BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/PM/NS/2022-23/17548-17566]

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

In respect of –

1. **Shankheshwar Metals Pvt Ltd. (PAN - AACCS1367D).**
2. **Parvati Minerals Pvt Ltd. (PAN - AAACP9191Q)**
3. **Eden Vyapaar Pvt. Ltd. (PAN - AACCE8320J)**
4. **Sinjan Overseas Pvt Ltd (PAN - AAMCS8721P)**
5. **Kavita Saraf (PAN - AADPK7788E)**
6. **Ajay Popatlal Shah (PAN - AAKPS9527Q)**
7. **Brij Bhatia HUF (PAN- AAAHB5517M)**
8. **Neela Bhatia (PAN- AAQPB8371B)**
9. **Brij Bhatia (PAN- AAQPB8370A)**
10. **Vinod Jagadishbhai Fadadu (PAN- ACGPV6668M)**
11. **Archana Madhukarrao Deshmukh (PAN- AMEPD1360L)**
12. **Motilal Balkrishan (PAN- AAAHM0366H)**
13. **Abhay P Shah (PAN- AKQPS1512F)**
14. **Abhishek Pramod Gupta (PAN- AHCPG3733F)**
15. **Kanchan Chandrashekhar Tunge (PAN- AGNPT5066C)**
16. **Bal Krishna Agarwal (PAN- AEEPB7729K)**
17. **Vinod Jain (PAN- ACHPJ0273H)**
18. **Ashish Gupta (PAN- ABRPG5470E)**
19. **Dilip Deshlahara (PAN- AGGPD6470R)**

In the matter of dealing in the scrip of Sun & Shine Worldwide Limited

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BACKGROUND

1. Securities and Exchange Board of India (hereinafter be referred to as, **'SEBI'**) initiated adjudication proceedings under Section 15HA of the SEBI Act, 1992 (hereinafter referred to as **'SEBI Act'**), against 1. Shankheshwar Metals Pvt Ltd **(Noticee 1)**, 2**.** Parvati Minerals Pvt Ltd. **(Noticee 2)**, 3. Eden Vyapaar Pvt. Ltd. **(Noticee 3)**, 4. Sinjan Overseas Pvt Ltd **(Noticee 4)**, 5. Kavita Saraf **(Noticee 5)**, 6. Ajay Popatlal Shah **(Noticee 6)**, 7. Brij Bhatia HUF **(Noticee 7)**, 8. Neela Bhatia **(Noticee 8)**, 9.Brij Bhatia **(Noticee 9)**, 10. Vinod Jagadishbhai Fadadu **(Noticee 10)** 11**.** Archana Madhukarrao Deshmukh **(Noticee 11)**, 12. Motilal Balkrishan **(Noticee 12),** 13. Abhay P Shah **(Noticee 13)** 14**.** Abhishek Pramod Gupta **(Noticee 14),** 15. Kanchan Chandrashekhar Tunge **(Noticee 15),** 16. Bal Krishna Agarwal **(Noticee 16)** 17. Vinod Jain **(Noticee 17),** 18. Ashish Gupta **(Noticee 18)** and 19. Dilip Deshlahara **(Noticee 19)** for the alleged violations of Section 12A(a),(b),(c) of SEBI Act read with Regulation 3(a),(b),(c),(d) and Regulations 4(1), 4(2) (a), (e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as **'PFUTP Regulations'**) pursuant to investigation of Sun & Shine Worldwide Limited (**SSWL/Company/Scrip**) for the period from October 01, 2012 to September 30, 2014. (**IP/investigation period**). The Noticees 1 to 19 are collectively referred to as **Noticees.**

APPOINTMENT OF ADJUDICATING OFFICER

2. Initially, Shri Santosh Shukla, Chief General Manager was appointed as the Adjudicating Officer (AO), vide Communiqué dated June 14, 2019 under Section 15-I of the SEBI Act read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as ‘Adjudication Rules’) to inquire into and adjudge under the provisions of Section 15HA of the SEBI Act, the alleged violations of the relevant provisions of PFUTP Regulations by the Noticees, Thereafter, *vide* communication order dated January 07,2020 this case was transferred to Shri Amit Pradhan. Subsequently, Pursuant to transfer of Shri Amit

Pradhan the undersigned was appointed as the AO in the matter vide Communiqué dated June 21, 2021.

SHOW CAUSE NOTICE, REPLY AND HEARING

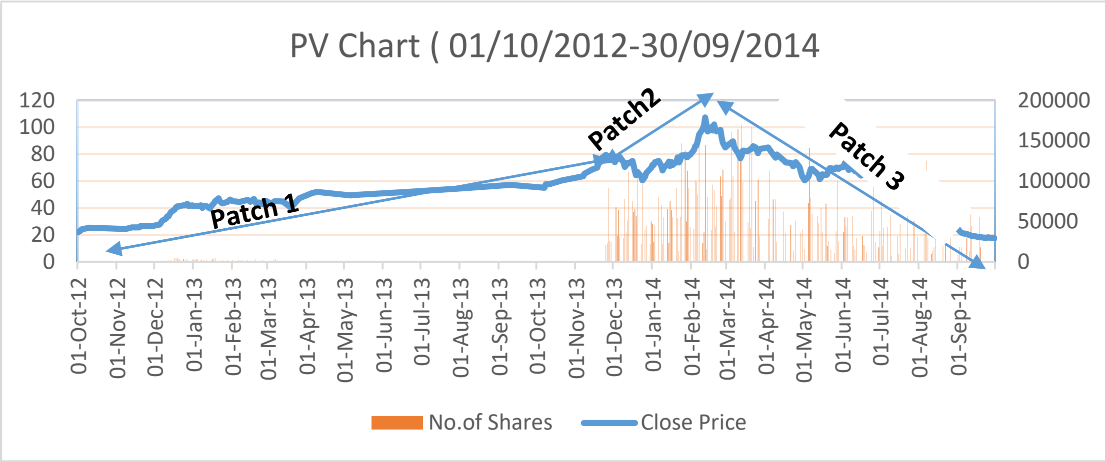
2. Show Cause Notice No. EAD-2/SS-SKS/OW/20023/1-27/2020 dated August 05, 2019 (hereinafter be referred to as, the "**SCN**") was served upon the Noticees under Rule 4(1) of the Adjudication Rules read with Section 15-I of the SEBI Act, to show cause as to why an inquiry should not be held and penalty not be imposed against them under Section 15HA of SEBI Act for the aforesaid alleged violations of PFUTP Regulations.

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

4. Securities and Exchange Board of India ("SEBI") conducted investigation in the matter of Sun and Shine Worldwide Limited (hereinafter referred to as "SSWL" or "the company"), a company having its shares listed on BSE Ltd. ('BSE'), during the period from October 01, 2012 to September 30, 2014 (hereinafter referred to as "investigation period"), to ascertain whether any suspicious entities have traded in the scrip of SSWL in violation of the provisions of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as 'SEBI Act') and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as 'PFUTP Regulations').

5. SEBI observed that during the investigation period, the shares of SSWL traded with an average volume of 33,799 shares per day and a total volume of 93,62,316 shares were traded in 7,411 trades in 277 trading days. Further, price of the scrip opened at Rs. 21.90 on October 01, 2012, reached a high of Rs.109.70 on February 13,

2014 and closed at Rs. 17.50 on September 30, 2014. The price/volume movement in the scrip of SSWL for the period from October 01, 2012 to September 30, 2014 is as under:



6. SEBI observed that there was no major impact on price on the basis of any corporate announcement made by the company during the investigation period.

