BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/BM/DS/2022-23/22551-22580]

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

In respect of

Noticee No	Name of entity	PAN
1	RISHABH MAHENDRA SHAH	AUIPS6336B
2	GUIDE DEALCOM LLP	AANFG5684R
3	ALERT COMMDEAL PVT LTD	AAHCA2183J
4	SUPARAS IMPEX PVT LTD	AAMCS2297L
5	NORTHSTAR DEALCOMM PRIVATE LIMITED	AACCN6228J
6	NEXCARE AGENCY PVT. LTD.	AACCN5944P
7	EVERSAFE HIGHRISE PRIVATE LIMITED	AACCE9244M
8	PRADEEP KUMAR DAGA	ACOPD3574C
9	SANTI KUMAR MONDAL	AOKPM5474L
10	DHARMENDRA KUMAR JAIN	ADBPJ4242K
11	SHRI PRAKASH KABRA	ABPPK6093D
12	MOHAN MUKHIYA	CAFPM9051G
13	KUMAR SHARE BROKERS LIMITED (KSBL SECURITIES LIMITED)	AAACK0784G
14	STALLONE COMMERCIAL PVT. LTD.	AAPCS2555Q

15	SANDEEP KUMAR JAIN	ACSPJ9399K
16	RAJENDRA KUMAR JAIN	AAUPJ7028D
17	SAI GANGA PACKING LIMITED	AADCE2356D
18	OLEANDER MANUFACTURERS AND CREDIT LTD.	AAACO3452D
19	BRAHMA COLONIZERS PRIVATE LIMITED	AAACB6502F
20	SUBHADRABEN RAMESHCHANDRA SHAH	GKCPS4278A
21	VIVEK SHIVARAM KALE	DWIPK5478R
22	DIPALIBEN YASH BHATT	BBWPB1748J
23	NIRAJ ASHOKBHAI PARMAR	CPUPP4465B
24	KETAN PRAVINBHAI PANCHAL	CBRPP1212R
25	JAYSHRIBEN U PATEL	ANIPP1660Q
26	PRAKASH VIJAYKUMAR SHAH	FQRPS3820Q
27	ARJUN HIRJI THAKKER	AXSPT5584H
28	VIDHI ZAVERI	AAPPZ8294C
29	MUSHABBER IMRANALI AHMADI	BQBPA5642J
30	RAMESHBHAI DHADUMAL BHATIYA	AOIPB6201J

In the matter of Mangalam Industrial Finance Limited
(Noticees 1 to 30 are individually known by their respective name or Noticee no. and collectively referred to as the "Noticees")

BACKGROUND

1) Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") conducted investigation in respect of alleged manipulation in the scrip of Mangalam Industrial Finance Limited (hereinafter referred to as **"Company"** / **"MIFL"**) during the period March 25, 2014 till August 31, 2016 (hereinafter referred to as "**IP**"). Pursuant to the investigation, it was alleged that aforementioned Noticees 1 to 30 violated the provisions of Regulations 3(a),(b),(c),(d), 4(1), 4(2)(a) and (g) of SEBI (Prohibition of

Fraudulent and Unfair Trade Practices) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations, 2003**") read with Section 12A (a), (b) and (c) of SEBI Act, 1992 and Noticee 9 also violated regulation 4(2)(e) of the PFUTP Regulations, 2003.

APPOINTMENT OF ADJUDICATING OFFICER

2) In this regard, SEBI initiated Adjudication Proceedings against the Noticees and appointed the undersigned as Adjudicating Officer vide Order dated May 04, 2022, under Section 15-I of the SEBI Act, 1992 and Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 *(*hereinafter referred to as ***Adjudication Rules, 1995***) to inquire into and adjudge under Section 15HA of the SEBI Act, 1992, the alleged violations of provisions of Regulations 3(a),(b),(c),(d), 4(1), 4(2)(a), (e) and (g) of PFUTP Regulations, 2003 read with Section 12A (a), (b) and (c) of SEBI Act, 1992.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

3) A common Show Cause Notice with reference no. SEBI/EAD/BM/DS/46319/2022 dated August 31, 2022 (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, 1995 to show cause as to why an inquiry should not be held against them and why penalty, if any, under Section 15HA of the SEBI Act, 1992 be not imposed on the Noticees.

4) The SCN was dispatched and duly delivered through Speed Post Acknowledgement Due (SPAD) to all Noticees except Noticees 13, 14, 15, 18, 21, 25, 26, 27, 28, 29 and 30. The SCN was also sent through digitally signed email (DSE), which was duly delivered to all Noticees except Noticee 25. The SPAD had returned as the entity had left the premises. Thereafter, newspaper publication of show cause cum hearing notice was made in terms of Rule 7 of the SEBI Adjudication Rules on December 14,

2022. Through the notice, Noticee 25 was advised to appear for hearing on December 21, 2022. It was also specified that in case of its non-appearance, the matter will be proceeded with on the basis of material available on record.

5) Noticee 10 had sought inspection of documents vide mail dated October 19, 2022, which was duly granted and conducted by the authorized representative of Noticee 10 on November 15, 2022. Noticee 16 also sought inspection of documents vide mal dated October 19, 2022, which was granted on November 15, 2022. However, Noticee 16 did not attend the inspection. Noticee 11 had also sought inspection of documents vide mail dated November 21, 2022, which was granted on December 02, 2022. However, the authorized representative of Noticee 11 informed that inspection of documents is not required by Noticee 11 if copy of investigation report can be provided to Noticee 11. Vide mail dated November 28, 2022, Noticee 11 was provided a copy of relevant extracts of Investigation report.

6) Vide mail dated Noember 02, 2022, the Noticees who had not submitted their replies were advised to make their submissions on or before November 10, 2022.

7) The delivery status and mode of dispatch of SCN, hearing and Noticees' submissions and hearings granted is tabulated below.

Table -1

Noticee no	Name of entity	SCN Delivery	Submissions Date	HN Delivery	Appeared for hearing on	
					22/11/2022	19/12/2022
1	RISHABH MAHENDRA SHAH	SPAD/DSE	23/11/2022	SPAD/DSE	Yes	-
2	GUIDE DEALCOM LLP	SPAD/ DSE	06/10/2022	SPAD/ DSE	Yes	-
3	ALERT COMMDEAL PVT LTD	SPAD/ DSE	08/10/2022	SPAD/ DSE	Yes	-
4	SUPARAS IMPEX PVT LTD	SPAD/ DSE	08/10/2022	SPAD/ DSE	No	No
5	NORTHSTAR DEALCOMM PRIVATE LIMITED	SPAD/ DSE	10/11/2022	SPAD/ DSE	Yes	-
6	NEXCARE AGENCY PVT. LTD.	SPAD/ DSE	10/11/2022	SPAD/ DSE	No	No

Noticee no	Name of entity	SCN Delivery	Submissions Date	HN Delivery	Appeared for hearing on	
					22/11/2022	19/12/2022
7	EVERSAFE HIGHRISE PRIVATE LIMITED	SPAD/ DSE	10/11/2022	SPAD/ DSE	Yes	-
8	PRADEEP KUMAR DAGA	SPAD/ DSE	10/11/2022 23/12/2022	SPAD/ DSE	Yes	-
9	SANTI KUMAR MONDAL	SPAD/ DSE	28/11/2022	SPAD/ DSE	No	No
10	DHARMENDRA KUMAR JAIN	SPAD/ DSE	17/10/2022 30/11/2022	SPAD/ DSE	Yes	-
11	SHRI PRAKASH KABRA	SPAD/ DSE	07/12/2022 09/12/2022 24/12/2022	SPAD/ DSE	No	Yes
12	MOHAN MUKHIYA	SPAD/ DSE	-	SPAD/ DSE	No	No
13	KUMAR SHARE BROKERS LIMITED (KSBL SECURITIES LIMITED)	DSE	-	DSE	No	No
14	STALLONE COMMERCIAL PVT. LTD.	DSE	-	DSE	No	No
15	SANDEEP KUMAR JAIN	DSE	-	DSE	No	No
16	RAJENDRA KUMAR JAIN	SPAD/ DSE	20/10/2022 30/11/2022	SPAD/ DSE	Yes	-
17	SAI GANGA PACKING LIMITED	SPAD/ DSE	11/11/2022	SPAD/ DSE	No	Yes
18	OLEANDER MANUFACTURERS AND CREDIT LTD.	DSE	-	DSE	No	No
19	BRAHMA COLONIZERS PRIVATE LIMITED	SPAD/ DSE	21/10/2022 30/11/2022	SPAD/ DSE	Yes	-
20	SUBHADRABEN RAMESHCHANDRA SHAH	SPAD/ DSE	-	SPAD/ DSE	No	No
21	VIVEK SHIVARAM KALE	DSE	-	DSE	No	No
22	DIPALIBEN YASH BHATT	SPAD/ DSE	-	SPAD/ DSE	No	No
23	NIRAJ ASHOKBHAI PARMAR	SPAD/ DSE		SPAD/ DSE	No	No
24	KETAN PRAVINBHAI PANCHAL	SPAD/ DSE		SPAD/ DSE	No	No
25	JAYSHRIBEN U PATEL	Newspaper Publication		Newspaper Publication	No	No
26	PRAKASH VIJAYKUMAR SHAH	DSE		DSE	No	No
27	ARJUN HIRJI THAKKER	DSE		DSE	No	No
28	VIDHI ZAVERI	DSE		DSE	No	No

Noticee no	Name of entity	SCN Delivery	Submissions Date	HN Delivery	Appeared for hearing on	
					22/11/2022	19/12/2022
29	MUSHABBER IMRANALI AHMADI	DSE		DSE	No	No
30	RAMESHBHAI DHADUMAL BHATIYA	DSE		DSE	No	No

8) Thus, the SCN and HN was duly delivered to all the Noticees and sufficient opportunity was provided to them to submit their responses and appear for hearing in the interest of natural justice.

9) The allegations levelled against the Noticees in the SCN are mentioned hereunder*:*

a) MIFL was listed at BSE on March 21, 2014. After listing, price of Mangalam scrip moved from Rs 32.05 on March 25, 2014 to Rs 287.80 on January 27, 2015. The following table shows the financial results of the company:

Table – 2 (₹ in crore)

Particulars	**FY 13-14**	**FY 14-15**	**FY15-16**
Net Sales	0.16	0.20	2.07
Other Income	0	0	0
Total Income	0.16	0.20	2.07
Net Profit	**(0.08)**	**0.06**	**0.24**

b) It was observed that there was no significant impact of corporate announcements on price movement. During the investigation period the price of the scrip witnessed a patch of substantial rise, followed by stable price and thereafter steep fall. Hence, the Investigation Period was divided into three patches as given below:

i) **Patch-1**: March 25, 2014 to January 27, 2015 – Price movement from Rs 32.05 to Rs 287.80

ii) **Patch-2**: January 28, 2015 to August 26, 2015- Price movement from Rs 285.00 to Rs 291.50

iii) Scrip was suspended from August 27, 2015 to November 30, 2015 and the same was revoked on December 1, 2015.

iv) **Patch-3**: December 1, 2015 to August 31, 2016 - Price movement from Rs 291.50 to Rs 18.15.

c) It was observed that the price of the scrip moved from Rs 32.05 (March 25, 2014) to Rs 287.80 (January 27, 2015) touching a high of Rs 343.00 (January 27, 2015) during Patch 1. Further, the average volume during the said patch was 1272 shares indicating that the scrip was very thinly traded.

d) During Patch 2 (January 28, 2015 to August 26, 2015) the price remained within a narrow range as seen from the above table moving from Rs 285.00 (January 28, 2015) to Rs 291.50 (August 26, 2015) touching a high of Rs 303.00 (July 2, 2015). Further, during the said patch the average trading volume increased substantially to 39216 shares which is about 30 times greater than the average volume during Patch 1.

e) Further, the scrip was suspended from August 27, 2015 to November 30, 2015 and the suspension was revoked on December 1, 2015. During Patch 3 (December 1, 2015 to August 31, 2016) the price of the scrip moved from 291.50 (December 1, 2015) to Rs 18.15 (August 31, 2016). Further, the average trading volume of the scrip during the abovementioned patch was 5185 shares which was substantially lower than the average volume during Patch 2.

f) Top 10 buyers contributed 39.23% to market volume. Noticee 1 (Rishabh Mahendra Shah) was the top buyer with 12.34% contribution to market volume during the IP. Top 10 sellers contributed 37.62% to market volume. Noticee 2 (Guide Dealcom LLP) was the top seller with 10.09% contribution to market volume during the IP.

g) Noticee 1 made submissions vide email dated May 21, 2021 and statement recorded dated March 04, 2022.

h) It was alleged that -

i) During Patch-1 (period- March 25, 2014 to January 27, 2015; price- open Rs. 32.05, high- Rs. 343.00 and close- Rs. 287.80), price of the scrip on BSE was manipulated by connected entities (referred to as Group A) having relation/connection with Mangalam.

ii) Subsequently, there was deal/understanding between Mangalam promoter and MD – Noticee 8 (Pradeep Kumar Daga) and Noticee 1 (Rishabh Mahendra Shah) (classified under Group B) whereby Noticee 1 would buy shares of Mangalam from entities connected to Noticee 8 (classified under Group C) and these trades would be funded by another group of entities connected to Noticee 8 (classified under Group D entities).

iii) Noticee 1 would use the shares bought from group C to raise funds (create limits) for Mangalam promoters (Noticee 8) by pledging the shares with brokers.

iv) Although last part of this deal i.e. raising of funds by pledging of shares could not be materialized due to ban of trading in the scrip of Mangalam and subsequent fall in price of Mangalam shares after relisting, first part of deal i.e. buying and selling of shares between related entities (between Group C and Group B entities) has allegedly contributed to volume manipulation in the scrip of Mangalam during the period July 21, 2015 to August 26, 2015.

i) The above activities of Groups A, B, C and D are summarised below:

i) Group A – Group A entities allegedlycontributed LTP during Patch-01 and connected to each other as well as Mangalam.

ii) Group B – Group B entities bought Mangalam shares from Group C entities during Patch-02. Purchase of Mangalam shares by Group B entities funded by Group D entities.

iii) Group C – Group C entities related to promoter/directors of Mangalam were top net sellers during Patch -02.

iv) Group D - Group D entities related to promoter/directors of Mangalam funded Group B entities during Patch-02 to buy shares sold by Group C entities.

j) The details of the group along with their connection among the group and with Mangalam and its promoter, Noticee 8 are as given below:

Table – 3 – Connections among Group A:

S. No.	Name	PAN	Basis of connection as Group
1.	Greatscope Traders Private Limited	AAFCG2861H	(1) Common telephone number (8335847406) with Flyjoy Distributors Pvt Ltd and Shobha Singh. 2) The entity has Bank transaction with Sankatmochak Tie up Pvt Ltd on February 10, 2015 and February 26, 2015. (3) The entity has off-market transaction with Santokhi Merchandise Pvt Ltd on July 14, 2016 in the scrip of Visagar Polytex Ltd. (4) Off-market transaction with Mangalam on January 27, 2017 for 20,000 shares of Pincon Lifestyle Limited for a total consideration amount of Rs 61.80 lakhs paid by Mangalam to Greatscope on March 17, 2017. Same is reflected in the bank statements of Mangalam and Greatscope. These 20,000 shares were subsequently sold to Flyjoy Distributors Private Limited on March 20, 2017 at BSE on market for total value of Rs. 20.65 lakhs. (5) Manish Saraswat, employee of IIFL was common introducer in KYC for Noticee 3 (Alert Commdeal Pvt Ltd) , Greatscope Traders Pvt Ltd and Jwala Marketing Pvt Ltd for their broker IIFL.
2.	Flyjoy Distribut	AACCF2181J	(1) Common telephone number (8335847406) with Greatscope Traders Pvt Ltd and Shobha Singh.

	ors Private Limited		(2) Asha Sitani , a sub-broker of Ashika Stock Broking was common introducer for Flyjoy Distributors Pvt Ltd, Geeta Mishra, Santosh Das and Guide Dealcomm LLP for their broker Ashika Stock Brocking
3.	Shobha Singh	EVSPS0424K	Common telephone number (8335847406) with Flyjoy Distributors Pvt Ltd and Greatscope Traders Pvt Ltd.
4.	Jwala Marketing Private Limited	AABCJ8655N	(1) Common telephone number (9163395429) with Flowtop Distributors Private Limited and Santosh Das (2) Jwala Marketing Private Limited has common email id (Narayani.mkk@gmail.com) with Khemi Agencies Pvt Ltd. (3) The entity has Bank transaction with Sankatmochak Tie up Pvt Ltd on February 10, 2015. (4) Manish Saraswat, employee of IIFL was common introducer in KYC for Noticee 3 (Alert Commdeal Pvt Ltd) , Greatscope Traders Pvt Ltd and Jwala Marketing Pvt Ltd for their broker IIFL.
5.	Flowtop Distributors Private Limited	AABCF8846P	Common telephone number (9163395429) with Jwala Marketing Pvt Ltd and Santosh Das
6.	Santosh Das	ATCPD3481F	(1) Common telephone number (9163395429) with Jwala Marketing Pvt Ltd and Flowtop Distributors Pvt Ltd. (2) Asha Sitani , a sub-broker of Ashika Stock Broking was common introducer for Flyjoy Distributors Pvt Ltd, Geeta Mishra, Santosh Das and Guide Dealcomm LLP for their broker Ashika Stock Broking
7.	Khemi Agencies Pvt Ltd	AADCK4007B	(1) Common telephone number (9674817505) with Sankatmochak Pvt Ltd, Santokhi Merchandise Pvt Ltd, Sankatharn Merchants Pvt Ltd and Geeta Mishra. (2) Khemi Agencies Pvt Ltd has common email id (Narayani.mkk@gmail.com) with Jwala Marketing private Limited.
8.	Santokhi Merchandise	AAMCS0471N	Common telephone number (9674817505) with Khemi Agencies Pvt Ltd, Sankatmochak Private Limited, Sankatharn Merchants Pvt Ltd and Geeta Mishra

	Private Limited		
9.	Sankatmochak Tie Up Pvt Ltd	AARCS1047F	(1) Common telephone number (9674817505) with Khemi Agencies Pvt Ltd, Santokhi Merchandise Pvt Ltd ,Sankatharn Merchants Pvt Ltd and Geeta Mishra. (2) The entity has Bank transaction with Jwala Marketing Pvt Ltd on February 10, 2015. (3) The entity has Bank transaction with Greatscope Traders Pvt Ltd on February 10, 2015 and February 26, 2015.
10.	Sankatharn Merchants Private Limited	AARCS1056N	Common telephone number (9674817505) with Khemi Agencies Pvt Ltd, Santokhi Merchandise Pvt Ltd, Sankatmochak Tie Up Pvt Ltd and Geeta Mishra
11.	Geeta Mishra	BSAPM8095C	(1) Common telephone number (9674817505) with Khemi Agencies Pvt Ltd, Santokhi Merchandise Pvt Ltd, Sankatharn Merchants Pvt Ltd and Sankatmochak tie Up Pvt Ltd. (2) Asha Sitani , a sub-broker of Ashika Stock Broking was common introducer for Flyjoy Distributors Pvt Ltd, Geeta Mishra, Santosh Das and Guide Dealcomm LLP for their broker Ashika Stock Brocking
12.	Deepak K Saraf	AKWPS9425P	Has off-market transaction with Sankatmochak tie up pvt Ltd in the scrip of Pasupati Fincap on 20/02/2013 and 26/02/2013)
13.	Dharmendra Jain	ADBPJ4242K	(1)Dharmendra Jain has bank transaction as on 07/02/2015 with Geeta Mishra. (2) Dharmendra Jain, Dharmendra Jain Huf, Anant Jain, Kavita Jain,Mohan Mukhiya, Sogarth Mukhiya and Sandeep Jain are connected through common mobile numbers/email id.

