice or tip.*

69. Further, it is also observed from IR that Noticee No.2 did not provide complete replies to the summons. In view of the inadequate reply, the said Noticee was also issued summon for personal appearance u/s 11C (5) of SEBI Act before the

Investigating Authority. The details of the summons issued are mentioned in the table below:

Table 14:

Name of Entity	Address	Summon Date	Date of personal hearing	Delivery Evidence	Attendance to hearing
Mr. Ronakkumar R Patel	Web Tech Solutions, S-9, Narmada Plaza, Opp. DJ School, Nani Kadi Road, Kadi, Gujarat – 382715	January 21, 2020	January 30, 2020	Delivery receipt to email server Webtech. solutions.tech@gmail.com	No
Mr. Ronakkumar R Patel	Web Tech Solutions, S-9, Narmada Plaza, Opp. DJ School, Nani Kadi Road, Kadi, Gujarat – 382715	January 30, 2020	February 10, 2020	Delivery receipt to email server Webtech. solutions.tech@gmail.com	No

70. It is observed from IR that the summons, as mentioned in Table 14 above, were sent to the address "Web Tech Solutions, S-9, Narmada Plaza, Opp. DJ School, Nani Kadi Road, Kadi, Gujarat – 382715", which returned undelivered. Delivery of summons was also attempted by SEBI – WRO, however, the delivery of summons failed due to non-availability of the entity at the address. Accordingly, the said summons were delivered on the email ID – webtech.solutions.tech@gmail.com (This reply to the summons was received from the same email id). In view of the aforesaid, it is established that Noticee No.2 has violated the provisions of Section 11C(3) of the SEBI Act by failing to comply with the summons as mentioned above.

Noticee No.3:

71. IR also finds a mention of the details of another SMS aggregator who was operating the SMS header which was used for sending the SMS w.r.t. Gayatri, the details of which is as follows:

Table 15:

SMS Header	SMS Aggregator	Address	Phone and email id
MD-MARKTX	Zodiac Solutions	F-5, Anmol Plaza, Gandhinagar Link Road, Mehsana, Gujarat. PIN Code 382715	zodiacsolutions.8343@gmail.com 8308822202

72. It is observed from IR that information was sought by SEBI from Zodiac Solutions (Noticee No.3) w.r.t sender of SMS and that it did not provide any information sought from it despite reminders. Accordingly, summons and reminders for production were issued to Noticee No.3 under Section 11C(3) of the SEBI Act to provide the details and KYC documents of SMS sender/ end user, details of payment received for SMS sent under SMS header MD-MARKTX w.r.t. the scrip of the company. However, the summons returned undelivered, with remarks as "Unknown entity". The details of the summons are mentioned in the table 16 below:

Table 16:

Name of Entity	Address	Summon Date	Last date to submit reply	Delivery Evidence	Reply Received
Zodiac Solutions	F-5, Anmol Plaza, Gandhinagar Link Road, Mehsana, Gujarat – 382715 (Address as provided by MTNL)	December 18, 2019	December 30, 2019	Summons returned undelivered, with remarks as entity unknown	N.A.
Zodiac Solutions	F-5, Anmol Plaza, Gandhinagar Link Road, Mehsana, Gujarat – 382715 Email - zodiacsolutions.8343@gmail.com	December 30, 2019	January 06, 2020	Email delivery receipt	No

73. It is further observed from IR that Mr. Zala Pratipalsinh Dharmendrasinh is the proprietor of the entity Zodiac Solutions. Accordingly, summons under Section 11C(5) of the SEBI Act was issued to him for personal appearance before the IA. The details of the summons issued to him is mentioned in the table 17 below:

Table 17:

Name of Entity	Address	Summon Date	Date of personal hearing	Delivery, Evidence	Attendance to hearing
Mr. Zala Pratipalsinh Dharmendrasinh	Zala pratipal singh, Zodiac solutions, Darbar gadh Katosan ta Jhotana mehsa Gujarat 384430 and email: zodiacsolutions.8343@gmail.com	February 20, 2020	February 26, 2020	Indian Post office online tracking receipt and delivery receipt to email server	No

74. However, it is observed that Noticee No.3 and its proprietor failed to reply to the SEBI summons. In view of the above, it is established that Noticee No.3 has violated the provisions of Section 11C(3) and 11C(5) of the SEBI Act.