7. SEBI undertook last traded price ("LTP") analysis to ascertain whether any entity (ies) manipulated the price of the scrip of SSWL during the investigation period. Based on the price trend of the scrip (rise/fall), the investigation period has been divided into three patches as mentioned in Table 1 below and the price volume data of SSWL's scrip during the investigation period is mentioned in Table 2 below:

Table-1

Sl No	Patch	Period	Price movement	Price Trend (Rise/ Fall)
1	Patch 1	01/10/2012- 20/11/2013	21.90-76.00 (+247.03%)	Rise(with minimal volume)
2	Patch 2	25/11/2013- 12/02/2014	79.50-107.35 (+35.03%)	Rise (with substantial volume)

3	Patch 3	13/02/2014-30/09/2014	109.70-17.50	Fall

Table-2

Dates	Share	Opening Price/ volume on first day of the period	High Price/volume during the period	Low price/ volume during the period	Closing price volume on last day of the period	Avg. no of shares traded during the period
Patch- I (01/10/2012-20/11/2013)	**Price**	21.90 (01/10/2012)	76 (20/11/2013	21.90 (01/10/2012)	76 (20/11/2013)	1,252
	Volume	100	50	100	50	
Patch-II (25/11/2013-12/02/2014)	**Price**	79.5 (25/11/2013)	107.35 (12/02/2014)	60.55 (24/12/2013)	107.35 (12/02/2014)	1,20,149(read as 61,147.25)
	Volume	20,600	1,44,750	96000	1,44,750	

Dates	Share	Opening Price/ volume on first day of the period	High Price/volume during the period	Low price/ volume during the period	Closing price volume on last day of the period	Avg. no of shares traded during the period
Patch-III (13/02/2014-30/09/2014)	**Price**	109.70 (13/02/2014)	109.70 (13/02/2014)	17.50 (30/09/2014)	17.50 (30/09/2014)	43,501
	Volume	15,304	15,304	251	251	

Observations based on LTP analysis for Patch 1:

8. During this patch, the price of SSWL's scrip opened at Rs. 21.90 and reached a high of Rs. 76.00 and then closed at Rs. 76.00 with a net LTP of Rs.55.10 and positive LTP of Rs.160.70.

9. SEBI identified 180 entities which are connected group of SSWL. These 180 entities are collectively referred to as "suspected entities" or "group entities" and as a buyer, they have contributed positive LTP of Rs. 44.75/- (27.85% of total market positive LTP) in 40 trades and net LTP of Rs. 0.05/- in 318 trades. The details are summarised in the table below:

	All Trades			**LTP >0**			**LTP Diff <0**			**LTP Diff =0**		
Buyer Name	**Net LTP**	**Sum of Qty**	**No of trades**	**+ LTP**	**Sum of Qty**	**No of trades**	**Negative LTP**	**Sum of Qty**	**No of trades**	**QTY**	**No of trades**	**% of +LTP to Market + LTP**
Parvati minerals Pvt Ltd	2.55	2690	14	2.60	1840	3	-0.05	50	1	800	10	1.62
Ramashiva lease finance Pvt Ltd	2.70	1100	3	2.70	100	1	0.00	0	0	1000	2	1.68
Shah and sons propon Pvt Ltd	1.50	3289	25	1.85	200	2	-0.35	100	1	2989	22	1.15
Shalibhadra steel pvt.ltd	-5.60	8315	85	10.10	1250	9	-15.70	4950	58	2115	18	6.29
Shankheshwar metals pvt.ltd	0.90	43074	175	27.45	23860	24	-26.55	11284	128	7930	23	17.08
Siddhi vinayak tradelink pvt.ltd.	-2.00	228	16	0.05	5	1	-2.05	223	15	0	0	0.03
Total	**0.05**	**58696**	**318**	**44.75**	**27255**	**40**	**-44.70**	**16607**	**203**	**14834**	**75**	**27.85**
Market LTP	**55.10**	**108932**	**678**	**160.70**	**37085**	**115**	**-105.60**	**26527**	**291**	**45320**	**272**	**100.00**

10. Out of the aforesaid group entities, four entities *viz.* Shankheshwar Metals Pvt Ltd., Parvati Minerals Pvt Ltd, Shah and Sons Propon Pvt Ltd., Shah Realcom Pvt Ltd. traded amongst themselves and contributed Rs. 31.80/- i.e. 19.79% of total market positive LTP in 28 trades (Trade log details is enclosed in a CD). The summary of their trades which contributed to positive LTP by trading amongst themselves is mentioned in the table below:

Seller Name→	**Parvati Minerals Pvt ltd**	**Shah and sons propon pvt ltd**	**Shah Realcom Pvt Ltd**	**Total LTP as buyer (No. of Trades)**

Buyer Name↓				
Shankheshwar metals Pvt.ltd	21.70 (17)		5.65 (6)	27.35 (23)
Parvati minerals Pvt ltd		2.60(3)		2.60(3)
Shah and Sons Propon Pvt Ltd	1.85 (2)			1.85(2)
Total LTP as Seller (No. of Trades)	**23.55 (19)**	**2.60 (3)**	**5.65 (6)**	**31.80 28)**

11. In view of the above, it has been alleged that in Patch 1, Noticee No. 1 & 2 contributed significant amount of positive LTP of market positive LTP by trading amongst themselves and employed fraudulent device to manipulate the price of the scrip in violation of Section 12A(a),(b),(c) of the SEBI Act read with Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a) and 4(2)(e) of the PFUTP Regulations.

Observations based on LTP analysis for Patch 2:

12. During this patch, the price of SSWL's scrip opened at Rs. 79.5 and reached a high of Rs. 107.35 and closed at Rs. 107.35 with a net LTP of Rs.31.35 and positive LTP of Rs.193.65.

13. The "group entities" as a buyer have contributed positive net market LTP of Rs. 56.80/- and positive LTP of Rs. 91.15/- (47.07% of the total market positive LTP). The details are summarised in the table below:

(Source: BSE Trade log)

S.No.		All Trades			LTP Diff>0			LTP Diff<0			LTP Diff = 0		
	Buyer Name	**Net LTP**	**Qty Traded**	**No of trades**	**Positive LTP**	**Qty Traded**	**No of trades**	**Negative LTP**	**Qty Traded**	**No of trades**	**Qty Traded**	**No of trades**	**% of +ve LTP to Market +ve LTP**
1.	Steady capital advisory sercices pvt.ltd	17.20	492339	283	25.90	66423	16	-8.70	51700	17	374216	250	13.38
2.	Shalibhadra steel pvt.ltd	11.35	200	2	11.35	200	2	0.00	0	0	0	0	5.86
3.	Sure portfolio services pvt ltd	2.30	398250	299	10.60	34220	15	-8.30	37574	14	326456	270	5.47
4.	Wonder procon pvt.ltd	8.00	90000	21	8.00	6845	3	0.00	0	0	83155	18	4.13
5.	Eden vyapaar pvt.ltd	6.65	69900	14	6.65	2525	2	0.00	0	0	67375	12	3.43
6.	Sinjan overseas pvt ltd	4.55	18000	3	4.55	5000	1	0.00	0	0	13000	2	2.35
7.	Maruti shankar gaude	-2.85	173999	41	4.05	38701	3	-6.90	25030	4	110268	34	2.09
8.	Visible realestate ventures pvt.ltd	3.75	70000	26	4.00	7100	2	-0.25	500	1	62400	23	2.07
9.	Haldhar agro tech pvt. Ltd	2.80	55500	37	3.50	2300	1	-0.70	4500	2	48700	34	1.81
10	Mankind vintrade pvt ltd	2.25	70000	12	2.45	4000	1	-0.20	5000	1	61000	10	1.27
11	Eash vyapaar pvt.ltd	2.30	50000	12	2.30	1000	1	0.00	0	0	49000	11	1.19
12	Comfort dealtrade pvt.ltd	2.25	20000	4	2.25	10000	1	0.00	0	0	10000	3	1.16
13	Growth commosales pvt.ltd	0.00	70000	17	2.00	3325	2	-2.00	1000	1	65675	14	1.03
14	Tejaswani tradecom pvt.ltd	2.00	20000	4	2.00	548	1	0.00	0	0	19452	3	1.03