14.	Kavita Jain	ABUPJ3478L	(1)Dharmendra Jain has bank transaction as on 07/02/2015 with Geeta Mishra (S no. 11). (2) Dharmendra Jain, Dharmendra Jain Huf, Anant Jain, Kavita Jain,Mohan Mukhiya, Sogarth Mukhiya and Sandeep Jain are connected through common mobile numbers/email id.
15.	Anant Jain	BAVPJ3631C	(1)Dharmendra Jain has bank transaction as on 07/02/2015 with Geeta Mishra. (2) Dharmendra Jain, Dharmendra Jain Huf, Anant Jain, Kavita Jain,Mohan Mukhiya, Sogarth Mukhiya and Sandeep Jain are connected through common mobile numbers/email id.
16.	Sogarth Mukhiya	BYOPM0179H	(1) Dharmendra Jain has bank transaction as on 07/02/2015 with Geeta Mishra. (2) Dharmendra Jain, Dharmendra Jain Huf, Anant Jain, Kavita Jain,Mohan Mukhiya, Sogarth Mukhiya and Sandeep Jain are connected through common mobile numbers/email id.
17.	Mohan Mukhiya	CAFPM9051G	(1)Dharmendra Jain has bank transaction as on 07/02/2015 with Geeta Mishra. (2) Dharmendra Jain, Dharmendra Jain Huf, Anant Jain, Kavita Jain,Mohan Mukhiya, Sogarth Mukhiya and Sandeep Jain are connected through common mobile numbers/email id.
18.	Dharmendra Jain Huf	AAGHD2552J	(1)Dharmendra Jain has bank transaction as on 07/02/2015 with Geeta Mishra. (2) Dharmendra Jain, Dharmendra Jain Huf, Anant Jain, Kavita Jain,Mohan Mukhiya, Sogarth Mukhiya and Sandeep Jain are connected through common mobile numbers/email id.
19.	Sandeep Kumar Jain	ACSPJ9399K	(1)Dharmendra Jain has bank transaction as on 07/02/2015 with Geeta Mishra. (2) Dharmendra Jain, Dharmendra Jain Huf, Anant Jain, Kavita Jain,Mohan Mukhiya, Sogarth Mukhiya and Sandeep Jain are connected through common mobile numbers/email id.

Table – 4 – Connections among Group B

S.No.	Name	PAN	Basis of connection as Group
1.	Noticee 1 (Rishabh Mahendra Shah)	AUIPS6336B	(1) Noticee 1 (Rishabh Mahendra Shah) and Kinjal K Mehta have common mobile no. 9702500022. Also, Kinjal K Mehta is wife of Noticee 1 (Rishabh Mahendra Shah). (2) Rishabh Shah transferred money to Kinjal Mehta and Kiran Narayan karkera who in turn paid it to broker to buy shares from Group C. Kinjal Mehta and Kiran Narayan Karkera then transfered these shares to Rishabh Shah. (3) Group D entities related to Mangalam promoters/directors transferred Rs 32.35 crores to Noticee 1 (Rishabh Mahendra Shah) and his propertiership firm Shree Gaja Enterprises to buy shares sold by Group C (another group of entities related to Mangalam promoters/directors). (4) Noticee 1 (Rishabh Mahendra Shah) along with Kinjal Mehta and Kiran Narayan Karkera bought 10,20,941 shares from Group C. Noticee 1 (Rishabh Mahendra Shah) then transferred 4,09,400 shares out of 10,20,941 shares through off-market to Group D.
2.	Kinjal K Mehta	APVPM4742D	1) Noticee 1 (Rishabh Mahendra Shah) and Kinjal K Mehta have common mobile no. 9702500022. Also, Kinjal K Mehta is wife of Noticee 1 (Rishabh Mahendra Shah). 2) Rishabh Shah transferred money to Kinjal Mehta and Kiran Narayan Karkera who in turn paid it to their broker – Arcadia Shares & Stock brokers to buy shares of Group C. Kinjal Mehta and Kiran Narayan Karkera then transferred these shares bought to Rishabh Shah.
3.	Kiran Narayan Karkera	AHOPK8031C	Rishabh Shah transferred money to Kinjal Mehta and Kiran Narayan karkera who in turn paid it to their broker – Arcadia Shares & Stock brokers to buy shares of Group C. Kinjal Mehta and Kiran Narayan Karkera then transferred these shares bought to Rishabh Shah.

<u>Table – 5 – Connections among Group C</u>

S.No.	Name	PAN	Connection with each other as well as Mangalam
1)	Noticee 2 (Guide Dealcom LLP)	AANFG5684R	Guide Dealcomm Pvt Ltd which later converted to LLP on 24 Sept 2014 has common address with Noticee 7 (Eversafe Highrise Pvt Ltd) , Nightangle MarcomPvt Ltd and Response Properties Pvt Ltd. Pradeep Daga (Promoter and MD of Mangalam) is director in Response Properties Pvt Ltd since 26 May 2006. Vinod Dugar- Partner of Noticee 2 (Guide Dealcom LLP) is co-director along with Puspendu Banerjee and Avinash Sharma in Empire Vanijya Pvt Ltd from 23 March 2012 till date. Puspendu Banerjee was director of Noticee 6 (Nexcare Agency Pvt Ltd) from 24 Sept 2007 to 15 Dec 2015 and Avinash Sharma was director of Noticee 6 (Nexcare Agency Pvt Ltd) from 01 Jan 2011 to 15 Dec 2015. Nexcare has common address with JAP Merchant where Pradeep Daga (MD and promoter of Mangalam) was director from 27 Dec 2011 to 09 March 2015. Further, Pradeep Daga held 18,63,100 shares of JAP Merchants Ltd as on 31.03.2020 Asha Sitani , a sub-broker of Ashika stock brokers was common introducer in KYC for Flyjoy Distributors Pvt Ltd, Geeta Mishra, Santosh Das and Guide Dealcomm LLP for their broker Ashika Stock Brocking
2)	Noticee 3 (Alert Commdeal Pvt Ltd)	AAHCA2183J	Navin Sharma and Kailash Sharma (directors of Alert Commdeal) during 01 April 2013 to 08 December 2017 were also directors in Response Energy Limited. Response Energy Limited has same address as Mangalam and other companies of promoter of Mangalam such as Response Commodities LLP and Response Securities Pvt Ltd. Manish Saraswat, employee of IIFL was common introducer in KYC for Noticee 3 (Alert Commdeal Pvt Ltd) , Greatscope Traders Pvt Ltd and Jwala Marketing Pvt Ltd for their broker IIFL.
3)	Noticee 4 (Suparas Impex Pvt Ltd)	AAMCS2297L	Noticee 4 (Suparas Impex Pvt Ltd) has common address with Bivoltine Mercantiles Pvt Ltd and Noticee 5 (Northstar Dealcomm Pvt Ltd) . Noticee 5 (Northstar Dealcomm Pvt Ltd) has common address with Allied Trexim Pvt Ltd with whom Mangalam has frequent bank transfers.

			Tapas Roy was director of Noticee 5 (Northstar Dealcomm Pvt Ltd) from 02 Nov 2007 till date and his company Plenty Niryat Pvt Ltd (UCC of Tapas Roy is given in the name of Plenty Niryat Pvt Ltd by broker of Tapas Roy) has common address with Noticee 4 (Suparas Impex Pvt Ltd)
4)	Bivoltine Mercantile Pvt Ltd	AABCB13 12N	Bivoltine Mercantiles Pvt Ltd has common address with Noticee 4 (Suparas Impex Pvt Ltd) and Noticee 5 (Northstar Dealcomm Pvt Ltd) . Noticee 5 (Northstar Dealcomm Pvt Ltd) has common address with Allied Trexim Pvt Ltd with whom Mangalam has frequent bank transfers. Tapas Roy was director of Noticee 5 (Northstar Dealcomm Pvt Ltd) from 02 Nov 2007 till date. Plenty Niryat Pvt Ltd in which Tapas Roy is director from 24 March 1994 till date has common address with Bivoltine Mercantiles Pvt Ltd. Mahendra Gulgulia director of Bioltine Mercantiles since 15 Nov 2014 was also director of Guide Dealcomm Pvt Ltd from 13 Aug 2008 to 15 Nov 2013.
5)	Nightangle Marcom PVt Ltd	AADCN86 12R	Nightangle MarcomPvt Ltd. has common address with Noticee 7 (Eversafe Highrise Pvt Ltd) and Guide Dealcomm Pvt Ltd/LLP. Noticee 7 (Eversafe Highrise Pvt Ltd) has common address with Response Properties Pvt Ltd where Pradeep Daga (Promoter and MD of Mangalam) is director since 26 May 2006. Subrata Banerjee –director of Nightangle Marcom Pvt Ltd from 28 Oct 2014 to 01 Feb 2019 was also director of Noticee 7 (Eversafe Highrise Pvt Ltd) during the same period i.e. 28 Oct 2014 to 01 Feb 2019. He was also director of Noticee 6 (Nexcare Agency Pvt Ltd) from 01 February 2019 to 25 March 2021 and director in JAP Merchants Ltd from 02 March 2015 to 09 July 2021 where Pradeep Daga was also a director in past (2011-15) and hold 18.63 lakh shares of the company.
6)	Tapas Roy	AABCP67 76C	Tapas Roy was director of Noticee 5 (Northstar Dealcomm Pvt Ltd) from 02 Nov 2007 till date. Noticee 5 (Northstar Dealcomm Pvt Ltd) has common address with Allied Trexim Pvt Ltd with whom Mangalam has frequent bank transfers.

			Plenty Niryat Pvt Ltd in which Tapas Roy is director from 24 March 1994 till date has common address with Bivoltine Mercantiles Pvt Ltd.
7)	Frontier Vanijya Private Ltd	AAACF6566H	Frontier Vanijya Pvt Ltd has common address with Daga Mercantiles Pvt Ltd where Pradeep Daga was director from 11 Dec 2014 to 07 July 2015. Bimal Mundhra – director of Fronier Vanijya during 01 Feb 2005 to 25 March 2021 was also director of Noticee 4 (Suparas Impex Pvt Ltd) from 13 Aug 2008 till date.

Table – 6 – Connections among Group D

S.No.	Name	PAN	Connection with Group C entities/Mangalam promoters/directors.
1)	Noticee 5 (Northstar Dealcomm Pvt Ltd)	AACCN6228J	Noticee 5 (Northstar Dealcomm Pvt Ltd) has common address with Allied Trexim Pvt Ltd with whom Mangalam has frequent bank transfers. Tapas Roy was director of Noticee 5 (Northstar Dealcomm Pvt Ltd) from 02 Nov 2007 till date.
2)	Noticee 6 (Nexcare Agency Pvt Ltd)	AACCN5944P	Nexcare has common address with JAP Merchant where Pradeep Daga (MD and promoter of Mangalam) was director from 27 Dec 2011 to 09 March 2015. Further, Pradeep Daga held 18,63,100 shares of JAP Merchants Ltd as on 31.03.2020. Puspendu Banerjee was director of Noticee 6 (Nexcare Agency Pvt Ltd) from 24 Sept 2007 to 15 Dec 2015 and Avinash Sharma was director of Noticee 6 (Nexcare Agency Pvt Ltd) from 01 Jan 2011 to 15 Dec 2015. Vinod Dugar- Partner of Noticee 2 (Guide Dealcom LLP) is co-director along with Puspendu Banerjee and Avinash Sharma in Empire Vanijya Pvt Ltd from 23 March 2012 till date.
3)	Noticee 7 (Eversafe Highrise Pvt Ltd)	AACCE9244M	Noticee 7 (Eversafe Highrise Pvt Ltd) has common address with Response Properties Pvt Ltd where Pradeep Daga (Promoter and MD of Mangalam) is director since 26 May 2006.

			Notice 7 (Eversafe Highrise Pvt Ltd) . has common address with Nightangle MarcomPvt Ltd and Guide Dealcomm Pvt Ltd/LLP. Subrata Banerjee –director of Noticee 7 (Eversafe Highrise Pvt Ltd) from 28 Oct 2014 to 01 Feb 2019 was also director of Nightangle Marcom Pvt Ltd during the same period i.e. 28 Oct 2014 to 01 Feb 2019. He was also director of Noticee 6 (Nexcare Agency Pvt Ltd) from 01 February 2019 to 25 March 2021 and director in JAP Merchants Ltd from 02 March 2015 to 09 July 2021 where Pradeep Daga was also a director in past (2011-15) and hold 18.63 lakh shares of the company.

Price Manipulation - Positive LTP Contribution by Group A Entities

k) Group A entities with Sl. No. 2, 4, 5, 6 ,7, 9 and 10 contributed Rs. 80.45 to net LTP and Rs.179.55 to positive LTP in 184 positive LTP trades (16.57% of total market positive LTP) from the buy side.

l) Counterparties to their positive LTP trades were analyzed and it was observed that in 154 out of 184 positive LTP trades, the counterparties were Group A entities and through trades among themselves they contributed 13.93% to market positive LTP (Rs 151 out of total Rs 1083.65 market positive LTP).

m) In remaining 30 positive LTP trades with non-Group entities, they contributed Rs. 28.55 to positive LTP (2.63% of total market positive LTP). In 6 out of 30 trades with non-Group entities, they placed buy order first and contributed Rs. 6.45 to positive LTP (0.59% of total market positive LTP).

n) Thus, 7 Group A entities through manipulative trade were alleged to have effectively contributed 14.52% (13.93% + 0.59%) to market positive LTP during Patch 01.

o) In view of the above, it was alleged that following entities of Group A namely Sankatmochak Tie up Pvt Ltd, Jwala Marketing Private Limited, Geeta Mishra, Flowtop Distributors Private Limited, Santokhi Merchandise Private Limited, Dharmendra Kumar Jain and Sankatharn Merchants Pvt Ltd as a buyer contributed 14.52% to total market positive LTP (13.93% LTP by trading among the group members + 0.59% by placing buy order first) during Patch 01 and manipulated the price of the scrip upwards as buyers during Patch 01.Therefore, the aforementioned entities allegedly violated Section 12A(a),(b),(c) of SEBI Act, 1992 and Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a),(b),(e) of SEBI (PFUTP) Regulations, 2003.

p) However, As per MCA records, Sankatmochak Tie up Pvt Ltd, Jwala Marketing Private Limited, Flowtop Distributors Private Limited, Santokhi Merchandise Private Limited, Sankatharn Merchants Pvt Ltd have been struck off. Remaining entities viz. Geeta Mishra (0.65% market positive LTP among group + 0.37% by placing order first) and Dharmendra Kumar Jain (0.28% market positive LTP among group) contributed 1.02% and 0.28% of market positive LTP, respectively.

q) <u>Price manipulation by Noticee 9</u> - It was observed from the trade log of Mangalam at BSE that Noticee 9 (Santi Kumar Mondal) contributed more than 5% market positive LTP. Noticee 9 has done 3 trades during IP.

r) It was observed that Noticee 9 has contributed Rs 65 to net LTP and positive LTP in the said scrip by his trades which is 6.00% of total positive LTP during Patch 01 (March 25,2014 to January 27, 2015), when price of Mangalam shares rose from Rs 32.05 to Rs 287.80. Further, it was observed that Noticee 9 traded 3 times during the said period and during each instance he put single order (i.e. placed order to buy only one Mangalam share). In one of his trade on January 27, 2015, he placed order to buy at Rs 343 which was Rs 57 higher than last traded price in the same scrip.

s) It was also observed from the trade log that Noticee 9 contribution to NHP was Rs. 58 through his 2 trades which amounts to 18.65% of market NHP contribution by him during Patch -1. From above, it was observed that Noticee 9 as a buyer contributed to net LTP and positive LTP of Rs 65 (6.00% of total market positive LTP) and Rs. 58 of NHP (18.65% of Market NHP) through small orders (1 shares each). Placing orders of miniscule quantity by a buyer at price higher than LTP without logic indicates manipulative and fraudulent trade practices. Thus, Noticee 9 (Santi Kumar Mondal) is alleged to have violated Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a), (e) of SEBI (PFUTP) Regulations, 2003 read with Section 12A(a), (b), (c) of SEBI Act, 1992.

Volume Manipulation - Circular trades:

t) Circular trades are manipulative and fictitious trades and create an artificial volume for the scrip in the market. On analyzing circular trades during IP, it was observed that total 147 entities have done circular trading. Analysis of these 147 entities was done further and these entities were divided into three groups G.1, G.2 and G.3 based on trading amongst themselves. There were 38 entities in Group G.1, 23 entities in Group G.2 and 86 entities in Group G.3.

Table 7 - Details of circular trade done by Group G.1

S.N.	Entity PAN	Entity Name	Sum of circular quantity for entity	Entity circular qty as % of total market volume for the days	Entity circular trade qty among group
1	ADBPJ4242K	DHARMENDRA KUMAR JAIN	89204	3.45%	12.08%
2	ABPPK6093D	SHRI PRAKASH KABRA	81749	3.17%	11.07%

3	**CAFPM9051G**	**MOHAN MUKHIYA**	**68566**	**2.65%**	**9.29%**
4	**AAACK0784G**	**KUMAR SHARE BROKERS LTD**	**66904**	**2.59%**	**9.06%**
5	**AAPCS2555Q**	**STALLONE COMMERCIAL PVT LTD**	**61025**	**2.36%**	**8.27%**
6	**ACSPJ9399K**	**SANDEEP KUMAR JAIN**	**56563**	**2.19%**	**7.66%**
7	**AAUPJ7028D**	**RAJENDRA KUMAR JAIN**	**53559**	**2.07%**	**7.25%**
8	**AADCE2356D**	**SAIGANGA PACKAGING LIMITED**	**50669**	**1.96%**	**6.86%**
9	**AAACO3452D**	**OLEANDER MANUFACTURERS AND CREDIT LTD**	**36339**	**1.41%**	**4.92%**
10	**AAACB6502F**	**BRAHMA COLONIZERS PRIVATE LIMITED**	**26685**	**1.03%**	**3.61%**
11	AAECT3129N	THAR COMMODITIES PVT LTD	20235	0.78%	2.74%
12	AAHHS2721R	SHYAM GUPTA HUF	19198	0.74%	2.60%
13	BYOPM0179H	SOGARTH MUKHIYA	18181	0.70%	2.46%
14	AABCU4205H	UTMOST COMMERCIAL PRIVATE LIMITED	12939	0.50%	1.75%
15	ABRPG5291P	VIPIN GUPTA	11778	0.46%	1.60%
16	ACSPV9589K	ASHOK KUMAR VISHWAKARMA	11313	0.44%	1.53%
17	ADOPV2125J	RITA VISHWAKARMA	10490	0.41%	1.42%
18	DVWPS6605H	GOPAL SINGH	9812	0.38%	1.33%
19	ABUPJ3478L	KAVITA JAIN	9618	0.37%	1.30%
20	AAACG2906L	GOGIA CAPITAL SERVICES LIMITED	7500	0.29%	1.02%
21	BHQPD9800B	BACHCHU DAS	3556	0.14%	0.48%
22	EVSPS0424K	SHOBHA SINGH	1799	0.07%	0.24%
23	BORPS4132R	ANIRBAN SAMAJPATI	1500	0.06%	0.20%
24	AMQPM9660A	MANOJ KUMAR MAHESHWARI	1400	0.05%	0.19%
25	AVHPD4299A	ASHA DEVI	1183	0.05%	0.16%
26	AKWPS9425P	DEEPAK KUMAR SARAF	1090	0.04%	0.15%
27	BRPPR0179A	SANDHYA ROY	1090	0.04%	0.15%
28	AAAHO8426Q	OM PRAKASH GODARA HUF	1020	0.04%	0.14%
29	BEHPR1486K	SANCHITA RAMPURIA	925	0.04%	0.13%
30	AARCS1047F	SANKATMOCHAK TIE UP PVT LTD	865	0.03%	0.12%
31	AJOPL4009K	ROSHAN LAL	481	0.02%	0.07%
32	AGRPJ6319G	NEELAM JAIN	462	0.02%	0.06%
33	AFPPS1598K	SOM DUTT SHARMA	400	0.02%	0.05%
34	AADCK4007B	KHEMI AGENCIES PRIVATE LTD	68	0.00%	0.01%
35	ANAPM5660P	PRASHANT MORE	50	0.00%	0.01%
36	AJCPL6797Q	AMAN LAKHOTIA	10	0.00%	0.00%

37	BDCPD4604D	SWARUP DUTTA	10	0.00%	0.00%
38	BQPPS2417B	RANJEET KUMAR SINGH	10	0.00%	0.00%
Total			**738246**	**28.59%**	**100.00%**