75. It is further observed from IR that MTNL informed SEBI that M/s Pinnacle Teleservices (hereinafter referred to as "Pinnacle") was the business partner of MTNL for Bulk SMS. When asked, Pinnacle further informed that Noticee No.3 was an end user of SMS sent during the IP.

76. It is also observed that details were sought from Pinnacle Teleservices regarding the payment towards circulation of SMS stylized as MD-MARKTX, pertaining to the scrip Gayatri Sugars Ltd. from IR that an amount of Rs.9,73,500/- was received by Pinnacle on May 05, 2018 by "RTGS UTR NO: BARBR52018050500621585--PRATIPALSINH DHARMENDRASINH ZALA- Zodiaq". In addition to the aforesaid, it is also observed that the same amount of Rs.9,73,500/- was deposited in cash in the account of Noticee No.3, maintained with Bank of Baroda from which aforesaid RTGS to pinnacle was done and that too on the same date i.e. on May 05, 2018. In view of the above, I note that Noticee No.3 had deliberately circulated the SMS stylized as MD-MARKTX, pertaining to the scrip of the company and created misleading information about the scrip viz. "BIG MOMENT COMING IN "GAYATRI" BSE:532183 BUY QTY: 10000 Shares CMP: 13.30 Rs and above SURE TGT PRICE: 18,20,22 Rs SL: 11 Rs HOLD – 15 DAYS" and tried to falsely

influence the decision of the investors. Accordingly, it establishes the fact that Noticee No.3 has violated the provisions of Section 12A(a), (b), (c) of SEBI Act read with Regulation 3(a), (b), (c), (d), 4(1), 4 (2) (k) of PFUPTP Regulations.

Issue II: Does the violation, if any, on the part of the Noticees attract penalty under Section 15A(a) and 15HA of the SEBI Act, as applicable?

77. I note that the Hon'ble Supreme Court of India in the matter of **SEBI v/s Shri Ram Mutual Fund [2006] 68 SCL 216(SC)** held that *"In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant………. Hence, we are of the view that once the contravention is established, then the penalty has to follow and only the quantum of penalty is discretionary."*

78. In view of the foregoing, I am convinced that Noticee No.1 and 2 are liable for monetary penalty under Section 15A(a) of SEBI Act; Noticee No.4-16 are liable for monetary penalty under Section 15HA of SEBI Act; and Noticee No. 3 is liable for monetary penalty under both Section 15A(a) and 15HA of SEBI Act, for violation of the above mentioned provisions of SEBI Act and PFUTP Regulations. The provisions of Section 15A(a) and 15HA of the SEBI Act, 1992 read as under:

SEBI Act, 1992

15A. Penalty for failure to furnish information, return, etc.

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

(a) *to furnish any document, return or report to the Board, fails to furnish the same or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents, he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees;*

Penalty for fraudulent and unfair trade practices.

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

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

79. While determining the quantum of penalty under Section 15A(a) and 15HA of the SEBI Act, it is important to consider the factors stipulated in Section 15J of the SEBI Act, 1992 read with Rule 5(2) of the Adjudication Rules, 1995 which read as under:

SEBI Act, 1992

Factors to be taken into account by the adjudicating officer

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

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

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

(c) the repetitive nature of the default.

80. The material available on record has not quantified the amount of disproportionate gain or unfair advantage, if any, made by the Noticees and the loss, if any, and suffered by the investors as a result of the act. However, I note that the acts of creating misleading appearance of trading in a scrip and artificially manipulating the price of a scrip have potential to mislead and induce gullible and genuine investors to trade in the scrip and harming them as a result of the same and thus, the fundamental tenets of market integrity get violated due to such fraudulent acts. I note that Noticee No. 5 to 16 have created misleading appearance of trading in

the scrip by doing trades within them. Further, Noticee No. 4 made a deliberate attempt to increase and manipulate the price of the scrip. Apart from this, I also note that Noticee No.1, 2 and 3 failed to reply to the summons issued by SEBI to them. Thus, in the present matter the facts of the case clearly bring out the afore mentioned violations made by the Noticees.