S.No.		All Trades			LTP Diff>0			LTP Diff<0			LTP Diff = 0		
	Buyer Name	**Net LTP**	**Qty Traded**	**No of trades**	**Positive LTP**	**Qty Traded**	**No of trades**	**Negative LTP**	**Qty Traded**	**No of trades**	**Qty Traded**	**No of trades**	**% of +ve LTP to Market +ve LTP**
15	Origin infraprojects pvt.ltd	1.00	46000	5	1.00	2000	1	0.00	0	0	44000	4	0.52
16	Lavender exin pvt.ltd	0.30	15000	33	0.30	500	1	0.00	0	0	14500	32	0.16
17	Suktara tradelink pvt ltd	0.25	10000	21	0.25	500	1	0.00	0	0	9500	20	0.13
18	Abhinna vyapaar pvt.ltd	0.00	55000	5	0.00	0	0	0.00	0	0	55000	5	0.00
19	Anaam merchants pvt.ltd	0.00	32000	6	0.00	0	0	0.00	0	0	32000	6	0.00
20	Anamika dealtrade pvt ltd	0.00	20000	2	0.00	0	0	0.00	0	0	20000	2	0.00
21	Arth dealtrade pvt.ltd	0.00	10000	1	0.00	0	0	0.00	0	0	10000	1	0.00
22	Dadhyan vyapaar pvt.ltd	0.00	50000	15	0.00	0	0	0.00	0	0	50000	15	0.00
23	Dahana vyapaar pvt.ltd	0.00	35000	8	0.00	0	0	0.00	0	0	35000	8	0.00
24	Dinanath barter pvt.ltd	0.00	30000	8	0.00	0	0	0.00	0	0	30000	8	0.00
25	Genuine deal trade pvt.ltd	-3.55	25050	10	0.00	0	0	-3.55	50	1	25000	9	0.00
26	Graceful tieup pvt.ltd	0.00	10000	2	0.00	0	0	0.00	0	0	10000	2	0.00
27	Incredible nirman pvt.ltd	0.00	35000	7	0.00	0	0	0.00	0	0	35000	7	0.00
28	Manifold vinimay pvt ltd	0.00	10000	4	0.00	0	0	0.00	0	0	10000	4	0.00
29	Nilachal dealers pvt.ltd	0.00	30000	6	0.00	0	0	0.00	0	0	30000	6	0.00

S.No.		All Trades			LTP Diff>0			LTP Diff<0			LTP Diff = 0		
	Buyer Name	**Net LTP**	**Qty Traded**	**No of trades**	**Positive LTP**	**Qty Traded**	**No of trades**	**Negative LTP**	**Qty Traded**	**No of trades**	**Qty Traded**	**No of trades**	**% of +ve LTP to Market +ve LTP**
30	Oleander buildcon pvt.ltd	0.00	50000	7	0.00	0	0	0.00	0	0	50000	7	0.00
31	Prerna vyapaar pvt.ltd.	0.00	5000	1	0.00	0	0	0.00	0	0	5000	1	0.00
32	Safed sales pvt.ltd	0.00	23000	7	0.00	0	0	0.00	0	0	23000	7	0.00
33	Tantra promoters pvt.ltd	-3.75	50	1	0.00	0	0	-3.75	50	1	0	0	0.00
34	Truthful devcon pvt.ltd	0.00	10000	1	0.00	0	0	0.00	0	0	10000	1	0.00
35	Utkarsh printing press pvt.ltd	0.00	3600	1	0.00	0	0	0.00	0	0	3600	1	0.00
36	**Group I Net LTP**	**56.80**	**2102888**	**926**	**91.15**	**185187**	**54**	**-34.35**	**125404**	**42**	**1792297**	**830**	**47.07**
37	**Market Net LTP**	**31.35**	**3424246**	**2131**	**193.65**	**256898**	**115**	**-162.30**	**183941**	**96**	**2983407**	**1920**	**100.00**

14. Trades of entities i.e. at sr. no. 1-6 and at sr. no. 8-17 in the table mentioned above were analysed by SEBI. Upon analyzing, it has been observed that these 16 entities in 51 trades have contributed Rs. 91.15/- to positive LTP. Out of 51 trades, 19 trades were amongst the group entities contributing to Rs.26.70 positive LTP out of Rs. 193.65 market positive LTP during Patch-I (13.79% of market positive LTP) (Trade log details is enclosed in a CD). Summary of these 19 trades is tabulated below:

Sr. No.	Buyer Name	No. of trades	LTP contribution (Rs.)	% of positive LTP to total market positive LTP
1	Sure Portfolio Services pvt ltd	9	9.90	5.10
2	Eden Vyapaar private limited	1	5.00	2.58
3	Sinjan Overseas pvt ltd	1	4.55	2.35
4	Haldhar Agro Tech Pvt. ltd	1	3.50	1.80
5	Comfort Dealtrade Private Limited	1	2.25	1.16
6	Wonder Procon Private Limited	1	1.00	0.52
7	Suktara Tradelink Pvt ltd	1	0.25	0.13
8	Steady Capital Advisory Services private limited	4	0.25	0.13
	Total	**19**	**26.70**	**13.79**

15. The following 15 group entities were counterparties to the aforementioned 8 entities:

Sr. No.	Seller Name	No. of trades	Counterparty to LTP contribution (Rs.)	% of positive LTP to total market positive LTP
1	Kavita Saraf	2	5.10	2.63
2	Ajay Popatlal Shah	1	4.55	2.35
3	Brij Bhatia HUF	1	3.95	2.04
4	Neela Bhatia	1	3.50	1.81

5	Vinod Jagadishbhai Fadadu	1	2.65	1.37
6	Archana Madhukarrao Deshmuhk	1	2.25	1.16
7	Brij Bhatia	1	2.00	1.03
8	Motilal Balkrishan	2	1.05	0.54
9	Abhay p Shah	1	1.00	0.52
10	Dilip Deshlahara	1	0.25	0.13
11	Abhishek Pramod Gupta	3	0.20	0.10
12	Kanchan Chandrashekhar Tunge	1	0.05	0.03
13	Bal Krishna Agarwal	1	0.05	0.03
14	Vinod Jain	1	0.05	0.03
15	Ashish Gupta	1	0.05	0.03
	Total	**19**	**26.70**	**13.79**

16. From the tables mentioned above, it has been observed that 8 entities part of group entities *viz*. Sure Portfolio Services Pvt Ltd, Eden Vyapaar Private Limited, Sinjan Overseas Pvt Ltd, Haldhar Agro Tech Pvt. Ltd, Comfort Dealtrade Private Limited, Wonder Procon Private Limited, Suktara Tradelink Pvt Ltd. and Steady Capital Advisory Services Private Limited and their 15 counter parties forming part of group entities *viz*. Kavita Saraf, Ajay Popatlal Shah, Brij Bhatia HUF, Neela Bhatia, Vinod Jagadishbhai Fadadu, Archana Madhukarrao Deshmuhk, Brij Bhatia, Motilal Balkrishan, Abhay P Shah, Abhishek Pramod Gupta, Kanchan Chandrashekhar Tunge, Bal Krishna Agarwal, Vinod Jain, Ashish Gupta and Dilip Deshlahara (hereinafter referred to as 'Noticee no. 5 to 27', respectively) entered into trades amongst themselves and contributed 13.79% to positive LTP in 19 trades.

17. In view of the above, it has been alleged that in Patch 2, Noticee 3-19 contributed significant amount of positive LTP by trading amongst themselves and employed fraudulent device to manipulate the price of SSWL's scrip and created a misleading appearance of trading in SSWL's scrip through their trades in violation of Section

12A(a),(b),(c) of the SEBI Act read with Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a) and 4(2)(e) of the PFUTP Regulations.

18. Therefore, in view of the observations recorded in the preceding paragraphs, it has been alleged by SEBI that the Noticees have violated the following provisions of securities laws:

Noticee	**Violations alleged**
Noticee No. 1 to 2	For the allegations with respect to their trading amongst themselves and employed fraudulent device to manipulate the price of SSWL's scrip in Patch 1 : i. Section 12A(a),(b),(c) of the SEBI Act read with Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a) and 4(2)(e) of the PFUTP Regulations.
Noticee No. 3 to 19	For the allegations with respect to their trading amongst themselves and employed fraudulent device to manipulate the price of SSWL's scrip in Patch 2: i. Section 12A(a),(b),(c) of the SEBI Act read with Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a) and 4(2)(e) of the PFUTP Regulations.