Table 8: Details of Circular trade done by Group G.2

S No.	Row Labels	Entity Name	Sum of circular_quantity	Entity circular qty as % of total market volum for the days	Entity circular trade qty among group
1.	**GKCPS4278A**	**SUBHADRABEN RAMESHCHANDRA SHAH**	**34574**	**1.64%**	**7.23%**
2.	**DWIPK5478R**	**VIVEK SHIVA RAM KALE**	**33952**	**1.61%**	**7.10%**
3.	**BBWPB1748J**	**DIPALIBEN YASH BHATT**	**33078**	**1.56%**	**6.92%**
4.	**CPUPP4465B**	**NIRAJ ASHOKBHAI PARMAR**	**32601**	**1.54%**	**6.82%**
5.	**CBRPP1212R**	**KETAN PRAVINBHAI PANCHAL**	**31245**	**1.48%**	**6.54%**
6.	**ANIPP1660Q**	**JAYSHRIBEN U PATEL**	**27651**	**1.31%**	**5.78%**
7.	**FQRPS3820Q**	**PRAKASH VIJAYKUMAR SHAH**	**27115**	**1.28%**	**5.67%**
8.	**AXSPT5584H**	**ARJUN HIRJI THAKKER**	**26893**	**1.27%**	**5.63%**
9.	**AAPPZ8294C**	**VIDHI ZAVERI**	**24497**	**1.16%**	**5.12%**
10.	**BQBPA5642J**	**MUSHABBER IMRANALI AHMADI**	**22208**	**1.05%**	**4.65%**
11.	**AOIPB6201J**	**RAMESHBHAI DHADUMAL BHATIYA**	**21385**	**1.01%**	**4.47%**
12.	CDRPD3445A	UPENDRA HIRALAL DALAL	19238	0.91%	4.02%
13.	AGWPP2575R	UPENDRA PRAVINBHAI PATEL	18792	0.89%	3.93%
14.	GCBPS8185P	SATISH MANUBHAI SHAH	18558	0.88%	3.88%
15.	ALPPC8196B	MANJULABEN A CHAVDA	15470	0.73%	3.24%
16.	AHNPB2876M	YASH JAYESHKUMAR BHATT	14900	0.70%	3.12%
17.	ANJPM4154H	JAYESH RAMESHBHAI MAHANT	14802	0.70%	3.10%

S No.	Row Labels	Entity Name	Sum of circular_quantity	Entity circular qty as % of total market volum for the days	Entity circular trade qty among group
18.	CCXPD6515N	SHIVJIBHAI NARAYANBHAI DABHI	13628	0.64%	2.85%
19.	ATJPT1108Q	DHIRAJBHAI BALADEVJI THAKOR	13034	0.62%	2.73%
20.	AVFPP1142G	HARIBHAI MANGALDAS PRAJAPATI	11694	0.55%	2.45%
21.	CAIPP8480M	NILESHKUMAR RAMUBHAI PATEL	9251	0.44%	1.94%
22.	AGXPP5209R	VIJAY GHANSHYAMBHAI PUJARA	8641	0.41%	1.81%
23.	FMFPS6084E	JAYESH CHINUBHAI SHAH	4859	0.23%	1.02%
Total			**478066**	**22.61%**	**100.00%**

Table 9: Details of circular trade done by Group G.3

S.N.	Entity PAN	Entity Name	Sum of circular quantity for entity	Entity circular qty as % of total market volum for the days	Entity circular trade qty among group
1	CPJPM5110H	KIRTIKUMAR MAFATLAL MAKVANA	17756	0.67	4.43
2	FJWPS8397Q	SEJAL SAURABHBHAI SHAH	12007	0.45	3.00
3	BHDPR9867H	BACHUBHAI RAVAL	11378	0.43	2.84
4	AVVPT2881L	DILUJI SOMAJI THAKOR	10257	0.39	2.56
5	BVBPR7773J	SANJAYKUMAR BACHUBHAI RAVAL	9912	0.37	2.47
6	BVCPR9905D	CHANDUBHAI GANABHAI RAVAL	9264	0.35	2.31
7	BDZPA6518A	MOHD SHARIF MOHD MUSTKEEM ANSARI	8771	0.33	2.19
8	AVQPT5220Q	RAMESHJI PRAHALADJI THAKOR	8476	0.32	2.12
9	AZMPB1715G	NAWABKHAN IMAMKHAN BALOCH	7645	0.29	1.91

S.N.	Entity PAN	Entity Name	Sum of circular quantity for entity	Entity circular qty as % of total market volum for the days	Entity circular trade qty among group
10	AMOPD9205A	BALBHDRASINH HIMATSINH DABHI	7506	0.28	1.87
11	BYPPD3281C	ASHABEN NARANBHAI DAVE	7506	0.28	1.87
12	ARSPJ4951A	SUKHDEVBHAI SHANKARBHAI JOSHI	7501	0.28	1.87
13	CLHPM6706M	RITABEN CHHAGANBHAI MARVALI	7266	0.27	1.81
14	AVHPD1316J	DARJI MAYURI ASHOKBHAI	7264	0.27	1.81
15	CPMPP1489P	BHARATKUMAR KANTILAL PATNI	7014	0.26	1.75
16	COYPP1786E	JIVANJI SHAKUJI PARMAR	7006	0.26	1.75
17	BVPPR3566K	AMBABEN JAVABHAI RAWAL	6998	0.26	1.75
18	AVEPT1584B	MUKESHKUMAR FULAJI THAKOR	6995	0.26	1.75
19	BVLPR2976M	HANSABEN ATULBHAI RAVAL	6509	0.24	1.62
20	AZAPM5295J	BIPINKUMAR LAXHANBHAI MARWADI	6505	0.24	1.62
21	BUKPR5274G	MAHESHBHAI BABUBHAI RAVAL	6461	0.24	1.61
22	BVUPD4317H	PRAGNA RAMESHBHAI DANGI	6244	0.23	1.56
23	AVHPD1314L	MALATIBEN ASHOKBHAI DARJI	6242	0.23	1.56
24	BVLPR2975J	DAHAYABHAI HARCHANDBHAI RAVAL	5961	0.22	1.49
25	BVLPR2557N	LAXMIBEN CHANDUBHAI RAVAL	5858	0.22	1.46
26	BAMPK6709D	SANDIP KISHOR BHAI	5710	0.21	1.43
27	AVEPT1501C	NAGESH FULAJI THAKOR	5579	0.21	1.39
28	BAXPB1018B	ARVINDBHAI MOHANBHAI BAGADA	5368	0.20	1.34
29	AJBPJ9837E	REKHA HITENDRAKUMAR JALOS	5266	0.20	1.31
30	BUUPR4102H	LILABEN BABULAL RAVAL	4998	0.19	1.25
31	AZGPS3670P	BHUPENDRA CHINUBHAI SHAH	4758	0.18	1.19
32	BNTPR0837H	BAKULBHAI DAHAYABHAI RAVAL	4727	0.18	1.18

S.N.	Entity PAN	Entity Name	Sum of circular quantity for entity	Entity circular qty as % of total market volum for the days	Entity circular trade qty among group
33	BVLPR2977L	VINUBEN BAKULBHAI RAVAL	4724	0.18	1.18
34	AYLPR5222Q	PRABHUBHAI KANTIBHAI RAVAL	4514	0.17	1.13
35	BTZPR7570R	GANPATSINH MAVSINH RATHOD	4514	0.17	1.13
36	ELXPS8526K	GITABEN BANKIMBHAI SHAH	4501	0.17	1.12
37	AZLPJ1362L	VARSHABEN BHARATKUMAR JOSHI	4500	0.17	1.12
38	DWQPS4742N	HARISHBHAI CHIMANBHAI SHUKLA	4493	0.17	1.12
39	CSBPK9440F	SURENDRABHAI HIRALAL KALAL	4382	0.16	1.09
40	AURPV3617K	SONALBEN HARISHBHAI VYAS	4351	0.16	1.09
41	FMGPS2137K	HINABEN JAYESHKUMAR SOLANKI	4242	0.16	1.06
42	AVAPV0989N	SHANTABEN HARISHBHAI VYAS	4238	0.16	1.06
43	AWLPK2492D	SANJAYBHAI HIRALAL KALAL	4238	0.16	1.06
44	CPAPP9756D	BHARATIBEN AMARATBHAI PATNI	4238	0.16	1.06
45	AGEPV5853C	PRAVINBHAI HARISHBHAI VYAS	4008	0.15	1.00
46	BGRPS4680Q	SHAH BAKIMCAND DAYALAL	4008	0.15	1.00
47	BTWPR5473E	JORUBHAI JAVABHAI RAVAL	4008	0.15	1.00
48	AWHPT4601K	RAMILA MANUJI THAKOR	4002	0.15	1.00
49	DFXPS6156A	SADDAMHUSAIN KAMRUDDIN SHAIKH	3961	0.15	0.99
50	BFDPM5399M	MILI TEJAS MEHTA	3851	0.14	0.96
51	COYPP1868M	VINUBEN JIVANJI PARMAR	3851	0.14	0.96
52	BLCPR6361K	VISHNUBHAI GANDABHAI RAVAL	3764	0.14	0.94
53	CKWPM9588B	HARSHIDABEN PRAKASBHAI MUDETHIA	3764	0.14	0.94
54	BUAPR3258N	DHARMENDRA ABHESINH RAJPUT	3750	0.14	0.94

S.N.	Entity PAN	Entity Name	Sum of circular quantity for entity	Entity circular qty as % of total market volum for the days	Entity circular trade qty among group
55	BVBPR7772K	VIJAY BACHUBHAI RAVAL	3571	0.13	0.89
56	DDRPS4977M	KAMRUDDIN MOHMADHANIF SHAIKH	3506	0.13	0.88
57	AVBPT0158L	MANUJI BHAVANJI THAKOR	3352	0.13	0.84
58	BNTPR0836G	ATULBHAI DAHAYABHAI RAVAL	3130	0.12	0.78
59	BQRPB2458R	JAVEDKHAN IMAMKHAN BALOCH	2912	0.11	0.73
60	CUOPS1911E	FAGUN CHANDRAKANT SONI	2912	0.11	0.73
61	BYLPD5537K	JAIMIK RAMESHBHAI DANGI	2812	0.11	0.70
62	BJHPD6342R	LILABEN RAMESHBHAI DANGI	2727	0.10	0.68
63	BMBPP4254R	KINTANKUMAR GOVINDLAL PRAJAPATI	2727	0.10	0.68
64	CLKPM2727B	CHUNILAL NATHALAL MUDETHIYA	2727	0.10	0.68
65	AWHPT4602L	KALIBEN KALAJI THAKOR	2624	0.10	0.66
66	EKPPS5764E	SALMABANU KAMRUDIN SHEKH	2624	0.10	0.66
67	BMYPS3868P	MANAN CHANDRAKANTBHAI SONI	2508	0.09	0.63
68	EGNPS1650F	REKHABEN HARISHBHAI SHUKLA	2508	0.09	0.63
69	CLGPM8075C	MEHULKUMAR CHUNILAL MUDETHIYA	2507	0.09	0.63
70	CKWPM9591G	DHANIBEN CHUNILAL MUDETHIYA	2500	0.09	0.62
71	FJWPS8403K	SAURABH MAHENDRABHAI SHAH	2500	0.09	0.62
72	BVLPR2974K	CHAMPABEN DAHAYABHAI RAVAL	2238	0.08	0.56
73	BYAPM3945F	MANUBHAI NAROTAMBHAI MISTRI	2004	0.08	0.50
74	DAHPS3416Q	PRAGHNABEN BHUPENDRAKUMAR SHAH	2004	0.08	0.50
75	AVGPT6676C	KALAJI AMBARAM THAKOR	2000	0.08	0.50
76	ATBPV3938Q	SEJAL KARSANBHAI VAGHELA	1960	0.07	0.49

S.N.	Entity PAN	Entity Name	Sum of circular quantity for entity	Entity circular qty as % of total market volum for the days	Entity circular trade qty among group
77	BDZPA6516Q	MOHD TASLIM MOHD MUSTKEEM ANSARI	1960	0.07	0.49
78	BKCPP8177L	MAHENDRABHAI PRAJAPATI	1960	0.07	0.49
79	BYNPD6660B	RUPESHKUMAR MAHESHBHAI DANGI	1758	0.07	0.44
80	BIPPS9910R	NIPUR BHUPENDRAKUMAR SHAH	1611	0.06	0.40
81	ARPPR0302L	TARUNKUMAR LAXMANBHAI RAJPUT	1476	0.06	0.37
82	BBMPC5100R	NAGASIH CHHATRASINH CHAVADA	852	0.03	0.21
83	BDZPP8969C	RITESHKUMAR BABUBHAI PATEL	7	0.00	0.00
Total			**400587**	**15.07**	**100.00**

u) From tables above, it was alleged that 21 entities (highlighted in bold in the above tables) indulged in circular trades which were alleged to be manipulative and fictitious trades and created an artificial volume for the scrip in the market during IP by contributing ≥ 1% of market volume individually and contributing more than 10% of market volume as a group on respective group trading days. Hence, 21 entities, i.e. Noticees 10 to 30, as given below, were alleged to have violated provisions of Reg. 3(a), 3(b), 3(c) and 3(d) and 4(1), 4(2)(a) and 4(2)(g) of SEBI (PFUTP) Regulations, 2003 read with Sec. 12A(a), 12A(b), 12A(c) of SEBI Act, 1992.

Table – 10 – Details of 21 entities, i.e. Noticees 10 to 30

Noticee	Row Labels	Entity Name	Sum of circular quantity	Entity circular qty as % of total market volum for the days	Entity circular trade qty among group
10	ADBPJ4242K	DHARMENDRA KUMAR JAIN	89204	3.45%	12.08%
11	ABPPK6093D	SHRI PRAKASH KABRA	81749	3.17%	11.07%
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15	ACSPJ9399K	SANDEEP KUMAR JAIN	56563	2.19%	7.66%
16	AAUPJ7028D	RAJENDRA KUMAR JAIN	53559	2.07%	7.25%
17	AADCE2356D	SAIGANGA PACKAGING LIMITED	50669	1.96%	6.86%
18	AAACO3452D	OLEANDER MANUFACTURERS AND CREDIT LTD	36339	1.41%	4.92%
19	AAACB6502F	BRAHMA COLONIZERS PRIVATE LIMITED	26685	1.03%	3.61%
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21	DWIPK5478R	VIVEK SHIVA RAM KALE	33952	1.61%	7.10%
22	BBWPB1748J	DIPALIBEN YASH BHATT	33078	1.56%	6.92%
23	CPUPP4465B	NIRAJ ASHOKBHAI PARMAR	32601	1.54%	6.82%
24	CBRPP1212R	KETAN PRAVINBHAI PANCHAL	31245	1.48%	6.54%
25	ANIPP1660Q	JAYSHRIBEN U PATEL	27651	1.31%	5.78%
26	FQRPS3820Q	PRAKASH VIJAYKUMAR SHAH	27115	1.28%	5.67%
27	AXSPT5584H	ARJUN HIRJI THAKKER	26893	1.27%	5.63%
28	AAPPZ8294C	VIDHI ZAVERI	24497	1.16%	5.12%
29	BQBPA5642J	MUSHABBER IMRANALI AHMADI	22208	1.05%	4.65%
30	AOIPB6201J	RAMESHBHAI DHADUMAL BHATIYA	21385	1.01%	4.47%

Trading among Group B and Group C entities –

v) From the trading details, it was observed that trades between Group B and Group C accounted for 18.15% of total market volume in the Mangalam scrip during

Patch-2, i.e. from January 28, 2015 to August 26, 2015. Majority of trades between Group B and Group C entities happened between July 21, 2015 and August 26, 2015, i.e. the time when Group B received funds from group D. Through trades amongst themselves, Group B and Group C entities contributed 24.93% of the trading volume between this period (July 21, 2015 to August 26, 2015). During this period daily average shares traded in the scrip of Mangalam was 1,50,643 per day, which is nearly 29 times higher as compared to its earlier daily trading of 5,225 shares per day from March 25, 2014 (i.e. day of listing) till July 20, 2015.

w) Out of the above 7 Group C connected entities, it was observed that 3 group entities viz. Guide Dealcom LLP (Noticee 2), Alert Commdeal Private Limited (Noticee 3) and Suparas Impex Private Limited (Noticee 4) were net sellers and 4 group entities viz. Bivoltine Merchantile Pvt Ltd, Nightangle Marcom Pvt Ltd, Tapas Roy and Frontier Vanijya Pvt Ltd have done trading on both buy and sell side.

x) It was observed that total selling by Noticees 2, 3 and 4 (Group C entities) viz. Guide Dealcom LLP, Alert Commdeal Private Limited and Suparas Impex Private Limited accounted for 6.58%, 17.60% and 4.86% of the trading volumes on the days the said three entities had respectively traded. From the trade log, it was also observed that 7 Group C entities were net sellers during Patch-02 contributing 18.15% of the market volume during Patch-02. Noticees 2, 3 and 4 were also major sellers to Group B entities during the IP, constituting total of 965657 shares, i.e. 94.18% of the shares traded between Group B and Group C and individually contributed 59.38%, 22.31% and 12.49% of the total trades between Group B and Group C respectively.

y) Funding by Group D Entities to Group B Entities – It was observed that major counter parties to Group C entities were Noticee 1 (Rishabh Mahendra Shah), Kinjal Kanaiyalal Mehta, Kiran Narayan Karkera ("Group B"). Accordingly, their ledgers and bank statements were checked for possible funding from sellers. On analysis of Bank statements of Noticee 1 (Rishabh Mahendra Shah), Kinjal Kanaiyalal Mehta, Kiran Narayan Karkera and Shree Gaja Associates (Proprietary firm of Noticee 1 (Rishabh Mahendra Shah), it was observed that entire amount of approximately Rs 30 crores was funded by another group of companies viz. Noticee 5 (Northstar Dealcomm Pvt Ltd), Noticee 6 (Nexcare Agency Pvt Ltd) and Noticee 7 (Eversafe Highrise Pvt Ltd) (hereinafter referred to as "Group D"). These Group D entities were allegedly connected to net sellers referred to as Group C and Noticee 8 (Pradeep Kumar Daga) (Promoter and MD of Mangalam).

z) A Noticee 5 (Northstar Dealcomm Pvt Ltd) , Noticee 6 (Nexcare Agency Pvt Ltd) and Noticee 7 (Eversafe Highrise Pvt Ltd) (Group D) together transferred Rs 32,35,00,000 to Noticee 1 (Rishabh Mahendra Shah) and Shree Gaja Enterprise (Group B entities) between July 17, 2015 to August 19, 2015 – the period when most of trades happened between Group B and Group C entities. Noticee 1 (Rishabh Mahendra Shah) further transferred some of these funds (Rs 7.04 crores) to Kinjal Mehta and Kiran Karkera (Group B entities) for trading from their respective accounts.

aa) On analyzing the Bank statements, ledger account maintained with brokers and trading details of Noticee 1 (Rishabh Mahendra Shah), Kinjal Mehta and Kiran Karkera, it was observed that Group B entities have used the funds provided by Group D to buy the shares sold by group C.

bb) Thus, Group D entities transferred Rs 32.35 crores to Group B entities, who then transferred Rs 31.12 crores immediately to trading account maintained with their respective brokers. The trade between Group B and Group C amounting for Rs 30.53 crores took immediately after the transfer of said amount to respective trading account of Group B entities. From the above, it has been alleged that Group D entities funded Group B entities to buy the shares sold by connected Group C entities.

