BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OFINDIA

ADJUDICATION ORDER NO. Order/PM/NS/2022-23/16502

UNDER SECTION15-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:

Ethan Constructions Private Ltd.

PAN: AACCE2711P

In the matter of Allied Computers International (Asia) Ltd.

BACKGROUND

1. Securities and Exchange Board of India *(hereinafter referred to as "SEBI")* conducted an investigation in the scrip of Allied Computers International (Asia) Ltd., (*hereinafter referred to as "ACIL"/ "the Company"*) on the basis of a reference received from the Income Tax Department that certain entities could have manipulated the price in the scrip of ACIL, as part of a larger scheme linked to the long term capital gains scam during the period November 23, 2007 to September 22, 2012 (*hereinafter referred to as 'the Investigation Period' / "IP"*), to ascertain any possible violation of the provisions of SEBI Act and SEBI (Prevention of Fraudulent and Unfair Trading Activities Relating to Securities Market) Regulations, 2003 (*hereinafter referred to as "PFUTP Regulations, 2003"*).

2. The price of the scrip increased from ₹21.00 on November 23, 2007 to ₹74.35 on December 18, 2007, which was the highest closing price during the IP. Subsequently, the price decreased from ₹75.55 on December 19, 2007 to ₹4.90 on December 18, 2008. Pursuant to stock split with effect from December 19,

2008, in the ratio of 10 equity shares of ₹1 each for one equity share of ₹10 each, the price of the scrip opened at ₹0.53 on December 19, 2008 and closed at ₹0.72 on June 28, 2010. Pursuant to consolidation of equity shares, with effect from July 19, 2010, in the ratio of one equity share of ₹10 each for 10 equity shares of ₹1 each, the price of the scrip decreased from ₹7.25 on July 19, 2010 to ₹1.18 on December 26, 2011. Subsequently, the price of the scrip increased from ₹1.26 on December 27, 2011 to ₹6.45 on May 04, 2012. Thereafter the scrip price decreased from ₹6.57 on May 05, 2012 to ₹1.30 on September 22, 2012.

3. Based on the aforementioned price movement, the IP has been taken as November 23, 2007 – September 22, 2012 and the investigation period has been divided into 6 patches as follows:

- Patch-I: November 11 – December 18, 2007 (price rise patch)
- Patch-II: December 19, 2007 – December 18, 2008 (price fall patch)
- Patch-III: December 19, 2008 – June 28, 2010 (price rise patch
- Patch-IV: July 19, 2010 – December 26, 2011 (price fall patch)
- Patch-V: December 27, 2011 – May 04, 2012 (price rise patch)
- Patch-VI: May 05 – September 22, 2012 (price fall patch)