ORDER

81. Having considered all these facts and circumstances of the case, the material available on record, the factors mentioned in Section 15J of the SEBI Act and in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the SEBI Adjudication Rules, 1995, I hereby impose the following penalties under Section 15A(a) and 15HA of SEBI Act, 1992, as applicable on the Noticees, for the violations as specified in this order:

Name of the Noticee	**Noticee No.**	**Penal Provisions**	**Penalty**
Mr. Mangalbhai Valabhai Rathod	Noticee No.1	Section 15A(a) of the SEBI Act,1992	Rs.3,00,000/- (Rupees Three Lakhs only)
Mr. Ronakkumar R Patel	Noticee No.2	Section 15A(a) of the SEBI Act,1992	Rs.3,00,000/- (Rupees Three Lakhs only)
Zodiac Solutions (Proprietor: Mr. Zala Pratipalsinh Dharmendrasinh)	Noticee No.3	Section 15A(a) and 15HA of the SEBI Act,1992	Rs.6,00,000/- (Rupees Six Lakhs only)
Mr. Mehul Tulsidas Simaria	Noticee No.4	Section 15HA of the SEBI Act,1992	Rs.5,00,000/- (Rupees Five Lakhs only)

Mohan Project Contractors Pvt. Ltd.	Noticee No.5	Section 15HA of the SEBI Act,1992	Rs.5,00,000/- (Rupees Five Lakhs only)
Mr. Suudeep Luniya	Noticee No.6	Section 15HA of the SEBI Act,1992	Rs.5,00,000/- (Rupees Five Lakhs only)
Ms. Aakansha Rajendra Surana	Noticee No.7	Section 15HA of the SEBI Act,1992	Rs.5,00,000/- (Rupees Five Lakhs only)
Mr. Aayush Rajendra Surana	Noticee No.8	Section 15HA of the SEBI Act,1992	Rs.5,00,000/- (Rupees Five Lakhs only)
Ms. Anita Mahendra Surana	Noticee No.9	Section 15HA of the SEBI Act,1992	Rs.5,00,000/- (Rupees Five Lakhs only)
Ms. Beena R. Surana	Noticee No.10	Section 15HA of the SEBI Act,1992	Rs.5,00,000/- (Rupees Five Lakhs only)
Mahendra N Surana HUF	Noticee No.11	Section 15HA of the SEBI Act,1992	Rs.5,00,000/- (Rupees Five Lakhs only)
Mr. Mahendra Nihalchand Surana	Noticee No.12	Section 15HA of the SEBI Act,1992	Rs.5,00,000/- (Rupees Five Lakhs only)
Rajendra N Surana HUF	Noticee No.13	Section 15HA of the SEBI Act,1992	Rs.5,00,000/- (Rupees Five Lakhs only)
Mr. Rajendra Nihalchand Surana	Noticee No.14	Section 15HA of the SEBI Act,1992	Rs.5,00,000/- (Rupees Five Lakhs only)

Mr Ashik Dhirubhai Sanghavi	Noticee No.15	Section 15HA of the SEBI Act,1992	Rs.5,00,000/- (Rupees Five Lakhs only)
Mr. Vishal Kiranbhai Sheth	Noticee No.16	Section 15HA of the SEBI Act,1992	Rs.5,00,000/- (Rupees Five Lakhs only)

82. Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT → Orders → Orders of AO → PAY NOW

83. The said confirmation of e-payment made in the format as given in table below should be sent to "The Division Chief, EFD-I DRA - I, Securities and Exchange Board of India, SEBI Bhavan, Plot no. C-7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai -400 051" and also to e-mail id:- tad@sebi.gov.in:

1. Case Name:	
2. Name of payee:	
3. Date of payment:	
4. Amount paid:	
5. Transaction no.:	
6. Bank details in which payment is made:	

7. Payment is made for: (like penalties/ disgorgement/ recovery/ settlement amount etc.)	

84. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings under Section 28A of the SEBI Act, 1992 for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

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

Date: May 31, 2023
Place: Mumbai

G RAMAR
ADJUDICATING OFFICER