Connection between Group C and Group D entities is already given at paragraph 13 above.

cc) It was observed that Noticee 1 (Rishabh Mahendra Shah) had played a major role in exit to net sellers, hence Noticee 1 was requested to provide his clarifications. Vide letter dated May 21, 2021 and subsequent statement recorded on March 3, 2022, Noticee 1 (Rishabh Mahendra Shah) had, inter-alia, submitted that:

i) Modus operandi was/as agreed or as decided, Mr. Noticee 8 (Pradeep Kumar Daga) (promoter of Mangalam) will arrange to transfer the money in his account, by which he will buy the shares of the same amount and then pledge it to raise funds from several brokers. For conducting this activity, he was promised compensation of Rs. 3 crores (commission).

ii) He started suspecting the intentions of promoters and others when Mangalam shares were suspened from August 27, 2015 and after revocation of suspension on December 1, 2015, price of Mangalam shares started falling with continuous lower circuit. At this time promoters and others did not support the fall of share prices.

iii) Since he had received remittances from Noticee 5 (Northstar Dealcomm Pvt Ltd) , Noticee 6 (Nexcare Agency Pvt Ltd) and Noticee 7 (Eversafe Highrise Pvt Ltd) , he had to settle the remittances in a legal way to protect himself from any legal liabilities which was their (Promoters) concern too.

iv) Accordingly, debt settlement agreement was made during February, 2016 and he transferred certain number of securities through off market to Noticee 5 (Northstar Dealcomm Pvt Ltd), Noticee 6 (Nexcare Agency Pvt Ltd) and Noticee 7 (Eversafe Highrise Pvt Ltd) . (Group D). However, due to disputes, the arrangement was not completed and false case was registered against him.

v) Kinjal Kanaiyalal Metha is his wife and Kiran Narayan Karkera is his friend, they don't know anything and were not part of any dealing in shares of Mangalam.

vi) Vide aforesaid letter dated May 21, 2021, email dated March 4, 2022 and multiple emails, he has provided supporting documents to substantiate his claims.

dd) A Vide email dated March 22, 2021 and May 22, 2021, Group D entities viz. Noticee 5 (Northstar Dealcomm Pvt Ltd), Noticee 6 (Nexcare Agency Pvt Ltd) and Noticee 7 (Eversafe Highrise Pvt Ltd) were asked about funding to Noticee 1 (Rishabh Mahendra Shah). Noticee 5 (Northstar Dealcomm Pvt Ltd) vide email dated July 13, 2021, Noticee 7 (Eversafe Highrise Pvt Ltd) vide email dated July 14, 2021 and Noticee 6 (Nexcare Agency Pvt Ltd) vide email dated July 15, 2021 stated that they have some business transaction with Noticee 1 (Rishabh Mahendra Shah) and did not have relation/connection with any other entities mentioned in Group B/Group C/Group D or Mangalam promoters and directors. Vide email dated July 19, 2021, information was sought on the nature of business transaction of Group D entities with Noticee 1 (Rishabh Mahendra Shah). Group D entities vide email dated July 30, 2021 inter-alia submitted that they have provided loan to Noticee 1 (Rishabh Mahendra Shah).

ee) Vide email September 08, 2021 comments were sought from Noticee 8 (Pradeep Kumar Daga) regarding his relation/connection with Group B, Group C and Group D entities and deal/arrangement with Noticee 1 (Rishabh Mahendra Shah). Noticee 8 (Pradeep Kumar Daga) vide email dated September 13, 2021 denied knowing Noticee 1 (Rishabh Mahendra Shah) or other Group C and Group D entities.

ff) From the above, following was observed in the SCN:

i) After alleged price manipulation by Group A entities and Noticee 9, and creation of artificial volume through circular trades by Noticees 10 to 30 during patch 1, it was observed that group of seven allegedly connected entities (Group C) *viz*. Noticee 2 (Guide Dealcom LLP), Noticee 3(Alert Commdeal Private Limited), Noticee 4 (Suparas Impex Private Limited), Bivoltine Merchantile Pvt Ltd, Nightangle Marcom Pvt Ltd, Tapas Roy and Frontier Vanijya Pvt Ltd sold 11,75,341 shares during Patch 2 (January 28, 2015 to August 26, 2015).

ii) Out of 11,75,341 shares sold by these seven Group C entities, a total of 11,42,947 shares (i.e. 97.24%) were purchased by connected entities viz. Noticee 1 (Rishabh Mahendra Shah), Kinjal Kanaiyalal Mehta, Kiran Narayan Karkera, Nightangle Marcom Private Limited, Tapas Roy, Bivoltine Merchants Pvt Ltd and Frontier Vanijya Private Ltd by creating artificial/fictitious volume and gave a misleading appearance of trading in the scrip of Mangalam.

iii) Out of 11,75,341 shares sold by these seven Group C entities, a total of 10,25,321 shares (i.e. 87.24%) were purchased by three entities viz. Noticee 1 (Rishabh Mahendra Shah), Kinjal Kanaiyalal Mehta, Kiran Narayan Karkera (Group B). These trades between Group B and Group C constituted 18.15% of total market volume during Patch - 02.

iv) Majority of trades between Group B and Group C entities happened between July 21, 2015 to August 26, 2015. During this period daily average shares traded in the scrip of Mangalam was 1,50,643/day i.e. nearly 29 times higher than its earlier daily trading of 5,225 shares/day from March 25, 2014(i.e. day of listing) till July 20, 2015. Through trades amongst themselves, group B and Group C entities contributed 24.93% of the trading volume between this period (July 21, 2015 to August 26, 2015).

v) 7 Group C entities were net sellers during Patch-02 contributing 18.15% of the market volume during Patch-02. Noticees 2, 3 and 4 were also major sellers to Group B entities during the IP, constituting total of 965657 shares, i.e. 94.18% of the shares traded between Group B and Group C and individually contributed 59.38%, 22.31% and 12.49% of the total trades between Group B and Group C respectively.

vi) Other group of three connected entities viz. Noticee 5 (Northstar Dealcomm Pvt Ltd), Noticee 6 (Nexcare Agency Pvt Ltd) and Noticee 7 (Eversafe Highrise Pvt Ltd) (Group D) funded the purchase of shares by Group B from Group C.

vii) During February, 2016 to March, 2016, a total of 4,09,400 shares were transferred through off market by Group B entity viz. Noticee 1 (Rishabh Mahendra Shah) to Group D entities viz. Noticee 5 (Northstar Dealcomm Pvt Ltd) , Noticee 6 (Nexcare Agency Pvt Ltd) and Noticee 7 (Eversafe Highrise Pvt Ltd) .

viii) Group B entity viz. Noticee 1 (Rishabh Mahendra Shah) has submitted that promoter of Mangalam viz. Noticee 8 (Pradeep Kumar Daga) had arranged a deal/arrangement with him whereby Noticee 1 (Rishabh Mahendra Shah) would buy shares of Mangalam from Group C entities funded by Group D entities. He would use those shares bought from Group C for raising funds for Mangalam promoters by pledging them with brokers.

ix) To support his claim, Noticee 1 (Rishabh Mahendra Shah) vide email dated May 21, 2021 and statement recorded dated March 04, 2022 provided following documents:

(a) Email dated January 29, 2016 sent to Noticee 1 (Rishabh Mahendra Shah) about agreements between (1) Northstar and Shree Gaja Enterprises and (2) Eversafe and Rishabh Shah.

(b) Email dated February 11, 2016, February 12, 2016 and February 15, 2016 sent by Anjan Sirohia to Noticee 1 (Rishabh Mahendra Shah) with subject –Eversafe client master, All agreement pl check and client master (of Northstar, Nexcare)

(c) E-mail from Noticee 5 (Northstar Dealcomm Pvt Ltd) dated February 05, 2016 and February 09, 2016 to Noticee 1 (Rishabh Mahendra Shah) about receipt of shares according to debt settlement agreement.

(d) E-mail from Noticee 6 (Nexcare Agency Pvt Ltd) dated February 15, 2016 to Noticee 1 (Rishabh Mahendra Shah) about receipt of shares according to debt settlement agreement.

(e) Call Recording by Noticee 1 (Rishabh Mahendra Shah) with Noticee 8 (Pradeep Kumar Daga) and Anjan Sirohia.

(f) Whatsapp Chat with Anjan Sirohia with calculations of shares as attachment.

(g) E-mail dated December 09, 2015, in which Noticee 1 (Rishabh Mahendra Shah) wrote to Globe Capital about raising 2 cr limit in MIFL which was then forwarded by Vishal Dedhia to Pradeep Daga with Anjan Sirohia in CC on December 15, 2015.

x) Admittedly, Noticee 1 was operating accounts of Kinjal K Mehta and Kiran Narayan Karkera.

gg) Noticee 1 (Rishabh Mahendra Shah) vide letter dated May 21, 2021 has provided certain numbers of Noticee 8 (Pradeep Kumar Daga) viz. 9830011101, 8017491973, 9830211101 and 3322315687. From UCC, it was observed that 9830011101 is linked with Noticee 8 (Pradeep Kumar Daga), Response Securities, Response Commodities and Apnapan Distributors and other connected entities accounts. Response Securities Pvt Ltd and Responce Commodities LLP were remaining two promoters of Mangalam along with Noticee 8 (Pradeep Kumar Daga) during IP.

hh) Hence, it was alleged that

i) Noticees 1 and 8 were the key persons responsible for devising the scheme which was manipulative, thus violating provisions of PFUTP regulations;

ii) Noticees 1, 2, 3 and 4, being part of Group B and C entities, contributed to 18.15% of total market volume during Patch 2, wherein Noticee 1 was being funded by Noticees 5, 6 and 7 for buying shares from Noticees 2-4, who were net sellers contributing 17.10% of the market volume during Patch-02 and also were major sellers to Noticee 1 (Rishabh Mahendra Shah) (Group B entities) constituting total of 94.18% of the trades between Group B and Group C. Noticees 2, 3 and 4 individually contributed 59.38%, 22.31% and 12.49% of the total trades between Group B and Group C respectively.

ii) Therefore , it was alleged that Noticees 1 to 8 have violated provisions of Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a), 4(2)(g) of SEBI (PFUTP) Regulations, 2003 read with Section 12A(a), (b), (c) of SEBI Act, 1992.

10) Submissions made by Noticee 2 vide mail dated October 06, 2022 and Noticees 3 and 4 vide mails dated October 08, 2022 are summarized hereunder.

a) *Being shareholders of MIFL, they had the best opportunity to sell the shares of MIFL in the open market, which they availed.*

b) *Regarding details of connections of Noticees 2, 3 and 4 with other entities, it was submitted that merely common address between some entities and common directorship does not define the basis of connection.*

c) *They have no connections with the alleged Buyer or Seller entities as mentioned in SCN. Also, the SCN has failed to establish any connections between the alleged parties apart from the presumption that the trade between us are matching trades. The trades executed on the floor of the exchange is a blind mechanism wherein the trading system prevents a member who places any orders from identifying the counter-party member or client and thus ensures anonymity of trades. Hence, it is highly unlikely that they were aware about the counter party and matching of two or more trades on a given day is coincidental and by no stretch of imagination can the trades be termed as non-genuine or for creating artificial volume as alleged in the SCN. Therefore, any price variation in the meantime, is a market* *phenomenon, which is beyond their control. The allegation in the SCN trades being non-genuine has been interpreted in an erroneous manner.*

d) *Noticees 2, 3 and 4 denied having executed any non-genuine trades. It was submitted that the mode and mechanism of Stock market is such that loss and profit cannot be definitely determined. The prices of any shares/stocks vary due to various components including sentiments, market conditions, economic and political development etc. Therefore, only for reasons of huge price variations, the trades by Noticees 2, 3 and 4 cannot be classified as non-genuine. Hence any matching of trades by a particular counter party could be a matter of chance and not a pre-determined activity for any purpose.*

e) *Noticees 2, 3 and 4 found the opportunity to sell out the shares and hence they sold such shares on BSE trading platform which was also mentioned in their previous reply submitted to SEBI (during investigation). Further, they were never indulged in the execution of any non-genuine trades as alleged in the said SCN. They confirmed that they have traded in the Stock Option segment of BSE in normal course of business. Further, we submit that the tables and annexure attached in the Show Cause notice do not reflect the correct interpretation of the trades carried out by them. For each of such trades there are contract notes generated by the broker. The SCN has taken each contract note as if the total volume of trades in that instance and have indicated percentages of non-genuine trades in comparison to each contract note. The fact remains that there have been huge volumes in the same stocks at the same instances through voluminous trades by other entities/persons and when Noticees 2, 3 and 4's contract note is assumed against the total volume, then it turns out to be minimal which at best could be a matter of chance. Their instructions are to the share broker to carry out buy or sell transactions. They are not even aware who would be the counter party in the blind mechanism. They reiterated that under the given situation, it was not possible for* *them to even assume that the trades entered by them were non-genuine or done with the intention to create artificial volume.*

f) That the said trading system prevents a member who places any orders from identifying the counterparty member or client and thus ensures anonymity of trades. The system does not even display details of all the pending orders; rather it only displays the five best pending orders. Therefore, at any given point of time, it is impossible to even verify the party & counter party of these transactions. We further state that there was no alert from the broker or the exchange which would prompt us to take any caution or create an alarm to stop trading. Under these circumstances, it is erroneous to come to a conclusion that Noticees 2, 3 and 4 had executed non-genuine trades which resulted in artificial volume. That these scripts, in which they had traded, was not time banned and hence there was no bar on trading in the said scripts. That there was no alert from exchange. The BSE allowed trading in these shares renders Noticees 2, 3 and 4's bonafides in trading in these shares. That there was no meeting of mind with the alleged counter parties. Matching of trades was a matter of coincidence. That they do not have any connection with the counter parties and they are merely a shareholder and they have been made a victim of the trading mechanism.

11) Noticee 10, vide email dated October 17, 2022, Noticee 16, vide mail dated October 20, 2022, and Noticee 19, vide email dated October 21, 2022, made similar worded submissions which are summarized as under.

a) <u>*Delay in issuance of SCN*</u> *- The Investigation period pertains to a period from March 25, 2014 to August 31, 2016 (as per para 1 page 5 of SCN) and the SCN is issued on August 31, 2022 i.e almost 6 years from the investigation period. There has been an inordinate delay in issuance of SCN and the said delay is causing prejudice to us as it is difficult for us to collate the exact circumstance of 6 years back period. It is pertinent to note that the Hon'ble Securities Appellate Tribunal by passing several* *orders has set aside the orders of the SEBI solely on the basis of inordinate delay and latches in issuance of SCN. It is further pertinent to mention that several judgements of the Hon'ble Tribunal have been upheld by the Hon'ble Supreme Court, by dismissing the appeals filed by SEBI. In this regard, Noticees 10 and 16 referred and relied upon the judgements of Hon'ble SAT in the matter of Ashok Shivlal Rupani vs. SEBI appeal no.417 of 2018 decided on August 22, 2019, Anilkumar Nandkumar Harchandani & Ors. vs. SEBI Appeal No. 75 of 2019 Order dated 05-12-2019), Shriram Insight Share Brokers Ltd (Appeal No. 559/2020, Order dated 04-01-2022), Mr. Rajiv Bhanot & Ors. vs SEBI (Appeal No. 396 of 2018, Order dated 09-07-2021), and Yatin Pandya HUF vs SEBI (Appeal No. 719 of 2021, Order dated 24-03-2022).*

b) *<u>Error in Investigation Period</u> - SEBI divided the investigation period into 3 patches for LTP variation even though the said period is a continuous period. Instead of taking the entire period for analysis SEBI has divided the period into patches and cherry picked the entities just to frame charges for LTP variation against them. Hence the entire investigation conducted in the scrip of MIFL is entirely based on the baseless assumptions of SEBI. The entire SCN is a failed attempt to justify the faulty investigation of SEBI.*

c) *<u>Circular Trades</u> - SEBI has alleged 147 entities of circular trading and has divided these entities into three groups G1, G2 and G3 based on trading among themselves - 38 entities in G1, 23 entities in G2 and 86 entities in G3. It is submitted that it is a well settled principle in law that the charges against us have to be specific to enable us to reply to the allegations. We submit that the SCN is based on vague and ambiguous allegations and such allegations are not specific, explicit and definite and are general in nature.*

d) *<u>Biased Investigation</u> - Various entities who have traded in the scrip during the investigation period are not even made parties to SCN, many counter parties to my trades are not made parties to the SCN. It is a well settled law that for any trade to* *be manipulative there has to be some meeting of minds and common intention, in absence of any connection or meeting of minds the allegations made against me in the SCN does not holds water. Thus, the investigation conducted by SEBI is biased and unjust in the eyes of law, as few similar placed entities are not even made parties to SCN and we are being alleged for the same trades. For instance, few entities in the alleged Group I, who contributed to positive LTP, such as Thar Commodities Pvt Ltd. contributed 2.74% to positive LTP is not being made party to SCN. Few entities from group I and II and also many other entities who have contributed to LTP, NHP, First Trade LTP, etc. are not made parties to SCN. Hence, SEBI has done a biased investigation whereas few similar placed entities are given clean chit and I am being charged for the same. SEBI by issuing SCN on such biased investigation has violated all the principles of fairness and equity. Further, also by exonerating the counter parties to the trades, the charges against me does not hold any validity. Hence the allegations made in the SCN should be dropped with immediate effect. Further, the brokers are also not made party to the SCN, few counter parties to my trades are also not made parties to the SCN. It is a well settled law that, once the chain of connection breaks or if the counter parties are exonerated, then the main allegation of creating misleading appearance in the scrip also gets broken. In this regard, Noticees 10, 16 and 19 relied upon the judgement of Hon'ble SAT in the case of Yatin Pandya VS SEBI Appeal 719/2021.*

e) *Not all the top 10 entities contributing to buy and sell concentration on BSE have been made part of SCN. There is not even a single mention as to why the said entities are not made parties to SCN. Thus, the investigation done by SEBI is biased and unjust, and hence the charges in the SCN requires to be dropped with immediate effect.*

f) *Noticee 10 also submitted that it is alleged that he is connected to Ms. Geeta Mishra by having a bank transaction as on 07.02.2015 and connected to Mr. Mohan Mukhiya, Mr. Sogarth Mukhiya and Mr. Sandeep Jain by having common mobile* *numbers/email id. He had kept the column of email id blank while filling the KYC form, hence he is not aware of the same. Further, he was shown to be connected to Dharmendra Kumar HUF, Ms. Kavita Jain and Mr. Anant Jain, this is a factual information and hence no negative inference is drawn with respect to this in the entire SCN. Further, he is not connected with any of the promoter or director of MIFL and also the same is not alleged in the SCN.*

g) With reference to paragraph 14 of the Show Cause Notice, it shows the details of trades in Patch 1. In para 14 j , Noticee 10's trades are alleged to have positive LTP contribution of Rs. 3 i.e 0.28% of the market positive LTP. His trades should be viewed for the entire investigation period, in totality, rather than viewing in patches.

h) SEBI has cherry picked investigation period and formed three different patches, even though all the patches are of price rise. Even the counter parties to my trades and also few entities from top 10 LTP contributors are not being made parties to SCN. SEBI has done a faulty investigation and the instant SCN is a result of such faulty and improper investigation. Further, the allegation of LTP, NHP and First trades does not hold true as SEBI has divided the investigation period into patches and cherry picked the entities without application of mind only to frame baseless charges against Noticee 10.

12) Vide similarly worded letters dated November 29, 2022 sent through mails dated November 30, 2022, Noticees 10, 16 and 19 made additional submissions, which are summarized hereunder.

a) By exonerating the counter parties to the trades, the charges against Noticees 10, 16 and 19 do not hold any validity. Further, the brokers are also not made party to the SCN, few counter parties to their trades are also not made parties to the SCN. It is a well settled law that, once the chain of connection breaks or if the counter parties are exonerated, then the main allegation of creating misleading appearance in the scrip also gets broken. In this regard, Noticees 10, 16 and 19 relied upon and *quoted from the judgement of Hon'ble SAT in the matter of Yatin Pandya VS SEBI (Appeal 719 / 2021).*

b) *The SCN is bereft of any substantial material which otherwise would be conclusive to establish Noticee 10, 16 and 19's connection with other Noticees. SEBI has formed a group of 10 entities and tagged it as 'Group I' entities. They denied being part of the said group with the intent to manipulate the scrip of MIFL. Also, only few entities from the Group I are made parties to SCN and the other are not made party to SCN, SEBI has not provided any explanation for not making noticees to the other entities.*

c) *It is a well settled principle in law that the charges against Noticees 10, 16 and 19 have to be specific to enable them to reply to the allegations. The SCN is based on vague and ambiguous allegations and such allegations are not specific, explicit and definite and are general in nature.*

d) *Even for sake of assumption trades are very miniscule to attract any adverse inference.*

e) *Noticee 10 submitted that he received all the statements and contract notes in physical form. Since the common email ID was entered by the stock broker for various entities, all the statements, contract notes and documents were not available with Noticee 10 over its email id.*

f) *The stock broker was in a much better and strategic position to understand the technicalities of the stock market and the scrips. However, the stock broker never alerted / estopped Noticee 10 from trading in MIFL. Hence, it was beyond his knowledge about the trades being circular or synchronized.*

13) Noticees 5, 6 and 7, vide emails dated November 10, 2022, made similar worded submissions which are summarized as under.

a) *Noticees 5, 6 and 7 had individually given loans to Noticee 1. They have not funded Noticee 1 to purchase shares of MIFL.*

b) Merely common address between some entities and common directorship does not define the basis of connection.

c) That the said trading system prevents a member who places any orders from identifying the counterparty member or client and thus ensures anonymity of trades. The system does not even display details of all the pending orders; rather it only displays the five best pending orders. Therefore, at any given point of time, it is impossible to even verify the party & counter party of these transactions. We further state that there was no alert from the broker or the exchange which would prompt us to take any caution or create an alarm to stop trading. Under these circumstances, it is erroneous to come to a conclusion that we had executed non-genuine trades which resulted in artificial volume.

d) That these scripts, in which Noticees 5, 6 and 7 had traded, was not time banned and hence there was no bar on trading in the said scripts.

e) That there was no alert from exchange. The BSE allowed trading in these shares renders our bonafides in trading in these shares.

f) That there was no meeting of mind with the alleged counter parties. Matching of trades was a matter of coincidence.

g) That Noticees 5, 6 and 7 do not have any connection with the counter parties and they are merely shareholders and they have been made a victim of the trading mechanism.