4. The Price Volume data of the scrip on BSE for the period before, during and after the IP are given as follows:

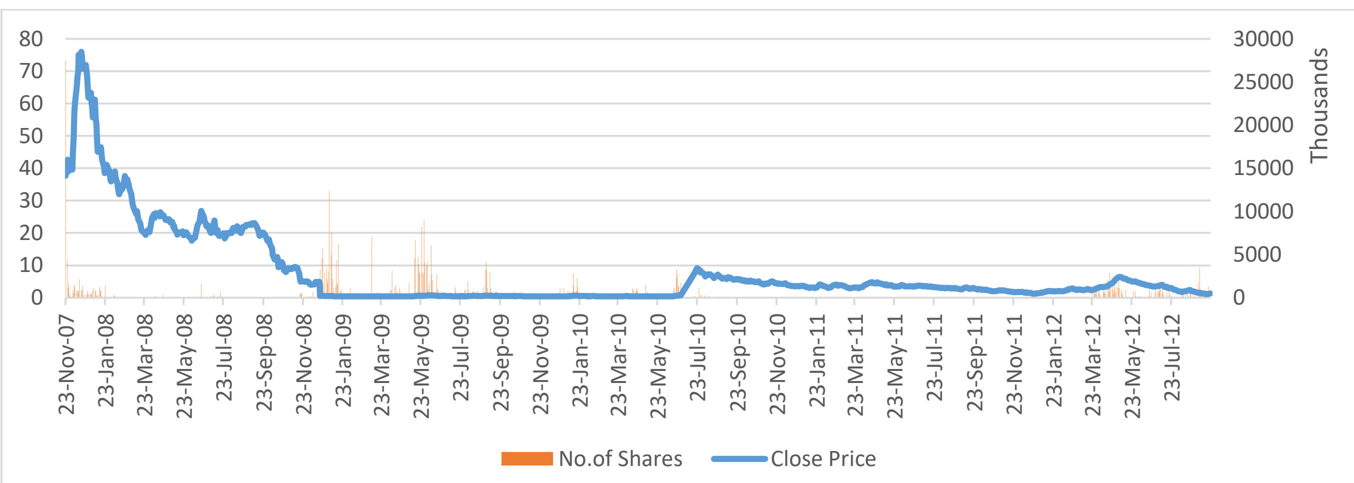
Period		Duration		Opening Price/ Volume on 1st day of period(₹)	High Price/Volume during the Period(₹)	Low Price/Volume during the Period(₹)	Closing Price/ Vol on last day of period(₹)	Average no., of shares traded daily during the period
Pre-Investigation		Listed on BSE on Nov 23, 2007						
Investigation	Pre-Sub Division of shares	Patch-I (23.11.2007 – 18.12.2007)	Price	21.00	78.30 (18.12.2007)	21.00 (23.11.2007)	74.35	2,579,250
			Vol	27,422,665	27,422,665 (23.11.2007)	193,467 (03.12.2007)	955,931	
		Patch-II (19.12.2007 – 18.12.2008)	Price	75.55	78.05 (19.12.2007)	3.95 (04.12.2008)	4.90	112,814
			Vol	1,427,318	1,524,150 (19.06.2008)	1,341 (12.11.2008)	371,157	
		Patch-III	Price	0.53	0.78	0.35	0.72	862,117

Period		Duration		Opening Price/ Volume on 1st day of period(₹)	High Price/Volume during the Period(₹)	Low Price/Volume during the Period(₹)	Closing Price/ Vol on last day of period(₹)	Average no., of shares traded daily during the period
	Post-Sub Division of shares	(19.12.2008-28.06.2010)			(08.06.2009)	(06.03.2009)		
			Vol	3,159,522	12,343,611 (02.01.2009)	48,150 (06.02.2010)	1,683,852	
	Post-Consolidation of shares	Patch-IV (19.07.2010 – 26.12.2011)*	Price	7.25	9.61 (26.07.2010)	1.18 (26.12.2011)	1.20	30,803
			Vol	201,683	1,133,397 (26.07.2010)	200 (30.09.2011)	3,685	
		Patch-V (27.12.2011 – 04.05.2012)	Price	1.26	6.46 (04.05.2012)	1.17 (27.12.2011)	6.45	328,096
			Vol	14,246	2,845,011 (19.04.2012)	5 (03.03.2012)	1,134,244	
		Patch-VI (05.05.2012 – 22.09.2012)	Price	6.57	6.57 (07.05.2012)	1.09 (17.09.2012)	1.30	353,051
			Vol	935,232	3,456,705 (05.09.2012)	5 (17.05.2012)	745,512	
Post-Investigation		23.09.2012-23.12.2012	Price	1.36	1.36 (24.09.2012)	0.54 (30.11.2012)	0.69	208,036
			Vol	425,387	1,849,208 (25.09.2012)	1,104 (10.12.2012)	9,199	