Replies

<u>Noticee 1 (Shankheshwar Metals Pvt Ltd.), Noticee 2 (Parvati Minerals Pvt Ltd.) Noticee 3 (Eden Vyapaar Pvt. Ltd.), Noticee 4 (Sinjan Overseas Pvt Ltd), Noticee 12 (Motilal Balkrishan & Noticee 16 (Bal Krishna Agarwal)</u>

19. The SCN sent to Noticees mentioned above returned undelivered except for Noticee 12. Thereafter in terms of Rule 7(c) of Adjudication Rules the SCN cum Hearing Notice (HN) was served through Affixture/Hand Delivery to all Noticees mentioned above except for Noticee 12. It was noted that affixture/ hand delivery could not be completed with respect to Noticee no 2, 3 & 4. However, no reply was filed by any of the Noticee. Subsequently in terms of Rule 7 (d) of SEBI Adjudication Rules Show cause cum Hearing notice was serviced to all Noticees mentioned above except to Noticee 12 through paper publication *Vide* The Times of India Newspaper (Kolkata Bangalore, Jaipur & Ahmedabad Edition), The Hindustan Times Newspaper (Delhi edition), Dainik Jagran Newspaper (Delhi Edition),Rajasthan Patrika(Jaipur, Kolkata & Bangalore Edition), EI Samay Sangbadpatra (Kolkata Edition), Vijay Karnataka(Bangalore Edition), The Deccan Chronicle (Secunderabad Edition), Daily Hindi Milap (Secunderabad Edition) , Sakshi (Secunderabad Edition), Sandesh (Ahmedabad Edition) & Gujrat Vaibhav(Ahmedabad Edition) dated May 01, 2022. However, neither did the Noticees appeared on the dates of scheduled hearing, nor did they filed any reply to the said SCN till date. In respect of Noticee 12, SCN dated August 05, 2019 was delivered to the Noticee. Further, Show cause cum HN dated January 03,2022 was sent to Noticee 12 to appear before me on February 08,2022 and file the reply to the SCN by February 06,2022, if any. SCN cum HN was delivered to Noticee, However, neither did he file any reply nor did he appeared on the scheduled date. Subsequently, one more hearing opportunity was given to Noticee vide letter dated April 19, 2022. However, the Notice returned undelivered. In terms of Rule 7 (d) of SEBI Adjudication Rules Show cause cum Hearing notice was serviced to Noticee 12 through paper publication *Vide* The Times of India Newspaper (Chennai Edition) and Thanthi Newspaper (Chennai edition) dated May 25,2022.

However, neither did he appeared on the date of scheduled hearing, nor did he filed any reply to the said SCN till date.

<u>Noticee 7(Brij Bhatia HUF), Noticee 8(Neela Bhatia), Noticee 9(Brij Bhatia), Noticee17 (Vinod Jain) & Noticee 19 (Dilip Deshlahara).</u>

20. SCN dated August 05 2019 was sent to the Noticees mentioned above, I note that Notice was duly served and delivered to the Noticees. Noticees *vide* email dated January 28, 2022 informed that they have appointed Mr Vikas Bengani as their Authorized Representative(AR). AR submitted the reply *vide* letter dated February 01, 2022. Vide letter dated Januray 03,2022 Noticees were granted the opportunity of personal hearing to appear before me on February 09,2022. On the schedule date of Hearing, AR of Noticees appeared before me. AR reiterated the submission made vide letter dated February 01,2022 and sought time to make additional submission which was acceded to. The summary of submissions made by Noticees are as follows

Common Submission

21. There is an inordinate delay of more than 5 years, reliance is placed on the *judgment dated 09-07-2021 passed by Hon'ble SAT in appeal no. 396 of 2018 in Mr. Rajeev Bhanot & Ors. Vs SEBI (Para 18 & 19).*

22. The Noticee was not allowed inspection of the documents and further not provided copies of the following documents

a). Copy of Investigation Report

b). Connection details amongst 180 entities referred to as "Suspected Entities"

Noticee 7(Brij Bhatia HUF)

23. Basis of connection of Noticee with Dhanlaxmi is remote, distant and farfetched. The Noticee had received 1,40,000 shares of the company on 30-10-12 through off market transaction whereas one single alleged trade which contributed positive LTP of Rs 3.95 was executed on 29/01/2014. Further Dhanlaxmi was not the counterparty

to any of the trades. Therefore, the chain of connection has broken. Noticee placed reliance on the *order dated 05-05-2021 passed by Hon'ble SAT in appeal no. 76 of 2019 in Mr. Kaushik Rajnikant Mehta. vs SEBI (Para 10).*

24. In the Para 6.3 of the SCN it is alleged that the Noticee has executed 1 sell trade which contributed positive LTP of Rs 3.95(2.04% of +ve LTP to total Market LTP). The Noticee's contribution was miniscule as compared to total market +ve LTP of Rs 193.65 in patch 2 period and Rs 714.85 during entire investigation period.
25. It was also insignificant as during Patch 2 period, 2131 trades for 34,24,246 shares were executed on 56 trading days, whereas during Investigation period 5952 trades were executed for 93,62,316 shares.
26. The Noticee had executed total 45 sell trades for 1,40,000 shares which contributed +ve LTP of Rs 9.50. However, in the SCN allegation has been made for contribution of Rs 3.95 only by execution of single trade. The Noticee's 44 trades were not alleged in the SCN.
27. There was a difference of about 7 minutes between placing of buy and sell orders for the alleged trade. Noticee placed reliance on various judgments of Hon'ble SAT & Hon'ble Supreme Court & Orders of SEBI.

Noticee 19 (Dilip Deshlahara).

28. Basis of connection of Noticee with Dhanlaxmi is remote, distant and farfetched. The Noticee had received 92950 shares of the company on 15-05-2012 through off market transaction whereas one single alleged trade which contributed positive LTP of Rs 0.25 was executed on 15-01-2014. Further Dhanlaxmi was not the counterparty to any of the trades. Therefore, the chain of connection has broken. Noticee placed reliance on the *order dated 05-05-2021 passed by Hon'ble SAT in appeal no. 76 of 2019 in Mr. Kaushik Rajnikant Mehta. vs SEBI (Para 10).*
29. In the Para 6.3 of the SCN it is alleged that the Noticee has executed 1 sell trade which contributed positive LTP of Rs 0.25 (0.13% of +ve LTP to total Market LTP).

The Noticee's contribution was miniscule as compared to total market +ve LTP of Rs 193.65 in patch 2 period and Rs 714.85 during entire investigation period.

30. It was also insignificant as during Patch 2 period 2131 trades for 34,24,246 shares were executed on 56 trading days, whereas during Investigation period 5952 trades were executed for 93,62,316 shares.

31. The Noticee had executed total 53 sell trades for 92,250 shares which contributed +ve LTP of Rs 0.25. The Noticee's 52 trades were at par to the LTP.

32. There was a difference of about 29 minutes between placing of buy and sell orders for the alleged trades. Noticee placed reliance on various judgments of Hon'ble SAT & Hon'ble Supreme Court & Orders of SEBI.

Noticee 17(Vinod Jain)

33. Basis of connection of Noticee with Dhanlaxmi is remote, distant and farfetched. The Noticee had received 30750 shares of the company on 15-05-2012 through off market transaction whereas one single alleged trade which contributed positive LTP of Rs 0.05 was executed on 20-01-2014. Further Dhanlaxmi was not the counterparty to any of the trades. Therefore, the chain of connection has broken. Noticee placed reliance on the *order dated 05-05-2021 passed by Hon'ble SAT in appeal no. 76 of 2019 in Mr. Kaushik Rajnikant Mehta. vs SEBI (Para 10).*

34. In the Para 6.3 of the SCN it is alleged that the Noticee has executed 1 sell trade which contributed positive LTP of Rs 0.05 (0.03% of +ve LTP to total Market LTP). The Noticee's contribution was miniscule as compared to total market +ve LTP of Rs 193.65 in patch 2 period and Rs 714.85 during entire investigation period.

35. It was also insignificant as during Patch 2 period 2131 trades for 34,24,246 shares were executed on 56 trading days, whereas during Investigation period 5952 trades were executed for 93,62,316 shares.

36. The Noticee had executed total 21 sell trades for 30,750 shares which contributed +ve LTP of Rs 3.35. whereas only one trade which has contributed +ve LTP of Rs 0.05 has been alleged.

37. There was a difference of about 106 minutes between placing of buy and sell orders for the alleged trade
38. Noticee placed reliance on various judgments of Hon'ble SAT & Hon'ble Supreme Court & Orders of SEBI.