14) Noticees 5 and 7, vide email dated November 23, 2022, submitted loan confirmation statements which they had sent to Noticee 1.

15) Noticees 8, vide email dated November 10, 2022, made submissions which were similarly worded as those of Noticees 5, 6 and 7. The submissions are summarized as under.

a) Noticee 8 has no relationship or association with Mr Rishab Mahendra Shah (Noticee 1). He was just been informed that he is a shareholder of MIFL ; Mangalam Industrial Finance Limited is Listed on BSE which came to my knowledge after checking the Benpos of the Company.

b) There is no relationship or association or any deal with the persons indicated in the SCN.

c) Noticee 8's shareholding in MIFL has remained the same until March 2021 when he entered into a Share Purchase Agreement and an open offer was made in accordance with the provisions of the SEBI (SAST) Regulations, 2011 by the acquirers.

d) Merely common address between some entities and common directorship does not define the basis of connection.

e) That the said trading system prevents a member who places any orders from identifying the counterparty member or client and thus ensures anonymity of trades. The system does not even display details of all the pending orders; rather it only displays the five best pending orders. Therefore, at any given point of time, it is impossible to even verify the party & counter party of these transactions. There was no alert from the broker or the exchange which would prompt us to take any caution or create an alarm to stop trading. Under these circumstances, it is erroneous to come to a conclusion that we had executed non-genuine trades which resulted in artificial volume.

f) That these scripts, in which Noticee 8 had traded, was not time banned and hence there was no bar on trading in the said scripts.

g) That there was no alert from exchange. The BSE allowed trading in these shares renders his bonafides in trading in these shares.

h) That there was no meeting of mind with the alleged counter parties. Matching of trades was a matter of coincidence.

i) *That Noticee 8 does not have any connection with the counter parties and he is merely shareholder and he has been made a victim of the trading mechanism.*

16) Vide mail dated December 23, 2022, the AR of Noticee 8, in respect of the call recordings between Noticee 1 and Noticee 8, submitted that

a) *There was a continuous call from Mr. Rishabh Shah's end, as he has also accepted in audio itself that he was trying to call Mr. Pradeep Kumar Daga continuously but he couldn't connect with him, hence Mr. Pradeep Kumar Daga had to call him back after his continuous calls.*

b) *In the whole conversation, there was no mention of Mangalam Industrial Finance Limited hence it does not prove any connection of these calls related to such company.*

c) *The excel sheet also, which has been attached by you via mail, does not contain any details related to the Company; Mangalam Industrial Finance Limited hence again it does not prove any connection of this excel sheet related to such company.*

17) Noticees 17, vide email dated November 11, 2022, made submissions which are summarized as under.

a) *Noticee 17 is engaged in a business of packaging products. During the year 2014-15 and 2015-16, the company has traded in shares of various companies in order to use the idle funds and earn profits through it.*

b) *Noticee 17 used to track companies which were making new highs or trading at all time highs. In this process, Noticee 17 bought shares of MIFL as it was making continuous high.*

c) *Noticee 17 is not related to any director/ promoter or any other notice whose names are mentioned in the SCN. Further, Noticeee 17 has used its own funds to purchase the shares and there was no inflow of money from the noticee group.*

d) All the orders were executed on the exchange platform and it was completely unaware of the counterparties against which the alleged trades were matched. It was placing orders in the normal course of business.

e) It has not made any profits with this investment and has sold all the shares at an overall loss of about ₹23,000. In this regard, Noticee 17 also submitted profit and loss statement in the scrip of MIFL.

18) Noticee 1, vide email dated November 23, 2022 provided information about common directorships of various persons. The details are provided as under.

Table - 11

DETAILS OF DIRECTORSHIP CONNECTION			
DIRECTORS NAME	**DIN.NO**	**PAST COMPANY**	**PRESENT COMPANY**
PREDEEP KUMAR DAGA	D.00080515		MANGALAM INDUTRIAL FINANCE LTD
			RESPONSE ENERGY LIMITED
VISHNU DUTT PANDEY	D.07357684	NEXCARE AGENCY PVT LTD	PUGALIA VYAPAAR PVT LTD
			CLEAR MERCANTILES PVT LTD
			PICCADILY SALES & SERVICES PVT LTD
SUBRATA BANERJEE	D.06936503	EVERSAFE HIGHRISE PVT LTD	NEXCARE AGENCY PVT LTD
SANJIB ROY	D.00083062		NORTHSTAR DEALCOMM PVT LTD
TAPAS ROY	D.00083109		NORTHSTAR DEALCOMM PVT LTD
ANJAN KUMAR SIROHIA	D.00080834	RESPONSE ENERGY LIMITED	
		PUGALIA VYAPAAR PVT LTD	
		CLEAR MERCANTILES PVT LTD	
		PICCADILY SALES & SERVICES PVT LTD	

TAPAS MONDAL	D.00087387	MANGALAM INDUTRIAL FINANCE LTD	EVERSAFE HIGHRISE PVT LTD

Table - 12

COMPANIES	PAST DIRECTORS' DETAILS		PRESENT DIRECTOR DETAILS	
	DIRECTOR NAME	DIN NO.	DIRECTOR NAME	DIN NO.
MANGALAM INDUTRIAL FINANCE LTD	TAPAS MONDAL	D.00087387	PREDEEP KUMAR DAGA	D.00080515
NEXCARE AGENCY PVT LTD	VISHNU DUTT PANDEY	D.07357684	SUBRATA BANERJEE	D.06936503
EVERSAFE HIGHRISE PVT LTD	SUBRATA BANERJEE	D.06936503	TAPAS MONDAL	D.00087387
NORTHSTAR DEALCOMM PVT LTD			SANJIB ROY	D.00083062
			TAPAS ROY	D.00083109
RESPONSE ENERGY LIMITED	ANJAN KUMAR SIROHIA	D.00080834	PREDEEP KUMAR DAGA	D.00080515

19) Noticee 9, vide letter dated November 21, 2022, which was received on November 25, 2022, made submissions which are summarized as under.

a) *Over past 20 years, he has bought shares through various brokers, of various scrips, when their prices are high and sometimes even low, without judging the reasons behind the rise or fall.*

b) *He has brought stocks in small quantities, many times just 1 share of companies having registered offices in Kolkata, so that he can go to attend the AGM. Noticee 9, his wife Susmita Mondal and his sister Dipa Mondal used to attend AGMs in this manner.*

c) *Noticee 9 bought share for the first time to attend the AGM of MIFL. He bought second share of MIFL and transferred it to his another demat account which is a joint account with his wife. He did this so that his wife could also attend the AGM. Similarly, he again bought 1 share of MIFL for the third time and transferred it to* *another demat account which is a joint account with his sister, Dipa Mondal. He bought all the three shares without judging the price of MIFL.*

d) Noticee 9 submitted that he is still holding the three shares of MIFL, which he bought for around ₹700, which is a very insignificant amount. Noticee 9 is losing its hard earned money, which he had invested in MIFL.

e) Noticee 9 further submitted that he is not known to other persons named in the SCN, and is not associated to anyone or involved in any unlawful activities. Noticee did not check the price movement of MIFL and had placed orders to its brokers to buy at any available price and quantities which were sometimes negligible.

20) Noticee 11, vide emails dated December 07, 2022 and December 09, 2022, made submissions which are summarized as under.

a) Following preliminary objections were made by Noticee 11 –

i) The SCN purports to impose penalty upon Noticee and is, as such, contrary to Rule 4 of the Inquiry Rules. It is submitted that penalty can only be imposed following a three-stage process contemplated under the Inquiry Rules. In the present case, SEBI has illegally combined two discrete stages contemplated under the Inquiry Rules.

ii) The Inquiry Rules contemplate a three-stage process to be followed by SEBI before imposing a penalty on any person as follows:

(1) SEBI, under Rule 3 of the Inquiry Rules, is required to form an opinion that there are grounds for adjudging under any of the provisions in Chapter VI-A of the Securities and Exchange Board of India Act, 1992 ("Act") and upon forming such an opinion appoint an adjudicating officer;

(2) Rule 4(1) requires that at the first instance the adjudicating officer appointed should issue a notice to such person for the limited purpose of requiring it to show why no inquiry should be held against it for contravention of applicable provisions of the Act

(3) Rule 4(3) contemplates issuance of a second notice. However, this second notice is only required to be sent by the adjudicating officer in such cases where after the step under Rule 4(1) has concluded, the adjudicating officer is of the opinion that inquiry is required to be held. It is at this stage that the determination on the issue of imposing penalty or not on the concerned person is made after considering the merits.

iii) In this regard, Noticee 11 relied upon and quoted from the judgements of Hon'ble Supreme Court dated 18-02-2022 in the matter of T. Takano and Natwar Singh v. Director of Enforcement (2010) 13 SCC 255.

iv) The SCN is without jurisdiction as the Adjudicating Officer, at this stage, does not have the power to impose a penalty. The imposition of penalty, as per the provisions of the Inquiry Rules, may only take place after a notice under Rule 4(3) is issued fixing a date of hearing in order to provide the noticee an opportunity to be heard after a notice under Rule 4(1) has been issued at the first instance to the noticee to show why no inquiry should be held against it.

v) Moreover, the SCN issued does not disclose that an opinion, as required under Rule 3 of the Inquiry Rules, had been formed by the board of the SEBI. In view of the above, the SCN deserves to be quashed as it has been issued de hors the process prescribed under the Inquiry Rules, and no inquiry should be instituted against the Noticee.

vi) Violation of principles of natural justice – In the SCN, it is stated that Circular Trades are manipulative and fictious trades and create an artificial volume for the scrip in the market. However, neither in the SCN nor in the Investigation Report it is explained that how and in what manner so called 144 or 147 entities had executed alleged Circular Trades. According to the Rule 4(2) of the Adjudication Rules, "Every notice under sub-rule (1) to any such person shall indicate the nature of offence alleged to have been committed by him."

vii) *In the Para 1.m and 16.m of the Investigation Report, it is stated that 144 or 147 connected group entities divided into 3 Groups had executed alleged Circular Trades. However, the Noticee could not find details of connections amongst the 144 or 147 entities.*

viii) *Please note that most relevant parts of the Investigation Report, including parts of Para 1.m and 16.m, have been redacted / curtained. Further the page numbers of the Investigation Report also curtained. Further, it is SEBI's double standard that in one matter it provides complete Investigation Report without any hesitation and in another it arbitrarily provides redacted portion of the investigation in the name of third-party information. The trial must be conducted in fair and transparent manner. Therefore, requested to provide complete copy of the Investigation Report.*

ix) *Please further note that Para 1.m and 16.m of the Investigation report contain the specific allegations made against 144 entities including the Noticee. However, most of the parts of said paras curtained. Thus, it is beyond the comprehension to understand that why the most of the part of both the paras redacted.*

x) *What intangible differentia adopted by the investigating Officer, SEBI in the captioned matter while recommending action against 144 entities who had allegedly executed Circular Trades in the scrip of the Company. On what basis the Investigating Officer, while recommending actions against 144 entities, had adopted the criteria of 1% in the investigation report?*

xi) *Noticee 11 relied upon and quoted from the judgements of Hon'ble Supreme Court dated 18-02-2022 in the matter of T. Takano v. SEBI and Hon'ble SAT's Order dated 19-02-2020 in the matter of Dhirajbhai V. Sanghvi HUF and Ors.*

xii) *Inordinate delay in issue of the SCN - SCN is bad in law as the same has been issued more than 7 years later from the date of execution of the alleged trades by the Noticee. The Noticee had not received a single Caution Letter either from*

BSE and/or SEBI in this matter. Hence, the issue of SCN more than 7 years later from the date of execution of trades by the Noticee has caused extreme mental agony and highly prejudices the case of the Noticee as justice delayed is justice denied.

xiii) Recently, the Hon'ble Supreme Court of India and the Hon'ble Tribunal took a tough stand against inordinate delay and latches in quasi-judicial proceedings initiated by SEBI.

xiv) Noticee 11 relied upon and quoted from the judgement of Hon'ble SAT in the matter of Mr. Ashok Shivpal Rupani & Ors dated 22-08-2019, Mr. Rakesh Kathotia & Ors dated 27-05-2019, Anilkumar Nandkumar Harchandani & Ors dated 05-12-2019, Rajiv Bhanot & Ors.dated 09-07-2021, Shriram Insight Share Brokers Ltd dated 04-01-2022.

b) It is to be noted that in the entire SCN, no allegation of connection of the Noticee with any of the Noticee/entity has been alleged. SEBI has also failed to provide details of connection though specifically requested.

c) Noticee 11 submitted that he had not executed any trade during the Patch 1 period of the Investigation i.e. 25-03-2014 to 27-01-2015. He had admittedly executed his first trade on 09-02-2015. He had executed intra-day as well as delivery trades in the scrip of the Company.

d) Noticee 11 further submitted that he had executed as many as 4250 buy / sell trades for 4,77,893 shares in the scrip of the Company. However, allegation has been made against 81,749 shares only.

e) In the entire SCN as well as in the Investigation Report there is no allegation against Noticee 11 that he had executed any synchronized trades, reversal trade, self-trade and Structured Trades. Further, he admittedly not facing any allegation of manipulation of price of the scrip of the Company. Indeed, the price during Patch 2 of the Investigation Period was stable.

f) Noticee 11's trades had been matched with as many as 85-90 entities. It was mere coincidence that some of the Noticee's trades had been matched with some of the purported Group G. 1 entities

g) Noticee 11 had not received / transferred single penny from/to any of the Noticees whose names have been mentioned in the SCN for purchase / sell of the shares of the Company.

h) Noticee had no connection of whatsoever nature with the Noticees / entities who were the counter parties to the alleged Circular Trades matched with the Noticee. The Noticee for the first time came to know about names of the Noticees / entities when the present SCN was received by the Noticee. He had no intention of create artificial volume by executing circular trades in the scrip of the Company

i) Noticee 11 relied upon Order dated 29-08-2019 passed by Ld. WTM, SEBI bearing reference No. WTM/MPB/EFD1-DRA 3/ 62/2019 in the matter of Radford Global Limited and also on the Hon'ble SAT Order dated 07-02-2022 in Raj Kumar Agarwal, Hon'ble SAT Order dated 23-02-2016 in Kishore P. Ajmera, Hon'ble SAT Order dated 30-09-2003 in KSL & Industries Limited, Hon'ble SAT Order dated23-11-2009 in Vintel Securities Pvt. Ltd.

j) As none of the acts or trades executed by Noticee 11 fall under the definition of fraud as provided in regulation 2(1) (c) of PFUTP Regulation, the genuineness of the trades executed by Noticee 11 cannot be questioned and therefore, Noticee 11 cannot be alleged to have violated any PFUTP Regulations.

k) For manipulation in a scrip, collusion in between buyer and seller is sine qua non. In the present matter, SCN fails to bring on record single evidence which establishes the fact that the Noticee had any collusion with the counterparties to the Noticee's alleged trades.

l) Noticee 11 had executed trades in lots of scrips. However, no allegation has been made against him by the SEBI in other scrips. Noticee 11 provided details of his *trades executed in other scrips during the relevant period vide email dated December 09, 2022.*

21) Additional submissions made by Noticee 11, vide mail dated December 24, 2022 are summarized as under.

a) The principle of natural justice has not been followed as Noticee 11 has not provided with SEBI's working group report, which finds mention in paragraph 16.(m) of the investigation report and Order log of Noticee 11 of the dates on which Noticee 11 had traded.

b) Noticee 11 bought and sold shares in the scrip of MIFL to make intra-day gains, and the trades were not placed by him with predetermined mind to match the order with particular entities. Further, his trades were not synchronized with any of his counterparties, due to vast difference between order time, price and quantity. Since very few traders were trading on the days Noticee 11 was trading, the trades matched with each other.

c) Noticee 11 also quoted and relied on the Hon'ble SAT Order dated 10-10-2013 passed in the matter of Kapil Chatrabhuj Bhuptani v/s SEBI (Appeal No. 95/2013) and also from SEBI Order dated 28-11-2022 in the matter of PFL Infotech Limited and SEBI Ld. WTM Order dated 10-02-2015 in the matter of Bhavesh Prakash Pabari, Hemant and Sheth and 40 other Entities in the matter of manipulation in the scrip Crazy Infotech Limited. Noticee submitted that as administrative warning has been issued to as many as 136 entities, he is also entitled to the same treatment.

CONSIDERATION OF ISSUES AND FINDINGS

22) I observe that Group A entities, namely Sankatmochak Tie up Pvt Ltd, Jwala Marketing Private Limited, Geeta Mishra, Flowtop Distributors Private Limited, Santokhi Merchandise Private Limited, Dharmendra Kumar Jain and Sankatharn Merchants Pvt Ltd were alleged to have violated Section 12A(a),(b),(c) of SEBI Act,

1992 and Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a),(b),(e) of SEBI (PFUTP) Regulations, 2003, as they contributed 14.52% to total market positive LTP during Patch 01 which allegedly led to increase in the price of the scrip during Patch 01. However, no actions were recommended against them as Sankatmochak Tie up Pvt Ltd, Jwala Marketing Private Limited, Flowtop Distributors Private Limited, Santokhi Merchandise Private Limited, Sankatharn Merchants Pvt Ltd have been struck off and remaining entities of Group A, viz. Geeta Mishra (0.65% market positive LTP among group + 0.37% by placing order first) and Dharmendra Kumar Jain (0.28% market positive LTP among group) contributed 1.02% and 0.28% of market positive LTP, respectively. As per the records, I observe that administrative warning has been issued to them. Since, the Group A entities are not Noticees in the present proceedings, there are no observations/ findings are made in the present proceedings.

23) Now, I will deal with the findings of Investigation, the allegations made out in the SCN and the submissions made by the Noticees, I find that following issues require consideration in the present case:

ISSUE I - Whether Noticees 1 to 8 are connected to each other and have violated the provisions of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) and (g) of the PFUTP Regulations, 2003 read with Section 12A(a), (b) and (c) of the SEBI Act, 1992?

ISSUE II - Whether Noticee 9 has violated the provisions of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) and (e) of the PFUTP Regulations, 2003 read with Section 12A(a), (b) and (c) of the SEBI Act, 1992?

ISSUE III - Whether Noticees 10 to 30 are connected to each other and have violated the provisions of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) and (g) of the PFUTP Regulations, 2003 read with Section 12A(a), (b) and (c) of the SEBI Act, 1992?

ISSUE IV - Do the violations, if any, attract penalty under Section 15HA of the SEBI Act, 1992?

ISSUE V - 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?

24) The relevant extracts of the provisions of law, allegedly violated by the Noticees, are mentioned as under:

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 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;

g) entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security;

SEBI Act, 1992

***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;

ISSUE I - Whether Noticees 1 to 8 are connected to each other and have violated the provisions of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) and (g) of the PFUTP Regulations, 2003 read with Section 12A(a), (b) and (c) of the SEBI Act, 1992?