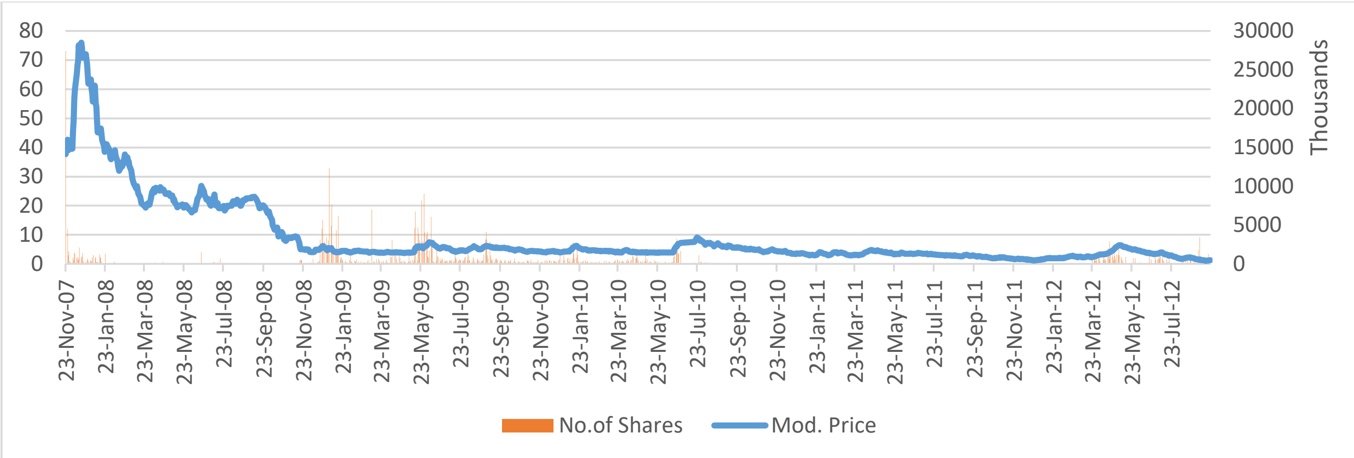
**Trading in the scrip was suspended during the period June 29, 2010 to July 18, 2010 on account of the consolidation of shares*

5. The Price Volume chart during IP is as under:

(a) Without Adjustment of stock-split on price



(b) With Adjustment of stock-split on price



6. Last traded price (LTP) analysis was carried out for the entire investigation period. The investigation found 49 entities who were connected based on the analysis of KYC details, off-market transfers, MCA documents and bank account statements (of entities contributing >5% to +LTP/-LTP) for Patch-V (December 27, 2011 – May 04, 2012) – Price rise patch and Patch-VI (May 05, 2012 – September 22, 2012) – Price fall patch, which had significant top 10 LTP contribution and were analyzed for the patches V & VI. The said entities are collectively hereinafter referred to as "connected entities" or "the group". The detail of trades by connected entities and their trades that resulted into LTP influence during the investigation period are tabulated below:

Patch-V (December 27, 2011 – May 04, 2012) – Price rise patch

7. During Patch-V of the IP, 18 entities out of the identified group of 49 connected entities have bought shares of ACI. The buy LTP analysis of the 18 entities was carried out, the details of which are as follows:

Sl. No.	Buyer Name	All Trades			LTP Diff >0			LTP Diff <0			LTP Diff = 0		% of +LTP to Total Market +LTP
		LTP impact in ₹	QTY traded	No of trades	LTP impact in ₹	QTY traded	No of trades	LTP impact in ₹	QTY traded	No of trades	QTY traded	No of trades	
1	DHARMENDRA RIKHINCHANDRA SHAH	1.89	285,221	814	8.84	16,398	148	-6.95	41,656	152	227,167	514	25.24
2	MAHAVIRSINGH N CHAUHAN	1.63	628	34	2.02	77	22	-0.39	512	11	39	1	5.77
3	JINESH DEVENDRA BHATT	1.32	3,890,041	855	2.25	170,883	45	-0.93	61,189	55	3,657,969	755	6.42
4	SANJEEV RAMESH MALHOTRA	1.27	3,749,392	771	2.07	612,289	58	-0.80	149,603	51	2,987,500	662	5.91
5	NASEEN TRADELINK PRIVATE LIMITED	0.44	8,691	9	0.45	140	5	-0.01	100	1	8,451	3	1.29