Noticee 8(Neela Bhatia)

39. Basis of connection of Noticee with Dhanlaxmi is remote, distant and farfetched. The Noticee had received 1,76,500 shares of the company on 11-07-2012 through off market transaction whereas one single alleged trade which contributed positive LTP of Rs 3.50 was executed on 12-02-2014. Further Dhanlaxmi was not the counterparty to any of the trades. Therefore, the chain of connection has broken. Noticee placed reliance on the *order dated 05-05-2021 passed by Hon'ble SAT in appeal no. 76 of 2019 in Mr. Kaushik Rajnikant Mehta. vs SEBI (Para 10).*
40. In the Para 6.3 of the SCN it is alleged that the Noticee has executed 1 sell trade which contributed positive LTP of Rs 3.50 (1.81% of +ve LTP to total Market LTP). The Noticee's contribution was miniscule as compared to total market +ve LTP of Rs 193.65 in patch 2 period and Rs 714.85 during entire investigation period.
41. It was also insignificant as during Patch 2 period 2131 trades for 34,24,246 shares were executed on 56 trading days, whereas during Investigation period 5952 trades were executed for 93,62,316 shares.
42. The Noticee had executed total 48 sell trades for 1,80,000 shares which contributed +ve LTP of Rs 10.25. whereas only one trade which has contributed +ve LTP of Rs 3.50 has been alleged.
43. There was a difference of about 90 minutes between placing of buy and sell orders for the alleged tradeNoticee placed reliance on various judgments of Hon'ble SAT & Hon'ble Supreme Court & Orders of SEBI.

Noticee 9(Brij Bhatia)

44. Basis of connection of Noticee with Dhanlaxmi is remote, distant and farfetched. The Noticee had received 1,60,000 shares of the company on 30-10-2012 through off

market transaction whereas one single alleged trade which contributed positive LTP of Rs 2 was executed on 4-02-2014. Further Dhanlaxmi was not the counterparty to any of the trades. Therefore, the chain of connection has broken. Noticee placed reliance on the *order dated 05-05-2021 passed by Hon'ble SAT in appeal no. 76 of 2019 in Mr. Kaushik Rajnikant Mehta. vs SEBI (Para 10).*

45. In the Para 6.3 of the SCN it is alleged that the Noticee has executed 1 sell trade which contributed positive LTP of Rs 2.00 (1.03% of +ve LTP to total Market LTP). The Noticee's contribution was miniscule as compared to total market +ve LTP of Rs 193.65 in patch 2 period and Rs 714.85 during entire investigation period.
46. It was also insignificant as during Patch 2 period 2131 trades for 34,24,246 shares were executed on 56 trading days, whereas during Investigation period 5952 trades were executed for 93,62,316 shares.
47. The Noticee had executed total 51 sell trades for 1,60,000 shares which contributed +ve LTP of Rs 5.10. whereas only one trade which has contributed +ve LTP of Rs 2 has been alleged.
48. There was a difference of about 3 minutes between placing of buy and sell orders for the alleged trade.Noticee placed reliance on various judgments of Hon'ble SAT & Hon'ble Supreme Court & Orders of SEBI.

Noticee 6(Ajay Popatlal Shah)

49. SCN dated August 05,2019 was issued to the Noticee. However, Noticee did not file any reply to the SCN. Vide letter dated January 03,2022 SCN cum HN was issued to the Noticee to appear before me on February 09,2022. Noticee vide letter dated February 05,2022 submitted reply to the SCN. On the Schedule date of hearing, the AR representing Noticee appeared before me and reiterated the submission made vide letter dated February 05,2022. The summary of submission made by Noticee is as follows: -
50. The Noticee has executed 1 sell trade which contributed 2.35% of +ve LTP to total Market LTP. The Noticee's contribution was miniscule as compared to total market

+ve LTP of Rs 193.65 in patch 2 period and Rs 714.85 during entire investigation period.

51. There is an inordinate delay of more than 5 years, reliance is placed on the *judgment dated 27.08.2013 passed by Hon'ble SAT in appeal no. 114 of 2012 in DB Stockholdings limited. Vs SEBI and various other judgments of Hon'ble SAT*

52. The SCN failed to provide various relevant documents like investigation report. The nature of transaction with Dhanlaxmi was routine transactions. To prove fraud, the intent of motivation is required which is missing in the present case.

Noticee 14(Abhishek Pramod Gupta)

53. SCN dated August 05,2019 was issued to the Noticee. Noticee filed reply vide letter dated September 05,2019 requesting more time to reply. Vide letter dated January 03,2022 SCN cum HN was issued to the Noticee, to appear before me on February 09,2022 and reply to the SCN by February 07,2022, if any. Noticee vide letter dated February 07,2022 submitted reply to the SCN. However, the Hearing could not be conducted on the scheduled date of hearing due to some unavoidable reasons. Subsequently, the hearing was rescheduled to February 15,2022. On the schedule date of hearing, the AR representing Noticee appeared before me and reiterated the submission made vide letter dated February 07,2022. AR also requested additional time to make further submission which was acceded to. The summary of submission made by Noticee is as follows: -

54. The connection stated in your Notice is entirely without any basis and no documentary evidences is put with the notice to substantiate it.

55. Our client in normal course of trading sold its scrip. All the scrip sold in 23 trades. Noticee never sold scrip of the company at highest price.

56. The Noticee has executed sell trade which only contributed 0.10% of +ve LTP to total Market LTP. The Noticee's contribution was miniscule as compared to total market +ve LTP of Rs 193.65 in patch 2 period and Rs 714.85 during entire investigation period.

Noticee 5 (Kavita Saraf)

57. SCN dated August 05,2019 was issued to the Noticee. Noticee filed reply vide letter dated September 07,2019 requesting inspection of documents and opportunity of personal hearing. Vide letter dated January 03,2022 SCN cum HN was issued to the Noticee, to appear before me on February 09,2022 and reply to the SCN by February 07,2022, if any. Noticee vide letter dated January 24,2022 submitted reply to the SCN and requested adjournment of hearing to some other date. Subsequently, the hearing was rescheduled to May 06,2022. On the scheduled date of hearing, the AR representing Noticee appeared before me and reiterated the submission made vide letter dated September 07,2019. AR requested additional time to make further submission which was acceded to. The summary of submission made by Noticee is as follows: -
58. The connection stated in your Notice is entirely without any basis and no documentary evidences is put with the notice to substantiate it. All the transactions were carried out in compliance with securities laws.
59. There is an inordinate delay of more than 7 years, reliance is placed on the *judgment dated 22.08.2019 passed by Hon'ble SAT in appeal no. 417 of 2018 in Ashok Shivlal Rupani . Vs SEBI and various other judgments of Hon'ble SAT*
60. Our client in normal course of trading sold its scrip. Noticee never sold scrip of the company at highest price.
61. It is pertinent to note that out of total sell of 1,20,000 shares executed by Noticee, only 3500 shares were alleged to have contributed +ve LTP
62. The Noticee has executed 2 sell trade which contributed 2.63% of +ve LTP to total Market LTP. The Noticee's contribution was miniscule as compared to total market +ve LTP of Rs 193.65 in patch 2 period and Rs 714.85 during entire investigation period. To prove fraud, the intent of motivation is required which is missing in the present case.

Noticee 11 (Archana Madhukarrao Deshmukh)

63. SCN dated August 05,2019 was issued to the Noticee. However, Noticee did not file any reply to the SCN. Vide letter dated January 03,2022 SCN cum HN was issued to the Noticee to appear before me on February 08,2022. Noticee vide email dated February 05,2022 submitted reply to the SCN. On the Schedule date of hearing, the Noticee appeared before me and reiterated the submission made vide email dated February 05,2022. The summary of submission made by Noticee is as follows: -

64. I am a small investor; I have no relation with the counterparties whatsoever. I have traded through my broker and still have some share pending with me in my Demat account.