25) The allegations which have been levelled against the Noticees are as follows.

i) There was deal/ understanding between Mangalam promoter and MD – Noticee 8 (Pradeep Kumar Daga) and Noticee 1 (Rishabh Mahendra Shah) whereby

Noticee 1 would be funded by Noticees 5, 6 and 7, to purchase shares of MIFL from Noticees 2, 3 and 4, which are connected with Noticee 8.

ii) Noticee 1 would then use the shares bought from Noticees 2, 3 and 4 to raise funds (create limits) for Mangalam promoters (Noticee 8) by pledging the shares with brokers.

iii) Although last part of this deal i.e. raising of funds by pledging of shares could not be materialized due to ban of trading in the scrip of Mangalam and subsequent fall in price of Mangalam shares after relisting, first part of deal i.e. buying and selling of shares between related entities (between Noticee 1 and his family members and Noticees 2, 3 and 4) has allegedly contributed to volume manipulation in the scrip of Mangalam during the period July 21, 2015 to August 26, 2015.

26) I would first ascertain whether Noticees 1 to 8 are connected to each other. The details of connections among Noticees 1 to 8 are given in the table below.

Table – 13 – Connections among Noticees 1 to 8

Name	**Connection among Noticees**
Noticee 1 (Rishabh Shah)	• Received funds from Noticees 5, 6 and 7. • Bought shares of MIFL from Noticees 2, 3 and 4 • Call recordings, screenshots of WhatsApp messages exchanged with Noticee 8, Submissions made during his statement recording show connection between Noticees 1 and 8.
Noticee 2 (Guide Dealcom LLP)	• Guide Dealcomm Pvt Ltd which later converted to LLP on 24 Sept 2014 has common address with Noticee 7 (Eversafe Highrise Pvt Ltd), and Response Properties Pvt Ltd. Pradeep Daga (Promoter and MD of Mangalam) is director in Response Properties Pvt Ltd since 26 May 2006.

	• Mr. Tapas Mondal was director in Guide Dealcom Pvt Ltd. (which was later converted to Guide Dealcom LLP, i.e. Noticee 2) between 01/11/2013 and 15/09/2014 and he was also director in Noticee 7 • Vinod Dugar- Partner of Noticee 2 (Guide Dealcom LLP) is co-director along with Puspendu Banerjee and Avinash Sharma in Empire Vanijya Pvt Ltd from 23 March 2012 till date. Puspendu Banerjee was director of Noticee 6 (Nexcare Agency Pvt Ltd) from 24 Sept 2007 to 15 Dec 2015 and Avinash Sharma was director of Noticee 6 (Nexcare Agency Pvt Ltd) from 01 Jan 2011 to 15 Dec 2015. • Noticee 6 has common address with JAP Merchant where Pradeep Daga (MD and promoter of Mangalam) was director from 27 Dec 2011 to 09 March 2015. Further, Pradeep Daga held 18,63,100 shares of JAP Merchants Ltd as on 31.03.2020
Noticee 3 (Alert Commdeal Pvt Ltd)	Navin Sharma and Kailash Sharma (directors of Alert Commdeal) during 01 April 2013 to 08 December 2017 were also directors in Response Energy Limited (where Noticee 8 is also director). Response Energy Limited has same address as Mangalam and other companies of promoter of Mangalam such as Response Commodities LLP and Response Securities Pvt Ltd.
Noticee 4 (Suparas Impex Pvt Ltd)	• Noticee 4 (Suparas Impex Pvt Ltd) has common address with Noticee 5 (Northstar Dealcomm Pvt Ltd) . Noticee 5 (Northstar Dealcomm Pvt Ltd) has common address with Allied Trexim Pvt Ltd with whom Mangalam has frequent bank transfers.

	• Tapas Roy was director of Noticee 5 (Northstar Dealcomm Pvt Ltd) since 02 Nov 2007 and his company Plenty Niryat Pvt Ltd (UCC of Tapas Roy is given in the name of Plenty Niryat Pvt Ltd by broker of Tapas Roy) has common address with Noticee 4 (Suparas Impex Pvt Ltd)
Noticee 5 (Northstar Dealcomm Pvt Ltd)	• Noticee 5 (Northstar Dealcomm Pvt Ltd) has common address with Allied Trexim Pvt Ltd with whom Mangalam has frequent bank transfers. • Tapas Roy was director of Noticee 5 (Northstar Dealcomm Pvt Ltd) since 02 Nov 2007 and his company Plenty Niryat Pvt Ltd (UCC of Tapas Roy is given in the name of Plenty Niryat Pvt Ltd by broker of Tapas Roy) has common address with Noticee 4 (Suparas Impex Pvt Ltd)
Noticee 6 (Nexcare Agency Pvt Ltd)	• Nexcare has common address with JAP Merchant Ltd where Pradeep Daga (MD and promoter of Mangalam) was director from 27 Dec 2011 to 09 March 2015. Further, Pradeep Daga held 18,63,100 shares of JAP Merchants Ltd as on 31.03.2020. • Puspendu Banerjee was director of Noticee 6 (Nexcare Agency Pvt Ltd) from 24 Sept 2007 to 15 Dec 2015 and Avinash Sharma was director of Noticee 6 (Nexcare Agency Pvt Ltd) from 01 Jan 2011 to 15 Dec 2015. Vinod Dugar- Partner of Noticee 2 (Guide Dealcom LLP) is co-director along with Puspendu Banerjee and Avinash Sharma in Empire Vanijya Pvt Ltd from 23 March 2012 till date.
Noticee 7 (Eversafe Highrise Pvt Ltd)	• Noticee 7 (Eversafe Highrise Pvt Ltd) has common address with Response Properties Pvt Ltd where Pradeep Daga (Promoter and MD of Mangalam) is director since 26 May 2006.

	• Noticee 7 (Eversafe Highrise Pvt Ltd) . has common address with Guide Dealcomm Pvt Ltd/LLP. • Subrata Banerjee –director of Noticee 7 (Eversafe Highrise Pvt Ltd) from 28 Oct 2014 to 01 Feb 2019. He was also director of Noticee 6 (Nexcare Agency Pvt Ltd) from 01 February 2019 to 25 March 2021 and director in JAP Merchants Ltd from 02 March 2015 to 09 July 2021 where Pradeep Daga was also a director in past (2011-15) and hold 18.63 lakh shares of the company. • Mr. Tapas Mondal was director in Guide Dealcom Pvt Ltd. (which was later converted to Guide Dealcom LLP, i.e. Noticee 2) between 01/11/2013 and 15/09/2014 and he is also director in Noticee 7
Noticee 8 (Pradeep Kumar Daga)	• Pradeep Daga is Promoter and MD of MIFL. • He is also director in Response Properties Pvt Ltd since 26 May 2006. • MIFL has common addresses with Response Energy Limited Response Commodities LLP and Response Securities Pvt Ltd in which Noticee 8 is a director. • Connected with Noticee 1 through Call recordings, screenshots of WhatsApp messages exchanged with Noticee 1 and submissions made by Noticee 1 during statement recording. • Connected with Noticee 2 through common address of Response Properties Private Limited with Guide Dealcomm Pvt Ltd which later converted to Guide Dealcom LLP, i.e. Noticee 2 • Connected with Noticee 3, through directors of Noticee 3, Navin Sharma and Kailash Sharma, who were also directors in Response Energy Limited • Connected with Noticees 4 and 5 through their common addresses with Allied Trexim Pvt Ltd with whom Mangalam has frequent bank transfers.

	• Connected with Noticee 6 through common address with JAP Merchant Ltd where Pradeep Daga (MD and promoter of Mangalam) was director from 27 Dec 2011 to 09 March 2015. Further, Pradeep Daga held 18,63,100 shares of JAP Merchants Ltd as on 31.03.2020. • Connected with Noticee 7 through common address with Response Properties Pvt Ltd

27) Noticee 1 had also submitted his call recordings and screenshot of WhatsApp message exchanged with Noticee 8 on Noticee 8's mobile number ending with 11101.

28) From the above information, I observe that Noticee 8 is connected with Noticees 2, 3 and 4 through common address and common directorships. Noticee 8 is also connected with Noticees 5, 6 and 7 through their common address with companies where Noticee 8 is a director or with whom MIFL has frequent bank transactions. Noticee 1, admittedly received funds from Noticees 5, 6 and 7 to purchase shares from Noticees 2, 3 and 4, which were connected with Noticee 8. Also, Noticee 2 is connected with Noticee 7 through common directorship; Noticee 2 and 6 are connected through common directorship and Noticees 5, 6 and 7 are connected with Noticee 8 through common address.

29) From the aforesaid, I conclude that Noticees 1 to 8 are connected to each other.

30) The next issue for consideration is whether Noticee 1 to 8 have violated the provisions of Regulations 3(a),(b),(c),(d), 4(1), 4(2)(a) and (g) of the PFUTP Regulations, 2003 read with Section 12A(a), (b) and (c) of the SEBI Act, 1992.

31) I note from the statement recorded by Noticee 1 that there was a deal /understanding between Noticee 8 and Noticee 1 that Noticee 1 would buy shares of Mangalam from entities connected to Noticee 8 and these trades would be funded by another group of

entities connected to Noticee 8 to raise funds for promoters by pleding MIFL shares to another broker.

32) On analysis of Bank statements of Noticee 1, Kinjal Kanaiyalal Mehta, Kiran Narayan Karkera and Shree Gaja Associates (Proprietary firm of Noticee 1), it was observed that amount of approximately Rs 30 crores was funded by Noticee 5 (Northstar Dealcomm Pvt Ltd), Noticee 6 (Nexcare Agency Pvt Ltd) and Noticee 7 (Eversafe Highrise Pvt Ltd). As already detailed above, Noticees 5, 6 and 7 are connected to Noticee 8.

33) Noticee 5, 6 and 7 together transferred Rs 32,35,00,000 to Noticee 1 and his proprietorship firm, Shree Gaja Enterprise between July 17, 2015 to August 19, 2015 – the period when most of trades happened between Noticee 1 and his family members and Noticees 2, 3 and 4. Noticee 1 further transferred some of these funds (Rs 7.04 crores) to Noticee 1's family members, Kinjal Mehta and Kiran Karkera for trading from their respective accounts.

34) Noticee 1 submitted that he was trading and operating bank and demat accounts of Kinjal Mehta (his wife) and Kiran Karkera (his friend). He stated that Kinjal Mehta and Kiran Karkera have no role to play and were not aware about his dealings with Noticee 8 and other Noticees. For their involvement in the scheme by allowing to operate/ granting access of their demat account and bank accounts to Noticee 1, administrative warning was issued by SEBI to Kinjal Mehta and Kiran Karkera.

35) Details of Bank accounts involved in the said transfers are mentioned below:

Table - 14

S No.	Entity Name	Bank Name	Account Number	Sender/Receiver
1	Noticee 7 (Eversafe Highrise Pvt Ltd)	HDFC	00082340017620	Sender

2	Noticee 6 (Nexcare Agency Pvt Ltd)	HDFC	00082340016032	Sender
3	Noticee 5 (Northstar Dealcomm Pvt Ltd)	HDFC	00082340016056	Sender
4	Noticee 1 (Rishabh Mahendra Shah)	Bank of Baroda	33960100004941	Receiver
5	Shree Gaja Enterprises (Proprietor – Noticee 1 (Rishabh Mahendra Shah))	IndusInd Bank	200999297911	Receiver
6	Noticee 1 (Rishabh Mahendra Shah)	Bank of Baroda	33960200000256	Receiver
7	Kinjal Mehta	Bank of Baroda	33960100004713	Receiver
8	Kiran Karkera	IndusInd bank	100031798498	Receiver
9	Kiran Karkera	Indian Overseas Bank	016201000056804	Receiver

36) On analyzing the Bank statements, ledger account maintained with brokers and trading details of Noticee 1, Kinjal Mehta and Kiran Karkera, it was observed that Noticee 1 and his family members have used the funds provided by Noticees 5, 6 and 7 to buy the shares sold by Noticees 2, 3 and 4. Same is brought out in table below:

Table - 15

S No.	Transfer of funds from Noticees 5,6,7 to Noticee 1 and his family members		Transfer of funds from Noticee 1 and his family members Bank account to brokers ledger		Trading of Noticee 1 and his family members	
	Date	Amount (Rs)	Date	Amount(Rs)	Date	Trade Value (Rs)
1)	17th July	2,00,00,000	21st July	12000000	21st July	13339500
2)	22nd July	1,50,00,000	22nd July	14760000	22nd July	14515545
3)	23rd July	2,00,00,000	24th July---	18500000	24th July	18493750
4)	27th July	1,50,00,000	27th July	14500000	27th July	9601136
5)	28th July	2,45,00,000	28th July	10000000	28th July	9129480
6)	29th July	2,00,00,000	29th July	14400000	29th July	14567700
7)	30th July	1,50,00,000	30th July	19800000	30th July	19889100
8)	01st Aug	2,50,00,000	31st July	1,40,00,000	31st July	16616500
9)	3rd Aug	1,45,00,000	3rd Aug	2,39,90,000	3rd Aug	25385652
10)	4th Aug	1,80,00,000	4th Aug	1,35,00,000	4th Aug	13991700
11)	5th Aug	1,70,00,000	5th Aug	17500000	5th Aug	17342534
12)	6th Aug	1,50,00,000	6th Aug	16500000	6th Aug	15826680

S No.	Transfer of funds from Noticees 5,6,7 to Noticee 1 and his family members		Transfer of funds from Noticee 1 and his family members Bank account to brokers ledger		Trading of Noticee 1 and his family members	
	Date	Amount (Rs)	Date	Amount(Rs)	Date	Trade Value (Rs)
13)	7th Aug	1,50,00,000	7th Aug	14475000	7th Aug	14165600
14)	10th Aug	1,10,00,000	10th Aug	10000000	10th Aug	9989259
15)	11th Aug	1,15,00,000	11th Aug	15700000	11th Aug	14946797
16)	12th Aug	1,50,00,000	12th Aug	11550000	12th Aug	10472000
17)	13th Aug	1,50,00,000	13th Aug	14750000	13th Aug	14006060
18)	14th Aug	1,40,00,000	14th Aug	14800000	14th Aug	14472835
19)	18th Aug	1,20,00,000	17th Aug	17500000	18th Aug	13442118
20)	19th Aug	1,10,00,000	19th Aug	12300000	19th Aug	11441450
21)			20th Aug	10700000	20th Aug	10515500
22)					4th Dec	1790100
23)					18th Dec	853500
24)					22nd Dec	577400
	Total	32,35,00,000		31,12,25,000		30,53,71,896

37) As can be seen from above, Noticees 5, 6 and 7 transferred Rs 32.35 crores to Noticee 1 and his family members, who then transferred Rs 31.12 crores immediately to trading account maintained with their respective brokers. The trade between Noticee 1 and his family members and Noticees 2, 3 and 4 amounting for Rs 30.53 crores took immediately after the transfer of said amount to respective trading account of Noticee 1 and his family members.

38) Noticee 1 has admitted that it received funds amounting to ₹32.35 crore in the bank accounts of himself and his proprietorship firm from Noticees 5, 6 and 7 to buy shares sold by Noticees 2, 3 and 4. Noticee 5, 6 and 7 have not denied that they have transferred funds to Noticee 1, but they have submitted that they had provided loans to Noticee 1. In this regard, they have submitted only loan confirmation statement which is addressed to Noticee 1. From the submissions, I note that the loan confirmation statement submitted is not accompanied by acknowledgement from

Notice 1 and also, no supporting documents in the form of loan agreement, loan application related communication, due diligence / profile check of Noticee 1, interest related documents, or repayment terms were provided by Noticees 5, 6 and 7. Further Noticee 1 in his submission has not said that the amount was received as loans. Hence the submissions of Noticees 5, 6 and 7 are not tenable.

39) <u>Purchase and sale of shares of MIFL by Noticee 1 and Noticees 2, 3 and 4</u> – From the trade log of MIFL during the IP, it was observed that Noticee 1 and his family members bought shares of MIFL from Noticees 2, 3 and 4. It was observed that trades between Noticee 1 and his family members and Noticees 2, 3 and 4 accounted for 17.10% of total market volume in the Mangalam scrip during Patch-2, i.e. from January 28, 2015 to August 26, 2015. Majority of trades between Noticee 1 and his family members and Noticees 2, 3 and 4 happened between July 21, 2015 and August 26, 2015, i.e. the time when Noticee 1 received funds from Noticees 5, 6 and 7. Through trades amongst themselves, Noticee 1 and his family members and Noticees 2, 3 and 4 contributed 23.49% of the trading volume between this period (July 21, 2015 to August 26, 2015). During this period, daily average shares traded in the scrip of Mangalam was 1,50,643 per day, which is nearly 29 times higher as compared to its earlier daily trading of 5,225 shares per day from March 25, 2014 (i.e. day of listing) till July 20, 2015.

40) Trading details of Noticees 2, 3 and 4 is as below:

<u>Table – 16 – Trading details of Noticees 2, 3 and 4</u>

Selling Client	TRADE_DATE	Traded Qty	Market Volume for the day	% to Market trades for the day	Trade Rate (VWAP)	Trade Value (Rs)
ALERT COMMODEAL PVT LTD (Not 3)	20/07/2015	15000	96950	15.47%	294	4410000
ALERT COMMODEAL PVT LTD (Not 3)	21/07/2015	10000	107150	9.33%	296.95	2969500
ALERT COMMODEAL PVT LTD (Not 3)	22/07/2015	8000	110768	7.22%	297	2376000
ALERT COMMODEAL PVT LTD (Not 3)	24/07/2015	19000	181164	10.49%	296.5	5633500
ALERT COMMODEAL PVT LTD (Not 3)	27/07/2015	8665	149793	5.78%	295.7885	2563007.5
ALERT COMMODEAL PVT LTD (Not 3)	28/07/2015	10000	111749	8.95%	295	2950000

Selling Client	TRADE_DATE	Traded Qty	Market Volume for the day	% to Market trades for the day	Trade Rate (VWAP)	Trade Value (Rs)
ALERT COMMODEAL PVT LTD (Not 3)	29/07/2015	14105	162080	8.70%	297	4189185
ALERT COMMODEAL PVT LTD (Not 3)	30/07/2015	12000	183316	6.55%	296.8	3561600
ALERT COMMODEAL PVT LTD (Not 3)	31/07/2015	15000	215328	6.97%	296.5	4447500
ALERT COMMODEAL PVT LTD (Not 3)	03/08/2015	20000	265426	7.54%	296.95	5939000
ALERT COMMODEAL PVT LTD (Not 3)	04/08/2015	9000	181925	4.95%	297.5	2677500
ALERT COMMODEAL PVT LTD (Not 3)	05/08/2015	10000	195959	5.10%	298.4	2984000
ALERT COMMODEAL PVT LTD (Not 3)	06/08/2015	10500	161322	6.51%	298.1286	3130350
ALERT COMMODEAL PVT LTD (Not 3)	07/08/2015	10000	201296	4.97%	298.9	2989000
ALERT COMMODEAL PVT LTD (Not 3)	10/08/2015	5000	157416	3.18%	299.2	1496000
ALERT COMMODEAL PVT LTD (Not 3)	11/08/2015	5000	169122	2.96%	298.9	1494500
ALERT COMMODEAL PVT LTD (Not 3)	12/08/2015	10000	146065	6.85%	299.4	2994000
ALERT COMMODEAL PVT LTD (Not 3)	13/08/2015	10000	168555	5.93%	299.5	2995000
ALERT COMMODEAL PVT LTD (Not 3)	14/08/2015	11000	162975	6.75%	299.6636	3296300
ALERT COMMODEAL PVT LTD (Not 3)	18/08/2015	9750	153233	6.36%	300.5462	2930325
ALERT COMMODEAL PVT LTD (Not 3)	19/08/2015	8100	150592	5.38%	300.3765	2433050
ALERT COMMODEAL PVT LTD (Not 3)	20/08/2015	5000	148386	3.37%	300.2	1501000
ALERT COMMODEAL PVT LTD (Not 3)	04/12/2015	5200	50819	10.23%	288.4038	1499700
ALERT COMMODEAL PVT LTD (Not 3)	18/12/2015	3000	41550	7.22%	284.5	853500
ALERT COMMODEAL PVT LTD (Not 3)	22/12/2015	2000	53186	3.76%	288.7	577400
Total		**245320**	**3726125**	**6.58%**		**72890917.5**
GUIDE DEALCOMM LLP (Not 2)	01/07/2015	171	51320	0.33%	300	51300
GUIDE DEALCOMM LLP (Not 2)	20/07/2015	15000	96950	15.47%	294	4410000
GUIDE DEALCOMM LLP (Not 2)	21/07/2015	20000	107150	18.67%	296.5	5930000
GUIDE DEALCOMM LLP (Not 2)	22/07/2015	17000	110768	15.35%	296.9982	5048970
GUIDE DEALCOMM LLP (Not 2)	24/07/2015	30000	181164	16.56%	296	8880000
GUIDE DEALCOMM LLP (Not 2)	27/07/2015	31389	149793	20.95%	296.5221	9307533
GUIDE DEALCOMM LLP (Not 2)	28/07/2015	20840	111749	18.65%	296.5202	6179480
GUIDE DEALCOMM LLP (Not 2)	29/07/2015	35000	162080	21.59%	296.5714	10380000
GUIDE DEALCOMM LLP (Not 2)	30/07/2015	30000	183316	16.37%	297	8910000
GUIDE DEALCOMM LLP (Not 2)	31/07/2015	31000	215328	14.40%	296.8387	9202000
GUIDE DEALCOMM LLP (Not 2)	03/08/2015	45000	265426	16.95%	297.5	13387500
GUIDE DEALCOMM LLP (Not 2)	04/08/2015	30000	181925	16.49%	297.7	8931000
GUIDE DEALCOMM LLP (Not 2)	05/08/2015	39000	195959	19.90%	298.9	11657100
GUIDE DEALCOMM LLP (Not 2)	06/08/2015	35000	161322	21.70%	298	10430000
GUIDE DEALCOMM LLP (Not 2)	07/08/2015	30000	201296	14.90%	298.8	8964000