Noticee 18 (Ashish Gupta)

65. SCN dated August 05,2019 was issued to the Noticee. Noticee filed reply vide letter dated September 05,2019 requesting more time to reply. Noticee vide letter dated November 25,2019 submitted the reply to the SCN. Vide letter dated January 03,2022 SCN cum HN was issued to the Noticee, to appear before me on February 08,2022 and reply to the SCN by February 06,2022, if any. Noticee vide email dated January 04,2022 submitted reply to the SCN and requested adjournment of hearing to some other date. Subsequently, the hearing was rescheduled on May 06,2022. On the scheduled date of hearing, the AR representing Noticee appeared before me and reiterated the submission made vide letter dated November 25,2019. AR requested time to make additional submission which was acceded to. The summary of submission made by Noticee is as follows: -

66. The connection stated in your Notice is entirely without any basis and no documentary evidences is put with the notice to substantiate it. All the transaction were carried out in compliance with securities laws

67. There is an inordinate delay of more than 7 years, reliance is placed on the *judgment dated 28.02.2019 passed by Hon'ble SAT in appeal no. 11311 of 2013 in Bhavesh Pabari . Vs SEBI and various other judgments of Hon'ble SAT*

68. Our client in normal course of trading sold its scrip. Noticee never sold scrip of the company at highest price. It is pertinent to note that out of total sell of 1,55,000 shares executed by Noticee, only 5000 shares were alleged to have contributed +ve LTP

69. The Noticee has executed 1 sell trade which contributed 0.03% of +ve LTP to total Market LTP. The Noticee's contribution was miniscule as compared to total market +ve LTP of Rs 193.65 in patch 2 period and Rs 714.85 during entire investigation period. To prove fraud, the intent of motivation is required which is missing in the present case.

Noticee 15 (kanchan Chandashekhar Tunge)

70. SCN dated August 05,2019 was issued to the Noticee. However, Noticee did not file any reply to the SCN. Vide letter dated January 03,2022, SCN cum HN was issued to the Noticee, to appear before me on February 08,2022 and reply to the SCN by February 06,2022, if any. Noticee vide letter dated February 04,2022 & April 29,2022 submitted reply to the SCN and requested adjournment of hearing to some other date. Subsequently, the hearing was rescheduled to May 06,2022. On the scheduled date of hearing, the AR representing Noticee appeared before me and reiterated the submission made vide letter dated February 04,2022 & April 29,2022. AR also requested time to make additional submission which was acceded to. The summary of submission made by Noticee is as follows: -

71. The connection stated in your Notice is entirely without any basis and no documentary evidences is put with the notice to substantiate it. All the transaction were carried out in compliance with securities laws.

72. There is an inordinate delay of more than 7 years, reliance is placed on the *judgment dated 22.08.2019 passed by Hon'ble SAT in appeal no. 417 of 2018 in Ashok Shivlal Rupani . Vs SEBI and various other judgments of Hon'ble SAT*.

73. Our client in normal course of trading sold its scrip. Noticee never sold scrip of the company at highest price. It is pertinent to note that out of total sell of 30000 shares executed by Noticee, only 100 shares were alleged to have contributed +ve LTP.

74. The Noticee has executed 1 sell trade which contributed 0.03% of +ve LTP to total Market LTP. The Noticee's contribution was miniscule as compared to total market +ve LTP of Rs 193.65 in patch 2 period and Rs 714.85 during entire investigation period.To prove fraud, the intent of motivation is required which is missing in the present case.

Noticee 10 (Vinod Jagdishbhai Fadadu)

75. The SCN sent to Noticee 10 returned undelivered. Thereafter in terms of Rule 7(c) of Adjudication Rules the SCN cum Hearing Notice (HN) dated January 03,2022 was served through Affixture/Hand Delivery. It was noted that affixture/ hand delivery completed with respect to Noticee 10. However, no reply was received from Noticee. Subsequently in terms of Rule 7 (d) of SEBI Adjudication Rules Show cause cum Hearing notice was serviced to Noticee through paper publication Vide Deccan Chronicle (Secunderabad Edition), The Telugu Newspaper (Secunderabad Edition) dated May 01,2022. Vide email dated May 17,2022 Noticee replied and requested adjournment of personal hearing. Subsequently vide email dated May 17, 2022, Noticee was granted an opportunity of personal hearing on May 30,2022 and opportunity to reply to the SCN by May 28,2022, if any. However, neither he replied to the SCN nor did he appeared on the schedule date of hearing. Vide letter dated June 02,2022, final opportunity was given to Noticee to appear before me. Noticee vide email dated June 27,2022 replied to the SCN. However, Noticee did not appeared before me. The summary of submission made by Noticee is as follows:

76. I am small investor; I deny all the allegation levelled against me. I have purchased 10000 shares in normal course of business and sold them on exchange. I do not have any relation with the counterparties.

Noticee 13 (Abhay P Shah)

77. The SCN sent to Noticee 13 returned undelivered. Thereafter in terms of Rule 7(c) of Adjudication Rules the SCN cum Hearing Notice (HN) dated January 03,2022 was

served through Affixture/Hand Delivery. It was noted that affixture/ hand delivery could not completed with respect to Noticee. Subsequently in terms of Rule 7 (d) of SEBI Adjudication Rules Show cause cum Hearing notice was serviced to Noticee through paper publication Vide Rajasthan Patrika (Jaipur Edition), The times of India (Jaipur edition) dated May 01,2022. Vide email dated May 17,2022. Noticee replied vide letter dated May 06,2022. Subsequently vide letter dated June 02,2022 Noticee was granted an opportunity of personal hearing on June 27,2022 and opportunity to reply to the SCN by June 25,2022, if any. On the schedule date of hearing AR representing noticee appeared before me and reiterated the submission made vide letter dated May 06,2022. The summary of submission made by Noticee is as follows:

78. I was holding 15000 shares of Sun & Shine worldwide limited in physical form which were dematerialized and sold by me in normal course of business. I had no intention to do any insider training and I was never a part of any group.

79. I now proceed to decide the case on the basis of SCN issued, replies made by the Noticees and material available on record.

80. I note that the Noticees 1-4 ,12 & 16 did not reply to the SCN neither did they availed the opportunity of personal hearing provided to them. Considering the above, I am of the view that that they have nothing to submit and in terms of rule 4(7) of the Rules, the matter can be proceeded ex-parte on the basis of material available on record. In absence of any response from the Noticees 1-4 ,12 & 16 to the SCN, I presume that that they have admitted the charges levelled against them. In this regard, it is pertinent to note that the Hon'ble Securities Appellate Tribunal (SAT) in the matter of *Classic Credit Ltd. vs. SEBI* (Appeal No. 68 of 2003 decided on December 08, 2006) has, inter alia, observed that, *"......the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show cause notice were admitted by them".* It is also pertinent to note that the Hon'ble SAT in the matter of Sanjay Kumar Tayal (File

Ref No.: EAD2/SS/VS/64/111/2019-20) & Others vs SEBI (Appeal No. 68 of 2013 decided on February 11, 2014), has also, inter alia, observed that: "........... *appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges leveled against them in the show cause notices..."* Further, the same position is reiterated by the Hon'ble SAT in the matter of *Dave Harihar Kirtibhai Vs SEBI* (Appeal No. 181 of 214 dated December 19, 2014), wherein the Hon'ble SAT observed as under: *"...further, it is being increasingly observed by the Tribunal that many persons/entities do not appear before SEBI (Respondent) to submit reply to SCN or, even worse, do not accept notices/letters of Respondent and when orders are passed ex-parte by Respondent, appear before Tribunal in appeal and claim non-receipt of notice and do not appear and/or submit reply to SCN but claim violation of principles of natural justice due to not being provided opportunity to reply to SCN or not provided personal hearing. This leads to unnecessary and avoidable loss of time and resources on part of all concerned and should be eschewed, to say the least. Hence, this case is being decided on basis of material before this Tribunal..."*

81. Further, in view of the aforesaid observations made by the Hon'ble SAT, I find no reason to take a different view and accordingly, I deem it appropriate to proceed against them ex-parte in case of Noticees 1-4, 12 & 16. Therefore, I deem it appropriate to proceed based on the material available on record.

CONSIDERATION OF ISSUES AND FINDINGS

82. The issues that arise for consideration in the instant matter are:

Issue No. I Whether Noticees are in violation of Section 12A(a),(b),(c) of SEBI Act read with Regulation 3(a),(b),(c),(d) and Regulations 4(1), 4(2) (a), (e) of PFUTP Regulations?

Issue No. II If yes, whether the failure, on the part of the Noticees would attract monetary penalty under Section 15HA of the SEBI Act?

Issue No. III If yes, what would be the monetary penalty that can be imposed upon the Noticees taking into consideration the factors stipulated in Section 15J of the SEBI Act read with Rule 5(2) of the Adjudication Rules?

Issue No. I Whether Noticees are in violation of Section 12A(a),(b),(c) of SEBI Act read with Regulation 3(a),(b),(c),(d) and Regulations 4(1), 4(2) (a), (e) of PFUTP Regulations as alleged in the SCN?

83. At the outset, before dealing with the merits of the case, I note that some Noticees have raised the preliminary issue with regard to delay in issue of show cause notice. In this regard I note that the investigation was initiated against a large number of connected entities which apparently took time and ultimately notices were issued to entities in the present matter. Here I find it pertinent to note that during the investigation, information was requisitioned from various entities, the Company, the directors of the Company, banks, brokers, registrar and transfer agent. Thereafter, the investigation *inter alia* entailed examination of bank statements, know your information (KYC) details, transaction details, ledger accounts, movement of funds and analysis of Scrip. I note from the available

record it can be ascertained that adjudication proceedings were approved in the matter in the year of 2019 after completion of investigation. Further upon appointment of the undersigned as AO vide SEBI communique dated June 21,2021, the matter was transferred to the undersigned from the erstwhile Adjudicating officer. The SCN dated August 05,2019 was again issued by the undersigned informing the Noticees, the charges levelled against them and other relevant documents as annexures were provided to the Noticees. Notices were sent at the registered address of Noticees, and some of Notices were returned undelivered. Subsequently notices were serviced through Afffixture/Hand delivery and through Newspaper publication. Some of the Noticees replied after Newspaper Publication. I note that last Hearing was concluded on June 27,2022. Thus, as can be seen from the above, the entire process is quite exhaustive and detailed which involves various steps at different points of time depending on the status and requests of Noticees.

84. I find it relevant to rely on Hon'ble SAT order passed in ***Hemant Sheth and Ors. vs. SEBI***, Appeal No. 521 of 2021, decided on January 07, 2022, it was argued by the appellants that the adjudicating officer was appointed on July 04, 2013 but the show cause notice was issued in 2016 and therefore there was an inordinate delay of 30 months for which no plausible explanation was given. The Hon'ble SAT while dismissing the aforesaid contention of the appellants held that:

"9. Insofar as the delay is concerned we find that after the observation made by the WTM in its order of May 10, 2013 SEBI took action and appointed the AO dated July 4, 2013. No doubt the show cause notice was issued in January 2016 but the delay in the issuance of the show cause notice in the instant case will not vitiate the proceedings initiated against the appellants in the peculiar facts and circumstances of the case. Consequently, we are not inclined to quash the proceedings only on the ground of inordinate delay as asserted by the learned counsel for the appellant."

85. I also note that some Noticees has raised the issue regarding non supply of documents / information such as copy of investigation report etc. In this respect, it is noted that documents which have been relevant in the SCN to make allegations against the Noticees, have been provided to the Noticees in the SCN. However, it is also pertinent to note that vide mail dated April 19,2022 Noticees were provided with Investigation report along with all the annexures.

86. The allegations against the Noticees in the SCN are based upon their LTP contribution in 2 Patches and their connections with Dhanlaxmi on account of off-market transfer. The allegations in the SCN against the Noticees are as follows:

a) During the patch 1, the price of SSWL's scrip opened at Rs. 21.90 and reached a high of Rs. 76.00 and then closed at to Rs. 76.00 with a net LTP of Rs.55.10 and positive LTP of Rs.160.70. Noticee 1 & 2 along with 2 others traded traded amongst themselves and contributed Rs. 31.80/- i.e. 19.79% of total market positive LTP in 28 trades.

b) In Patch-2, the price of SSWL's scrip opened at Rs. 79.5 and reached a high of Rs. 107.35 and closed at to Rs. 107.35 with a net LTP of Rs.31.35 and positive LTP of Rs.193.65. Noticee 3 to 19 along with other entities by trading among themselves created misleading appearance of trading and manipulated the price of the scrip by contributing to the price rise.

87. The Noticees are connected with each other. Noticee 1 and 2 had fund transfer from Dhanlaxmi, whereas Noticee 3 & 4 related with Wonder Procon Pvt ltd which had fund transfer from Dhanlaxmi. In respect of Noticee 5 -19, all of them had off market transaction with Dhanlaxmi.

88. On examination of the trades of the Noticees in price rise patches during IP, I find that Noticees appeared on buy/sell side during aforesaid 2 Patches of IP. Consequently, I have examined the LTP contribution of the trades by the Noticees and find the following:

Patch 1 - Price Rise - 01/10/2012 to 20/11/2013: Noticee 1 and 2:

89. The following is noted from the trade log:

Name	Trade	Quantity Traded	No. of Trades	LTP Contribution	% of + LTP to Market + LTP
Noticee 1	Buy	23700	23	27.35	17%
Noticee 2	Buy	1840	3	2.60	1.61%

90. As seen from the table above, LTP contribution of Noticee 1 buy trades is positive Rs.27.35, which is 17% of LTP contribution during this period. Thus, during a price rise period where price moved from Rs.21.90 to Rs 76, the Noticee 1 had contributed to positive LTP through its buy trades for Rs.27.35. LTP contribution of Noticee 2 buy trades is positive Rs.2.60, which is 1.61% of LTP contribution during this period. Thus, during a price rise period where price moved from Rs.21.90 to 76, the Noticee 2 had contributed to positive LTP through its buy trades for Rs.2.60. It is also pertinent to note that Noticee 2 as counterparty to these transactions (specially for Noticee 1 transactions) increased the price of scrip in patch 1. LTP contribution of Noticee 2 sell trades is positive Rs.23.55, which is 14.65% of LTP contribution during this period.

91. On perusal of trade log of Noticee 1 and 2, I find that Noticee 1 and 2 have traded 15 days and 1 day respectively as buyer out of total 87 trading days during Patch 1. However, Noticee 2 as seller had traded for 13 days out of total 87 trading days during Patch 1. The Noticees 1 and 2 contributed to positive LTP through their buy trades, and the net positive LTP contribution constituted a price rise of Rs.29.95, when the price of the scrip increased by Rs.54.6 during the period.

92. The allegation against Noticee 1 & 2 is based on positive LTP contribution of Rs.29.95 caused by 26 buy trades executed on 15 trading days during patch 1 period. On perusal of the trade log, I find that 23700 shares purchased by Noticee 1 from Noticee 2 and Shah Realcom Pvt ltd. Whereas the Noticee 2 purchased 1840 shares from Shah and sons propon ltd. It is pertinent to note that Noticee 2 as counterparty, sell shares to Noticee 1 and shah and sons propon pvt ltd. I also note that Noticee 1 & 2 had fund transfer from Dhanlaxmi

93. In view of the pattern of trading of Noticee 1 & 2 in Patch 1 and the facts mentioned above. It can be concluded that Noticee 1 & 2 through a predetermined scheme contributed to positive LTP. It is pertinent to note that Noticee 1 & 2 traded among themselves and contributed the Positive LTP.

94. Here,I refer the order of ***Hon'ble SAT dated March 21, 2014 in the mat ter of Saumil Bhavanagari v/s SEBI*** stating that "*It is amply clear that although the scrip was available at a lower price, the Noticees bought them at a higher price only with a view to give false representation to the general public about the rise in price of the scrip. This was done repeatedly done by the Noticees. Such trades undoubtedly have a potential of raising the price of the scrip by sending a wrong signal to the gullible investors about the activity of price hike in the scrip. This was done evidently with ulterior motives, because if shares were available for a lesser price, there was no reason to place orders at a price higher than the LTP and if orders at price higher than LTP were placed on account of the financial status of the company then there was no reason to place some orders below LTP."* Therefore, I find that the allegation against Noticee 1 & 2 of causing manipulative price rise in collusion with others in Patch 1 is established.