Selling Client	TRADE_DATE	Traded Qty	Market Volume for the day	% to Market trades for the day	Trade Rate (VWAP)	Trade Value (Rs)
GUIDE DEALCOMM LLP (Not 2)	10/08/2015	25000	157416	15.88%	299	7475000
GUIDE DEALCOMM LLP (Not 2)	11/08/2015	40000	169122	23.65%	299.19	11967600
GUIDE DEALCOMM LLP (Not 2)	12/08/2015	20000	146065	13.69%	299.025	5980500
GUIDE DEALCOMM LLP (Not 2)	13/08/2015	35000	168555	20.76%	299.1909	10471680
GUIDE DEALCOMM LLP (Not 2)	14/08/2015	30000	162975	18.41%	299.35	8980500
GUIDE DEALCOMM LLP (Not 2)	18/08/2015	30000	153233	19.58%	300.5	9015000
GUIDE DEALCOMM LLP (Not 2)	19/08/2015	25000	150592	16.60%	300.256	7506400
GUIDE DEALCOMM LLP (Not 2)	20/08/2015	25000	148386	16.85%	300.56	7514000
GUIDE DEALCOMM LLP (Not 2)	21/08/2015	25000	142993	17.48%	298.9	7472500
Total		**664400**	**3774883**	**17.60%**		**198052063**
SUPARAS IMPEX PVT LTD (Not 4)	30/07/2015	25000	183316	13.64%	296.7	7417500
SUPARAS IMPEX PVT LTD (Not 4)	31/07/2015	10000	215328	4.64%	296.7	2967000
SUPARAS IMPEX PVT LTD (Not 4)	03/08/2015	20500	265426	7.72%	297.0341	6089200
SUPARAS IMPEX PVT LTD (Not 4)	04/08/2015	8000	181925	4.40%	297.9	2383200
SUPARAS IMPEX PVT LTD (Not 4)	05/08/2015	9597	195959	4.90%	298.6	2865664.2
SUPARAS IMPEX PVT LTD (Not 4)	06/08/2015	7700	161322	4.77%	298.2	2296140
SUPARAS IMPEX PVT LTD (Not 4)	07/08/2015	8200	201296	4.07%	298.8049	2450200
SUPARAS IMPEX PVT LTD (Not 4)	10/08/2015	3401	157416	2.16%	299.4	1018259.4
SUPARAS IMPEX PVT LTD (Not 4)	11/08/2015	4700	169122	2.78%	299.7	1408590
SUPARAS IMPEX PVT LTD (Not 4)	12/08/2015	5000	146065	3.42%	299.5	1497500
SUPARAS IMPEX PVT LTD (Not 4)	13/08/2015	5000	168555	2.97%	299.3	1496500
SUPARAS IMPEX PVT LTD (Not 4)	14/08/2015	7325	162975	4.49%	299.8	2196035
SUPARAS IMPEX PVT LTD (Not 4)	18/08/2015	5000	153233	3.26%	300.2	1501000
SUPARAS IMPEX PVT LTD (Not 4)	19/08/2015	5000	150592	3.32%	300.4	1502000
SUPARAS IMPEX PVT LTD (Not 4)	20/08/2015	5000	148386	3.37%	300.1	1500500
Total		**129423**	**2660916**	**4.86%**		**38589288.6**

41) From the table above, it was observed that total selling by Noticees 2, 3 and 4 viz. Guide Dealcom LLP, Alert Commdeal Private Limited and Suparas Impex Private Limited accounted for 6.58%, 17.60% and 4.86% of the trading volumes on the days the said three entities had respectively traded.

42) As also mentioned above, Noticee 8 is connected with Noticees 2, 3 and 4 through common address and common directorships. Noticee 1, admittedly received funds from Noticees 5, 6 and 7 to purchase shares from Noticees 2, 3 and 4, which were connected with Noticee 8.

43) From the trade log, it was also observed that Noticees 2, 3 and 4 were net sellers during Patch-02 contributing 17.10% of the market volume during Patch-02. Noticees 2, 3 and 4 were also major sellers to Noticee 1 and his family members during the IP.

44) From the trading details of Noticees 1, 2, 3 and 4, following observations were made:

a) The orders for trades in the scrip of MIFL were first placed by Noticees 2, 3 and 4, i.e. the sellers and later, within a very short span of time, buy orders were placed by Noticee 1 and his family members.

b) Over 90% of the shares bought by Noticee 1 were sold by Noticees 2, 3 and 4. Also, over 92.85% of shares sold by Noticees 2, 3 and 4 were purchased by Noticee 1 and his family members between July 21, 2015 and August 26, 2015.

c) In all the trades between Noticee 1 and Noticees 2, 3 and 4, the buy orders were placed at the same price as the sell orders, or at a higher price. By doing so, the trades would be executed as soon as the buy orders were placed, as buy orders were placed at a higher price than the available sell orders. Some instances showing this trading pattern are as given below.

Table - 17

TRADE_DATE	CLIENTNAME	CP_CLIENTNAME	ORDER_NO	CP_ORDER_NO	TRADE_TIME	ORDER_LMTIME	CP_ORDER_LMTIME	TRADE_RATE	TRADED_QTY
28/07/2015	RISHABH MAHENDRA SHAH	GUIDE DEALCOM LLP	143805420000215652	143805420000215651	15:05:25.729288	15:05:25.729288	15:03:34.871672	297	1320

TRADE_DATE	CLIENTNAME	CP_CLIENTNAME	ORDER_NO	CP_ORDER_NO	TRADE_TIME	ORDER_LMTIME	CP_ORDER_LMTIME	TRADE_RATE	TRADED_QTY
12/08/2015	RISHABH MAHENDRA SHAH	SUPARAS IMPEX PRIVATE LIMITED	1439350200001391358	1439350200001391355	12:24:43.117304	12:24:43.117304	12:22:52.709440	299.5	250
12/08/2015	RISHABH MAHENDRA SHAH	SUPARAS IMPEX PRIVATE LIMITED	1439350200001391359	1439350200001391355	12:24:45.480225	12:24:45.480225	12:22:52.709440	299.5	250
13/08/2015	RISHABH MAHENDRA SHAH	SUPARAS IMPEX PRIVATE LIMITED	1439436600002522696	1439436600002522679	12:55:13.194844	12:55:13.194844	12:53:15.096257	299.3	2500
13/08/2015	RISHABH MAHENDRA SHAH	SUPARAS IMPEX PRIVATE LIMITED	1439436600002522696	1439436600002522680	12:55:13.194844	12:55:13.194844	12:53:29.382999	299.3	2500
14/08/2015	RISHABH MAHENDRA SHAH	ALERT COMMDEAL PRIVATE LIMITED	1439523000007115539	1439523000007115531	12:06:18.55438	12:06:18.554380	12:04:31.108739	299.6	4000
14/08/2015	RISHABH MAHENDRA SHAH	ALERT COMMDEAL PRIVATE LIMITED	1439523000007115540	1439523000007115532	12:06:40.94543	12:06:40.945430	12:04:43.187900	299.7	4500
14/08/2015	RISHABH MAHENDRA SHAH	SUPARAS IMPEX PRIVATE LIMITED	1439523000007115541	1439523000007115538	12:06:52.333844	12:06:52.333844	12:06:32.962045	299.8	3000
14/08/2015	RISHABH MAHENDRA SHAH	SUPARAS IMPEX PRIVATE LIMITED	1439523000007115543	1439523000007115542	12:07:39.790262	12:07:39.790262	12:07:16.472097	299.8	1500
14/08/2015	RISHABH MAHENDRA SHAH	SUPARAS IMPEX PRIVATE LIMITED	1439523000007115544	1439523000007115542	12:07:42.378607	12:07:42.378607	12:07:16.472097	299.8	100
14/08/2015	RISHABH MAHENDRA SHAH	SUPARAS IMPEX	1439523000007115545	1439523000007115542	12:07:45.485684	12:07:45.485684	12:07:16.472097	299.8	200

TRADE_DATE	CLIENTNAME	CP_CLIENTNAME	ORDER_NO	CP_ORDER_NO	TRADE_TIME	ORDER_LMTIME	CP_ORDER_LMTIME	TRADE_RATE	TRADED_QTY
		PRIVATE LIMITED							
14/08/2015	RISHABH MAHENDRA SHAH	SUPARAS IMPEX PRIVATE LIMITED	143952300000007115546	143952300000007115542	12:07:48.154239	12:07:48.154239	12:07:16.472097	299.8	100

45) Above observations clearly denote meeting of mind between Noticee 1 on one hand and Noticee 2, 3 and 4 on the other. Thus, the trades of Noticee 1 with Noticee 2, 3 and 4 led to creation of artificial volume.

46) I note that Noticee 1 had inter alia, submitted the following documents to support his submissions regarding involvement of Noticee 8 in the scheme.

a) Call Recording by Noticee 1 (Rishabh Mahendra Shah) with Noticee 8 (Pradeep Kumar Daga) and Anjan Sirohia.
b) Whatsapp Chat with Anjan Sirohia with calculations of shares as attachment.
c) Noticee 1 (Rishabh Mahendra Shah) vide letter dated May 21, 2021 has provided certain numbers of Noticee 8 (Pradeep Kumar Daga) viz. 9830011101, 8017491973, 9830211101 and 3322315687.

47) From UCC details, it was observed that 9830011101 is linked with Noticee 8 (Pradeep Kumar Daga), Response Securities, Response Commodities and Apnapan Distributors and other connected entities accounts. Response Securities Pvt Ltd and Responce Commodities LLP were remaining two promoters of Mangalam along with Noticee 8 (Pradeep Kumar Daga) during IP.

48) From the 7:41 minutes call recording submitted by Noticee 1 with Noticee 8, it was observed that Noticee 1 and Noticee 8 were having a conversation in which Noticee 8 was asking Noticee 1 to transfer the shares in lieu of debt settlement agreements.

49) From the screenshot of the WhatsApp chat between Noticee 1 and Anjan Sirohia, it was observed that Anjan Sirohia had sent an MS-Excel file in which calculation of shares was given.

50) Copy of E-mail dated December 11, 2015, in which Noticee 1 (Rishabh Mahendra Shah) wrote to Globe Capital about raising ₹2 crore limit in MIFL which was then forwarded by Vishal Dedhia to Noticee 8 with Anjan Sirohia in CC on December 15, 2015, also indicates that Noticee 8 was involved in the scheme. As observed above, the aforesaid email was finally sent by Vishal Dedhia to Noticee 8, keeping Anjan Sirohia in the loop.

51) Noticee 8 submitted that he has no relation with Noticee 1 and that he has just been informed that Noticee 1 is a shareholder of MIFL. During the course of hearing on November 22, 2022, the authorised representative (AR) of Noticee 8 was asked to comment upon the call recordings and the messages exchanged between him and Noticee 1. In this regard, the AR requested for additional time till November 23, 2022. As no additional submissions in this regard were made by Noticee 8, the AR was advised vide mail dated December 16, 2022 to make additional submissions on or before December 20, 2022. Vide email dated December 23, 2022, Noticee 8 submitted that as there were many calls from Noticee 1, Noticee 8 had just called back. Further, there was no mention of “Mangalam Industrial Finance Limited” either in the call or in the excel file which was sent by Noticee 8 to Noticee 1 through WhatsApp.

52) However, Noticee 8 has not denied the calls and messages exchanged between Noticee 1 and Noticee 8, and has also not explained the context of the conversation. Noticee 8 has plainly said that as the word 'Mangalam Industrial Finance Limited' was nowhere used, it cannot be proved that the call and message were in respect of MIFL. However, there was mention of scrip being suspended in August, 2015 till December, 2015. I also note that the scrip of MIFL was suspended from trading by the BSE for this period. Thus, there was in fact an indirect reference to the scrip of MIFL in the aforesaid conversation. Hence, Noticee's submission is not tenable.

53) Further, there was also a mention by Noticee 8 that *Noticee 1 was about to take ₹3 crore credit limit from Globe Capital.* I note that Noticee 8 here, was referring to Noticee 1's email dated December 11, 2015, which was later forwarded to Noticee 8 by Vishal Dedhia. I observe from the said email that Noticee 1's application to Globe Capital to avail Rs. 3 crore credit limit by pledging shares of MIFL was informally approved. Further, the mail was forwarded by Noticee 1 to Vishal Dedhia and later by Vishal Dedhia to Noticee 8. This shows that the mail which was referred to in the call between Noticee 1 and 8 was regarding pledging of shares of MIFL by Noticee 1, and Noticee 8 was also informed about the same. Hence, again, Noticee 8's submission that there is no connection of the call recording with MIFL as there was no mention of MIFL, is devoid of any merit and not acceptable.

54) There was also a reference to Anjan Kumar Sirohia by Noticee 8. Noticee 8 was also heard saying to Noticee 1 that both of them are stuck in the matter. I also note that Noticee 8, in his submissions during investigation, clearly denied knowing Noticee 1. Noticee 8 also denied knowing Noticee 1 while making submissions to the undersigned, vide mail dated November 10, 2022. From the above observations, I note that the submissions of Noticee 8 is totally contradictory to what evidence is showing. Noticee 8 knowingly and purposely denied of having any relationship with Noticee 1

before the Investigating authority as also before the present proceeding. Notice 8 has also not been able to explain the conversation and information exchanged between Noticee 1 and Noticee 8. Noticee 8 has also not raised any objection in the statement made by Noticee 1 that there was a deal between Noticee 1 and Noticee 8, to raise funds by pledging shares of MIFL to broker through Noticee 1. Thus, based on the call recordings, WhatsApp chat screenshot and UCC details and admissions made by Noticee 1, I conclude that Noticee 1 and Noticee 8 were known to each other and involved in devising the alleged scheme.

55) To sum up the above observations,

a) Noticees 1 to 8 were connected and known to each other. Noticee 8 has not objected or denied the correctness of admissions made by Noticee 1 in his submissions during investigation, which were shared with Noticee 8 as annexures to the SCN.

b) Noticees 5, 6 and 7 (all connected to Noticee 8) transferred ₹32.35 crore to Noticee 1 and his proprietorship firm, Shree Gaja Enterprise between July 17, 2015 and August 19, 2015, who then transferred Rs 31.12 crores immediately to trading account maintained with their respective brokers. The trade between Noticee 1 and his family members and Noticees 2, 3 and 4 (all connected to Noticee 8) amounting to Rs 30.53 crores took immediately after the transfer of said amount to respective trading account of Noticee 1 and his family members.

c) Noticees 2, 3 and 4 were also major sellers to Noticee 1 and his family members during the IP. Over 90% of the shares bought by Noticee 1 were sold by Noticees 2, 3 and 4. Also, over 92.85% of shares sold by Noticees 2, 3 and 4 were purchased by Noticee 1 and his family members between July 21, 2015 and August 26, 2015.

d) Total selling by Noticees 2, 3 and 4 viz. Guide Dealcom LLP, Alert Commdeal Private Limited and Suparas Impex Private Limited accounted for 6.58%, 17.60% and 4.86% of the trading volumes on the days the said three entities had respectively traded. There was meeting of minds between Noticees 1, 2, 3 and 4 while placing trades in the scrip of MIFL.

56) I also note that Noticee 1 admitted that he had agreed to devise a scheme with Noticee 8, by which Noticee 8 will arrange to transfer the money in bank account of Noticee 1, who would then buy shares of MIFL from specific entities, related to Noticee 8, and then pledge it to raise funds from several brokers. As is evident, the first part of the scheme, i.e. transfer of money and buying of shares by Noticee 1 was executed by Noticees 1 to 8. However, the second part, i.e. pledging of shares with brokers to raise funds for Noticee 8, as per the deal could not be executed as the scrip of MIFL was suspended from trading from August 27, 2015 and after revocation of suspension on December 1, 2015, price of shares of MIFL started falling with continuous lower circuit.

57) Noticees 2, 3 and 4 submitted that they sold the shares over the exchange, as it was the best opportunity to sell the shares of MIFL at that time. However, Noticees 2, 3 and 4 have not touched upon the fact that they were also major sellers to Noticee 1 and his family members during the IP, constituting total of 965657 shares traded between Noticee 1 and his family members and Noticees 2, 3 and 4. Further, Noticee 1 has admitted that it was planned that Noticee 1 will buy the shares from Noticees 2, 3 and 4 by placing corresponding orders.

58) Also, I note from the trade log that in all the trades in which shares were purchased by Noticee 1 and his family members from Noticees 2, 3 and 4, orders were first placed by Noticees 2, 3 and 4, i.e. the sellers. Noticees 3 and 4, in their replies have not explained the coincidences of significant volume and number of trades being executed

with Noticee 1 and his family members. They have also not explained the coincidence that in their trades with Noticee 1 and his family members, orders were first placed by Noticees 2, 3 and 4. Noticee 1 has also admitted that *“Every single day the buying of the shares of MIFL Mangalam Industrial Finance limited were executed on instructions of Mr Pradeep Kumar Daga (Noticee 8) as and when the remittance was received.”* From the aforesaid, I observe that there was understanding among Noticee 1 and Noticees 2, 3 and 4, that the orders would first be placed by Noticees 2, 3 and 4, then Noticee 1 would be instructed to buy certain no. of shares through placing orders with different quantities. As all the trades in which MIFL shares were bought by Noticee 1 and his family members from Noticees 2, 3 and 4, were executed on multiple days and in all these trades the orders were first placed by Noticees 2, 3 and 4 and later by Noticee 1, I am of the view that this pattern cannot be formed unless there is meeting of minds among Noticees 1, 2, 3 and 4.