Patch 2 - Price Rise - 20/03/2013 to 12/03/2014: Noticee 3 -19:

95. In Patch-2, Noticees 3 & 4 along with other entities bought shares in 19 trades and contributed Rs 26.70 to +ve LTP contribution. Whereas, Noticee 5-19 as

counterparties to these 19 trades contributed to positive LTP during this period. The following is noted from the trade log:

Name	Trade	Quantity Traded	LTP Rate	No. of trades
Noticee 3	Buy	2500	5	1
Noticee 4	Buy	5000	4.55	1
TOTAL	**Sell**	**7500**	**9.55**	**2**

Name	Trade	Quantity Traded	LTP Rate	No. of trades
Noticee 5	Sell	3500	5.10	2
Noticee 6	Sell	5000	4.55	1
Noticee 7	Sell	1500	3.95	1
Noticee 8	Sell	2300	3.5	1
Noticee 9	Sell	5000	2.0	1
Noticee 10	Sell	1000	2.65	1
Noticee 11	Sell	10000	2.25	1
Noticee 12	Sell	1585	1.05	2
Noticee 13	Sell	6250	1.0	1
Noticee 14	Sell	2850	0.20	3
Noticee 15	Sell	100	0.05	1
Noticee 16	Sell	7000	0.05	1
Noticee 17	Sell	2485	0.05	1
Noticee 18	Sell	4975	0.05	1
Noticee 19	Sell	500	0.25	1
TOTAL	**Sell**	**54045**	**26.70**	**19**

96. In case of Noticees 5-19, as seen from the table above, LTP contribution for their sell trades is positive Rs.26.70 during this period. Thus, during a price rise period where price moved from Rs.79.50 to 107.35, the Noticee 5-19 contributed to positive LTP through their sell trades. In case of Noticee 3&4 LTP contribution for their buy trades is positive Rs.9.55 during this period. Thus, during a price rise period where price moved from Rs.79.50 to 107.35, the Noticee 3 & 4 contributed to positive LTP through their buy trades

97. On perusal of trade log of Noticee 5-19, I find that during Patch 2 they have sold 54045 shares with LTP contribution of Rs.26.70. Noticees 6-11,13 & Noticees 15-19 through 1 trade, Noticee 5 through 2 trades, Noticee 12 through 2 trades and Noticee 14 through 3 trades have contributed to +ve LTP in Patch 2. The aforesaid Noticees contributed to positive LTP through their sell trades, and the positive LTP contribution constituted a price rise of Rs.26.70 (13.79%). The trading pattern indicates that sale of shares by the Noticees 5-19 was done on a limited number of days which resulted in minimal LTP contribution individually, when seen against the total price movement during the period.

98. The allegation in the SCN against the Noticee 6-11,13 & 15-19, Noticee 5 &12, Noticee 14 is based on positive LTP contribution caused by 1,2 & 3 sell trades respectively on only 1 2 & 3 trading days respectively. In view of the pattern of trading of Noticee 5-19 in Patch 2 of trades on 1 day each by Noticee 6-11,13 & 15-19, 2 days by Noticee 5 &12 and 3 days by Noticee 14 out of total 56 trading days and single trade done by the Noticees as brought out above, I am of the view that it is not possible to draw a pattern from single trade. Therefore, I find that the allegation of causing manipulative price rise by Noticee 5-19 in Patch 2 is not established.

99. In case of Noticee 3&4 LTP contribution for their buy trades is positive Rs.9.55 during this period. Thus, during a price rise period where price moved from Rs.79.50 to 107.35, the Noticee 3 & 4 contributed to positive LTP through their buy trades

100. On perusal of trade log of Noticee 3&4, I find that during Patch 2 they have purchased 7500 shares with LTP contribution of Rs.9.55. Noticees 3&4 through single trade have contributed to +ve LTP in Patch 2. The aforesaid Noticees contributed to positive LTP through their buy trades, and the positive LTP contribution constituted a price rise of Rs.9.55. The trading pattern indicates that purchase of shares by the Noticees 3&4 was done on a limited number of days which resulted in minimal LTP contribution individually, when seen against the total price movement during the period.

101. The allegation in the SCN against the Noticees 3&4 based on positive LTP contribution caused by 1 buy trade respectively on only 1 trading day respectively. In view of the pattern of trading of Noticee 3&4 in Patch 2 of trades on 1 day each by Noticee 3&4, out of total 56 trading days and single trade done by the Noticees as brought out above, I am of the view that it is not possible to draw a pattern from single trade.

102. Here, I refer the order of ***Dhvani Darshan Kothari & Anr. (Appeal No. 276 of 2020, Order dated 21-01-2021),*** *the Hon'ble Tribunal held that…. In this regard, we find that the appellant Dhvani and Darshan executed one trade and since it was sold to the same counter party, the AO held that it was fraudulent. There is no finding as to how the trades executed by these appellants were synchronized or circular or reversal. There is no consideration or reasoning given as to how the execution of one trade could make it synchronized, circular or reversal and how they are treated at par with the other entities*. Therefore, In view of the above facts

I find that the allegation of causing manipulative price rise by Noticee 3-19 in Patch 2 is not established.

103. Hence, I conclude that the allegation levelled against Noticees 3-19 regarding violation of Section 12A(a)(b),(c) of SEBI Act read with Regulation 3(a),(b),(c),(d) and Regulation 4(1), 4(2) (a), (e) of PFUTP Regulations does not stand established.

104. I note that the Noticee 1 & 2 had fund transfer from Dhanlaxmi. Noticee 1 & 2 have traded among themselves and contributed to positive LTP during Patch 1.I find that 23700 shares purchased by Noticee 1 from Noticee 2 and Shah Realcom Pvt ltd. Whereas the Noticee 2 purchased 1840 shares from Shah and sons propon ltd. It is pertinent to note that Noticee 2 as counterparty sell shares to Noticee 1 and shah and sons propon pvt ltd. I note that Noticee 1 & 2 have not filed any reply to the SCN neither did they appeared before me. As established in above paragraphs Noticee 1 & 2 have contributed to significant trading volume in the scrip during patch 1 and provided liquidity.

105. In view of the above, I find that the allegations of violation of Section 12 A(a),(b),(c) of SEBI Act read with Regulation 3(a),(b),(c),(d) and Regulation 4(1), 4(2) (a), (e) of PFUTP Regulations stand established against the Noticee 1 & 2.

Issue No. II If yes, whether the failure, on the part of the Noticee would attract monetary penalty under Section 15HA of the SEBI Act.

And

Issue No. III If yes, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act read with Rule 5(2) of the Adjudication Rules?

106. Since the violation of Section 12A(a),(b),(c) of SEBI Act read with Regulation 3 (a), (b), (c), (d) and Regulations 4 (1), 4(2) (a), (e) of PFUTP Regulations has been established against the Noticee 1 & 2, as brought out in the foregoing paragraphs, the Noticee 1 & 2 is liable for monetary penalty under Section 15HA of SEBI Act.

SEBI Act:

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.*

107. While determining the quantum of penalty under Section 15HA of SEBI Act, the following factors stipulated in Section 15J of the SEBI Act have to be given due regard:

Factors to be taken into account by the adjudicating officer

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

c) *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.*

108. In the present matter, the material made available on record has not quantified the amount of disproportionate gain or unfair advantage made by the Noticees 1 & 2 and also the loss suffered by the investors as a result of these Noticees' 1 & 2 default. The consequences resulting from violations committed by the Noticees 1 & 2 are of grave nature where Noticees 1 & 2 created misleading appearance of trading in the scrip of the Company through positive LTP contribution. If violations of this nature

and magnitude are not dealt with a firm hand then investors will lose faith in the Indian Securities Market.

ORDER

109. After taking into consideration all the facts and circumstances of the case, in exercise of powers conferred upon me under Section 15-I of SEBI Act read with Rule 5 of the Adjudication Rules, I hereby impose a penalty of Rs. 5,00,000/- (Rupees Five Lakh only) upon the Noticee 1 & Noticee 2 each i.e. Shankheshwar Metals Pvt Ltd. and Parvati Minerals Pvt Ltd each under Section 15HA of the SEBI Act for violation of Section 12A(a)(b)(c) of SEBI Act read with Regulation 3(a),(b),(c),(d) and Regulations 4(1), 4(2) (a), (e) of PFUTP Regulations.

110. The said penalty imposed on the Noticees, as mentioned above, shall commensurate with the violation committed by the Noticees and acts as a deterrent factor for the Noticees and others in protecting the interest of investors.

111. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, OR through online payment facility available on the SEBI website www.sebi.gov.in on the following path, by clicking on the payment link

ENFORCEMENT → Orders → Orders of AO → PAY NOW

112. The Noticees shall forward said Demand Draft or the details / confirmation of penalty so paid to the Enforcement Department – Division of Regulatory Action –

IV of SEBI. The Noticees shall provide the following details while forwarding DD/ payment information:

a) Name and PAN of the entity (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

113. Copy of this Adjudication Order is being sent to the Noticees and also to SEBI in terms of Rule 6 of the Adjudication Rules.

DATE: June 30, 2022	**PRASANTA MAHAPATRA**
PLACE: Mumbai	**ADJUDICATING OFFICER**