59) Noticees 2, 3 and 4 also submitted that they had not executed any non-genuine trades. The trades executed on the floor of the exchange is a blind mechanism wherein the trading system prevents a member who places any orders from identifying the counter-party member or client and thus ensures anonymity of trades. I note that it is not a mere coincidence that significant number and volume of trades could be executed between Noticee 1 and his family members and Noticees 2, 3 and 4 on multiple trading days. To make the coincidences even more difficult to accept, orders were first placed by Noticees 2, 3 and 4, in all the trades between Noticee 1 and his family members and Noticees 2, 3 and 4, which is a rare possibility. This is the outcome of meeting of minds elsewhere and it was a deliberate attempt to deal in such a manner. I note in matters dealing with violation of PFUTP Regulations, 2003, the reason as regards execution of non-genuine trades might not be immediately forthcoming. However, the correct test instead, is one of preponderance of probabilities. 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- *"...According to us, knowledge of who the 2nd party / client or the broker is, is not relevant at all. While the screen based trading system keeps the identity of the parties anonymous it will be too naïve to rest the final conclusions on the said basis which overlooks a meeting of minds elsewhere. Direct proof of such meeting of minds elsewhere would rarely be forthcoming...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..."*

60) 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."*

61) The observations made in the aforesaid judgments of Hon'ble Supreme Court apply with full force to the facts and circumstances of the present case. Therefore, applying

the ratio of the above judgments, I am convinced that the execution of trades by the Noticee 1 and his family members and Noticees 2, 3 and 4 in the scrip of MIFL clearly indicates a prior meeting of minds with a view to execute the scheme in a predetermined fashion.

62) Noticees 2, 3 and 4 have further contended that there was no alert from the broker or the stock exchanges, which would prompt them to take any caution or create an alarm to stop trading. I note that absence of any preventive mechanism cannot be a ground to absolve the Noticees from their obligation to ensure genuineness of trades executed on exchange platform. The obligation to ensure genuineness of trades as regards instant considerations lies squarely on the Noticees and the Noticees were bound to comply PFUTP Regulations, 2003.

63) Noticees 2, 3 and 4 have also contended that their trade quantity is miniscule as compared to the total market volume. I note that the majority of trades between Noticee 1 and his family members and Noticees 2, 3 and 4 happened between July 21, 2015 and August 26, 2015, during which, the daily volume traded in the scrip of MIFL was 1,50,643 per day, i.e. nearly 29 times higher as compared to its earlier daily trading volume of 5225 shares per day from March 25, 2014 till July 20, 2015. Through trades amongst themselves, Noticee 1 and his family members and Noticees 2, 3 and 4 contributed 23.49% of the trading volume between July 21, 2015 and August 26, 2015.

64) Noticees 5, 6 and 7 submitted that they had individually given loans to Noticee 1 and that they have not funded Noticee 1 to purchase shares of MIFL. Noticee 6 did not appear for the hearing. At the time of hearing of Noticees 5 and 7, they were advised to submit the loan documentation of advance provided by them to Noticee 1. In this regard, they submitted similar loan confirmation documents. No other document in support of the loans extended was provided by them. The loan confirmation document

was addressed to Noticee 1, but no acknowledgement of delivery was present on the letter. Also, no other documents like loan agreement, due diligence before sanctioning of loan, loan application form, repayment related documents, interest charged on such loans, were presented by Noticees 5 and 7 to support their submissions.

65) Noticees 5, 6 and 7 submitted that merely common address and common directorship cannot define the basis of connection. I note that they have not disputed the facts of common directorship and address. They have simplistically denied being connected without providing explanation as to how can three completely unrelated have common connections among themselves or with MIFL or Noticee 8.

66) Noticees 5, 6 and 7 have also submitted that the scrip in which they had traded was not time banned and there was no bar in trading in such scrips. That there was no alert from exchange and there was no meeting of minds with alleged counterparties. I note that the Noticees 5, 6 and 7 have made these submissions without application of mind, as there is no allegation or observation that Noticees 5, 6 and 7 have traded with any other Noticee over the exchange in the scrip of MIFL. In view of the aforesaid, all the submissions made by Noticees 5, 6 and 7 are not tenable.

67) All the other submissions of Noticee 8 were similar to those made by Noticees 5, 6 and 7, which have already been dealt in the preceding paragraphs.

68) Family members of Noticee 1, i.e. his wife Kinjal K Mehta and his friend Kiran Karkera. Noticee 1, admitted that Noticee 1 was operating the demat and bank accounts of Kinjal Mehta and Kiran Karkera, and that the latter were not aware or were part of the scheme/ arrangement of dealing in shares of MIFL. The said submissions were considered by SEBI and enforcement action in the form of issuance of administrative warning was made against them.

69) The documentary evidences such as details of connections between Noticees 2 to 8, call recordings and Whatsapp screenshots submitted by Noticee 1 of his conversation with Anjan Sirohia (on behalf of Noticee 8), bank statements of Noticee 1 and his family members and Noticees 5, 6 and 7, and email originated from Noticee 1 and forwarded by Vishal Dedhia to Noticee 8 and Anjan Sirohia corroborate with the above finding that a scheme was devised/ masterminded by Noticee 1 and Noticee 8, by which Noticee 8 will arrange to transfer the money in bank account of Noticee 1, who would then buy shares of MIFL from specific entities, related to Noticee 8, and then pledge it to raise funds from broker for Noticee 8.

70) As also observed that the scheme could not be executed in full, however, in this process, significant artificial volume was created by acts of Noticees 1 to 8. I find that

a) Noticees 1 and 8 were the key persons responsible for devising the scheme which lead to artificial volume creation in the scrip of MIFL through their manipulative, fraudulent and unfair trade practices ;

b) Noticees 1, 2, 3 and 4, contributed to 17.10% of total market volume during Patch 2, wherein Noticee 1 was being funded by Noticees 5, 6 and 7 for buying shares from Noticees 2, 3 and 4, who were net sellers.

71) In view of the aforesaid, I find that allegation against Noticees 1 to 8 of violation of provisions of Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a) and 4(2)(g) of SEBI PFUTP Regulations, 2003 read with Section 12A(a), (b) and (c) of SEBI Act, 1992 stand established.

ISSUE II - Whether Noticee 9 has violated the provisions of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) and (e) of the PFUTP Regulations, 2003 read with Section 12A(a), (b) and (c) of the SEBI Act, 1992?

72) It was alleged that Noticee 9 contributed more than 5% market positive LTP by executing 3 trades. The details of his trades are as given below.

Table - 18

S No.	Date	LTP contribution	Counterparty Name	Order LM time	CP_Order LM time	Order LM rate	CP_Order LM rate
1	24/11/2014	3	SHOBHA SINGH	09:44:32.876 558	09:28:59.937 588	230	230
2	03/12/2014	5	SHOBHA SINGH	11:03:51.667 651	09:37:11.908 623	265	265
3	27/01/2015	57	DIPTIBEN MUKESHBHAI PATEL	10:29:44.740 282	10:03:59.864 314	343	343

73) It was also observed from the trade log that Noticee 9 contribution to NHP was Rs. 58 through his 2 trades which amounts to 18.65% of market NHP contribution by him during Patch -1. From above, it is observed that Noticee 9 as a buyer contributed significant net LTP and positive LTP of Rs 65 (6.00% of total market positive LTP) and Rs. 58 of NHP (18.65% of Market NHP) through small orders (1 shares each). Placing orders of miniscule quantity by a buyer at price higher than LTP without logic indicates manipulative and fraudulent trade practices. Thus, Noticee 9 (Santi Kumar Mondal) was alleged to have violated Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a), (e) of SEBI (PFUTP) Regulations, 2003 read with Section 12A(a), (b), (c) of SEBI Act, 1992.

74) Noticee 9 submitted that he has no connection with other Noticees in the SCN. He had bought 1 share in each of the three buy trades executed by him. He bought the first share so that he could attend AGM of MIFL, as Noticee 9 lives in Kolkata and MIFL

has its registered office in Kolkata. He purchased second share and transferred to his other demat account which is a joint account with his wife, so that she could also attend the AGM of MIFL in future. And similarly he purchased the third share for his sister.

75) Noticee 9 had also submitted that for placing the buy orders, Noticee 9 would call his broker M/s Guiness Securities Limited and ask them to buy 1 share of MIFL at the available price and quantities which were sometimes negligible.

76) From the trade log, following details can be observed from the trades executed by Noticee 9 as buyer in the scrip of MIFL during Patch 1.

Table - 19

Sr. No.	Date	Traded Qty	Seller Name	Buy Order Time	Sell order Time	No. of trades during the day	Total No. of sellers during the day
1	24/11/2014	1	Shobha Singh	09:44:32.876558	09:28:59.937588	40	3
2	03/12/2014	1	Shobha Singh	11:03:51.667651	09:37:11.908623	22	5
3	27/01/2015	1	Diptiben Mukeshbhai Patel	10:29:44.740282	10:03:59.864314	16	4

77) I observe that

a) No connection of Noticee 9 with any other Noticee in the SCN or the promoters of MIFL has been found during investigation.

b) Buy order was always placed by the Noticee after the placing of sell order by the counterparties. Thus, benefit of doubt may be given to the Noticee 9 that its orders were placed based on the available sell prices.

c) Two of Noticee 9's trades were executed with Shobha Singh as the counterparty. However, no connection was found even between Noticee 9 and Shobha Singh. As the number of trades executed on the days when Noticee 9 bought share of MIFL were very less, and number of sellers were between 3 and 5, which means it could have been an easy coincidence that two of his trades matched with the same counterparty who was selling shares on both the days.

78) In view of the above observations and in the absence of cogent material available on record to show connections between Noticee 9 and Noticees 1 to 8, I am inclined to give benefit of doubt to Noticee 9. I find that Noticee 9 was not involved in any manipulative or unfair trade practice and hence, the allegation against Noticee 9 of the violation of Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a), (e) of SEBI (PFUTP) Regulations, 2003 read with Section 12A(a), (b), (c) of SEBI Act, 1992 does not stand established.

ISSUE III - Whether Noticees 10 to 30 are connected to each other and have violated the provisions of Regulation 3(a),(b),(c),(d), 4(1), 4(2)(a) and (g) of the PFUTP Regulations, 2003 read with Section 12A(a), (b) and (c) of the SEBI Act, 1992?

79) It is alleged that total 147 entities have done circular trading. Analysis of these 147 entities was done further and these entities were divided into three groups G.1, G.2 and G.3 based on trading amongst themselves. There were 38 entities in Group G.1, 23 entities in Group G.2 and 86 entities in Group G.3. Their details are provided in Tables 7, 8 and 9 above. It was alleged that out of 147 entities, 21 entities had created artificial volume in the scrip of MIFL during the IP by contributing ≥ 1% of market volume individually and contributing more than 10% of market volume as a group on respective group trading days. Hence, 21 entities, i.e. Noticees 10 to 30, as given below, were alleged to have violated provisions of Reg. 3(a), 3(b), 3(c) and 3(d) and 4(1), 4(2)(a) and 4(2)(g) of SEBI (PFUTP) Regulations, 2003 read with Sec. 12A(a), 12A(b), 12A(c) of SEBI Act, 1992.

80) The details of alleged circular trades done by Noticees 10 to 30 are as given below.

Table -20

Noticee	Entity Name	Sum of circular quantity	Entity circular qty as % of total market volum for the days	Entity circular trade qty among group
10	DHARMENDRA KUMAR JAIN	89204	3.45%	12.08%
11	SHRI PRAKASH KABRA	81749	3.17%	11.07%
12	MOHAN MUKHIYA	68566	2.65%	9.29%
13	KUMAR SHARE BROKERS LTD	66904	2.59%	9.06%
14	STALLONE COMMERCIAL PVT LTD	61025	2.36%	8.27%
15	SANDEEP KUMAR JAIN	56563	2.19%	7.66%
16	RAJENDRA KUMAR JAIN	53559	2.07%	7.25%
17	SAIGANGA PACKAGING LIMITED	50669	1.96%	6.86%
18	OLEANDER MANUFACTURERS AND CREDIT LTD	36339	1.41%	4.92%
19	BRAHMA COLONIZERS PRIVATE LIMITED	26685	1.03%	3.61%
20	SUBHADRABEN RAMESHCHANDRA SHAH	34574	1.64%	7.23%
21	VIVEK SHIVA RAM KALE	33952	1.61%	7.10%
22	DIPALIBEN YASH BHATT	33078	1.56%	6.92%
23	NIRAJ ASHOKBHAI PARMAR	32601	1.54%	6.82%
24	KETAN PRAVINBHAI PANCHAL	31245	1.48%	6.54%
25	JAYSHRIBEN U PATEL	27651	1.31%	5.78%
26	PRAKASH VIJAYKUMAR SHAH	27115	1.28%	5.67%
27	ARJUN HIRJI THAKKER	26893	1.27%	5.63%
28	VIDHI ZAVERI	24497	1.16%	5.12%
29	MUSHABBER IMRANALI AHMADI	22208	1.05%	4.65%
30	RAMESHBHAI DHADUMAL BHATIYA	21385	1.01%	4.47%

81) From the material on record, I observe that

a) There were multiple instances of circular trading among Noticees 10 to 30. Each Noticee's contribution is ≥ 1% of market volume individually and as groups, they have contributed more than 10% to market volume on the respective group trading days.
b) No connections were alleged among Noticees 10 to 30 with promoters of MIFL and other Noticees in the SCN. Further, the trades were not alleged to be synchronized in nature.s
c) No funds were alleged to have been exchanged by Noticees 10 to 30 with promoters of MIFL and other Noticees in the SCN.
d) The alleged circular trades were executed on 163 trading days during the entire IP. The total trades on these days were 1,30,921 trades, out of which 4568 trades were alleged to be circular. Further, not more than 43 buyers and not more than 45 sellers were trading on any of the 163 trading days on which circular trades were allegedly executed.
e) Only on 24 trading days, the total number of trades executed was more than 1000. On these 24 trading days, the total number of trades were 1,08,019, out of which, only 554 trades were allegedly circular in nature. This also means that majority of the circular trades took place on days when very few trades were taking place on daily basis. I observe that remaining 4,014 circular trades were executed on 139 trading days, on which total number of trades executed were 22,902 trades.

f) A No pattern of trading such as synchronized trades or reversal trades has been observed in respect of Noticee 10 to 30.
g) Though the contribution of Noticees 10 to 30 was ≥ 1% of market volume individually on their respective trading days, I note that the number of persons trading on those days and the number of trades executed on those days are very small. When a small number of investors/ traders are trading in a scrip, circles are bound to form,

but they cannot be called manipulative in nature in the absence of connections, fund transfers, patterns in trading.

h) The trading of Noticees 10 to 30 does not bring out any meeting of minds

82) I find it relevant to make reference to Hon'ble SAT Order dated 10-10-2013 passed in the matter of *Kapil Chatrabhuj Bhuptani v/s SEBI* (Appeal No. 95/2013) wherein the Hon'ble SAT has held that, "*Therefore in our considered opinion simple trading by the appellant in a particular scrip without any proved nexus between trades with the other so called group of brokers and clients is not per se punishable. Undoubtedly, the appellant has traded in the scrip for about 64 days which is admittedly minor, comprising only 0.89 percent of the total trades in the scrip but in absence of some satisfactory evidence, the appellant cannot be held guilty of violation of Regulations 4(1) and 4(2)(a) and (g) of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003. Such an insignificant percentage of the total trading executed during the period of investigation in this case does not seem to indicate any prior meeting of minds as alleged by the respondent.*"

83) I also place reliance on the observations of Hon'ble Supreme Court of India in the matter of SEBI v. Kishore P. Ajmera (Order dated February 23, 2016), wherein it was observed that "*While the screen based trading system keeps the identity of the parties anonymous it will be too naive to rest the final conclusions on said basis which overlooks a meeting of minds elsewhere. Direct proof of such meeting of minds elsewhere would rarely be forthcoming. The test, in our considered view, is one of preponderance of probabilities so far as adjudication of civil liability arising out of violation of the Act or the provisions of the Regulations framed thereunder is concerned. Prosecution under Section 24 of the Act for violation of the provisions of*

any of the Regulations, of course, has to be on the basis of proof beyond reasonable doubt. … 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."

84) Thus, in the absence of any material on record to show connections among Noticees 10 to 30 with their counterparties in circular trades and with promoters of MIFL, any evidence to show meeting of minds, or any synchronized or reversal pattern of trades, I am inclined to give benefit of doubt to Noticees 10 to 30. I find that the allegation against Noticees 10 to 30 of the violation of Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a), (g) of SEBI (PFUTP) Regulations, 2003 read with Section 12A(a), (b), (c) of SEBI Act, 1992 does not stand established.

ISSUE IV - Do the violations, if any, attract penalty under Section 15HA of the SEBI Act, 1992?

85) I am of the view that above violations make Noticees 1 to 8 liable for monetary penalty under Section 15HA of the SEBI Act. The text of Section 15HA of SEBI Act, 1992 is reproduced hereunder:

SEBI Act, 1992

Penalty for fraudulent and unfair trade practices.

15HA.If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty 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.

86) 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…."

ISSUE V - 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?

87) While determining the quantum of penalty under Section 15HA of the SEBI Act, 1992, 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

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.

88) I observe, that the material available on record does not quantify any disproportionate gains or unfair advantage, if any, made by the Noticees 1 to 8 and the losses, if any, suffered by the investors due to such violations on the part of the said Noticees. Further, material available on record does not show that the said violation is repetitive. However, I note that Noticees 1 and 8 devised a manipulative scheme and Noticees 2 to 7 facilitated execution of the scheme, which has the effect of disrupting the securities market and has the potential to mislead and induce genuine investors to trade in the scrip. This violation of the Noticees, if dealt with lightly could seriously undermine investors' confidence in the securities market and has to be viewed seriously and calls for appropriate penalty.

ORDER

89) Having considered the facts and circumstances of the case, the material available on record, the factors mentioned in Section 15J of the SEBI Act, the purpose of SEBI PFUTP Regulations 2003, taking note of Section 15HA of the SEBI Act, and also taking into account judgment of the Hon'ble Supreme Court in SEBI vs. Bhavesh Pabari (2019) 5 SCC 90 and in exercise of power conferred upon me under section15-I of the SEBI Act,1992 read with rule 5 of the Adjudication Rules,1995, I hereby impose following penalty under Section 15HA of the SEBI Act, 1992 on Noticees 1 to 8 under 3(a), (b), (c) & (d), 4(1) and 4(2)(a) and (g) of PFUTP Regulations, 2003 read with Section 12A(a), (b) and (c) of SEBI Act, 1992.

Sr. No.	**Name of Noticee**	**Violation provisions**	**Penalty**
1	RISHABH MAHENDRA SHAH PAN: AUIPS6336B	Regulation 3(a),(b),(c),(d) and 4(1),(2)(a) and (g) of the PFUTP Regulations, 2003 read with Section 12A(a), (b), (c) of SEBI Act, 1992	₹ 15,00,000/- (Rupees Fifteen Lakh only)
2	GUIDE DEALCOM LLP PAN: AANFG5684R		₹ 10,00,000/- (Rupees Fifteen Lakh only)
3	ALERT COMMDEAL PVT LTD PAN: AAHCA2183J		₹ 10,00,000/- (Rupees Fifteen Lakh only)
4	SUPARAS IMPEX PVT LTD PAN: AAMCS2297L		₹ 10,00,000/- (Rupees Fifteen Lakh only)
5	NORTHSTAR DEALCOMM PRIVATE LIMITED PAN: AACCN6228J		₹ 10,00,000/- (Rupees Fifteen Lakh only)
6	NEXCARE AGENCY PVT. LTD. PAN: AACCN5944P		₹ 10,00,000/- (Rupees Fifteen Lakh only)
7	EVERSAFE HIGHRISE PRIVATE LIMITED PAN: AACCE9244M		₹ 10,00,000/- (Rupees Fifteen Lakh only)
8	PRADEEP KUMAR DAGA PAN: ACOPD3574C		₹ 15,00,000/- (Rupees Fifteen Lakh only)

90) The above Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favor of "SEBI - Penalties

Remittable to Government of India", payable at Mumbai, OR through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT → Orders → Orders of AO → PAY NOW.

91) The aforesaid Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid to "The Division Chief (Enforcement Department - DRA-1), Securities and Exchange Board of India, SEBI Bhavan, Plot No. C – 4 A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.". The Noticee shall also provide the following details while forwarding DD / payment information:

a) Name and PAN of the Noticee
b) Name of the case / matter
c) Purpose of Payment – Payment of penalty under AO proceedings
d) Bank Name and Account Number
e) Transaction Number

92) 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.

93) In terms of Rule 6 of the Adjudication Rules, 1995, copy of this order is sent to the Noticees and also to the Securities and Exchange Board of India.

Date: December 29, 2022 **BARNALI MUKHERJEE**
Place: Mumbai **ADJUDICATING OFFICER**