6	POOJA JINESH BHATT	0.15	357,679	120	0.63	35,627	25	-0.48	13,967	35	308,085	60	1.80
7	DIPIKA KRUSHNAKUMAR BRAHMBHATT	0.13	1,090,800	140	0.36	46,056	12	-0.23	103,654	9	941,090	119	1.03
8	NAINA SANJEEV MALHOTRA	0.08	373,610	106	0.16	17,700	4	-0.08	9,563	6	346,347	96	0.46
9	RAJENDRAKUMAR MUNNA PRASAD GUPTA	0.01	40,000	1	0.01	40,000	1	0.00	-	-	-	-	0.03
10	ALPESHKUMAR KANUBHAI GOHIL	0.00	56,000	5	0.00	-	-	0.00	-	-	56,000	5	0.00
11	MAHESHCHANDRA CHUNILAL SHAH	0.00	10	1	0.00	-	-	0.00	-	-	10	1	0.00
12	JASMIN S BAJORIYA	-0.01	20,000	6	0.00	-	-	-0.01	10,300	1	9,700	5	0.00
13	KRUSHNAKUMAR GURUVACHAN BRAHMBHATT	-0.01	197,410	42	0.14	43,500	6	-0.15	3,123	14	150,787	22	0.40
14	DEEPAK PANDURANG VIKHAPE	-0.02	408,502	47	0.01	100	1	-0.03	2,350	2	406,052	44	0.03
15	NAGMAHESHWAR BALRAJ YELLAMELLI	-0.03	692,939	770	2.03	32,464	77	-2.06	26,194	165	634,281	528	5.80
16	SANMAY TRADING PRIVATE LIMITED	-0.08	271,050	48	0.02	1,000	1	-0.10	7,393	5	262,657	42	0.06
17	ARISTO MEDIA AND ENTERTAINMENT PRIVATE LIMITED	-0.75	2,195,421	1,011	3.75	197,199	129	-4.50	395,486	324	1,602,736	558	10.71
18	ETHAN CONSTRUCTIONS PRIVATE LIMITED	-0.76	1,125,261	432	0.86	57,545	37	-1.62	168,245	109	899,471	286	2.46
Group Total		**5.26**	**14,762,655**	**5,212**	**23.60**	**1,270,978**	**571**	**-18.34**	**993,335**	**940**	**12,498,342**	**3,701**	**67.37**
Market Total		**5.25**	**29,856,761**	**8,824**	**35.03**	**1,936,509**	**838**	**-29.78**	**1,439,538**	**1,144**	**26,480,714**	**6,842**	**100.00**

8. It is observed from the above table that entities at Sl. No. 1-9 contributed to net +LTP, entities at Sl. No. 10-11 contributed to net 0 LTP and the remaining entities contributed to net –LTP. The group entities contributed ₹23.60 (67.37% of the market +LTP) to the market +LTP. It was also observed that the net LTP contribution of the entities at Sl. No.1-9 was ₹6.92 in comparison to market net LTP of ₹5.25. Hence, the +LTP trades of entities at Sl. No. 1-9 observed to have contributed significantly to the market net LTP.
9. Further, from the trade analysis, it was observed that 21 group entities had traded among themselves during Patch-V. The details of +LTP trades (trades by 19 entities out of the said 21 group entities) are as follows:

Sl. No.	Entity Name	+LTP trades as buyer with group entities				+LTP trades as seller with group entities				+LTP as buyer & seller (in ₹)
		+LTP (in ₹)	No. of trades	Qty.,	% of mkt +LTP	+LTP (in ₹)	No. of trades	Qty.,	% of mkt +LTP	
1	DHARMENDRA RIKHINCHANDRA SHAH HUF	1.55	42	7,264	4.42	3.65	67	36,781	10.41	5.2
2	ARISTO MEDIA AND ENTERTAINMENT PRIVATE LIMITED	1.28	58	96,743	3.65	0.74	32	83,116	2.11	2.02
3	NAGMAHESHWAR BALRAJ YELLAMELLI	0.95	38	18,184	2.71	0	0	0	0	0.95
4	MAHAVIRSINGH N CHAUHAN	0.85	7	25	2.43	0	0	0	0	0.85
5	SANJEEV RAMESH MALHOTRA	0.65	23	362,287	1.86	0.10	6	67,125	0.29	0.75
6	NASEEN TRADELINK PRIVATE LIMITED	0.45	5	140	1.28	0	0	0	0	0.45

7	ETHAN CONSTRUCTIONS PRIVATE LIMITED	0.43	16	29,445	1.23	0.64	33	89,491	1.82	1.07
8	JINESH DEVENDRA BHATT	0.33	8	58,582	0.94	0.13	6	45,212	0.37	0.46
9	POOJA JINESH BHATT	0.2	7	32,806	0.57	0.07	2	351	0.20	0.27
10	DIPIKA KRUSHNAKUMAR BRAHMBHATT	0.11	3	3,855	0.31	0.18	13	82,453	0.51	0.29
11	KRUSHNAKUMAR GURUVACHAN BRAHMBHATT	0.02	2	43,100	0.06	0.54	32	39,768	1.54	0.56
12	DEEPAK PANDURANG VIKHAPE	0.01	1	100	0.03	0	0	0	0	0.01
13	RAJENDRAKUMAR MUNNA PRASAD GUPTA	0.01	1	40,000	0.03	0	0	0	0	0.01
14	ALPESHKUMAR KANUBHAI GOHIL	0	0	0	0	0.01	1	1,669	0.03	0.01
15	SANMAY TRADING PRIVATE LIMITED	0	0	0	0	0.38	10	233,180	1.08	0.38
16	MAHESHCHANDRA CHUNILAL SHAH	0	0	0	0	0.22	2	20	0.63	0.22
17	ANUSAYA SHANKAR SAWANT	0	0	0	0	0.16	5	1,806	0.46	0.16
18	BIPIN BAPU KAMBLE	0	0	0	0	0.01	1	1,559	0.03	0.01
19	JABEEN TRADELINK PRIVATE LIMITED	0	0	0	0	0.01	1	10,000	0.03	0.01
Group Total		**6.84**	**211**	**692,531**	**19.53**	**6.84**	**211**	**692,531**	**19.53**	**-**

10. It is observed from the table above that by trading among themselves, the group of connected entities contributed ₹6.84, which is 19.53% of the market +LTP. Further, the entities at Sl. No. 14-19 had aided other connected entities (Sl. No. 1-13) by selling shares to increase the scrip price. In view of the significant +LTP contribution by the group of connected entities by trading among themselves, it is alleged that the connected entities listed at the table above manipulated the price of the scrip by entering into trades resulting in price rise, which is in violation of the provisions of Regulations 3(a), (b), (c) & (d) and 4(1), 4(2) (a) & (e) of SEBI (PFUTP) Regulations.

Patch-VI (May 05, 2012 – September 22, 2012) – Price fall patch

11. During Patch-VI of the IP, 36 entities out of identified group of 49 connected entities have sold shares of ACIL. The buy LTP analysis of the aforesaid 36 entities was carried out, the details of which are as follows:

Sl. No.	Seller Name	All Trades			LTP Diff >0			LTP Diff <0			LTP Diff = 0		% of -LTP to Total Market -LTP
		LTP impact in ₹	QTY traded	No of trades	LTP impact in ₹	QTY traded	No of trades	LTP impact in ₹	QTY traded	No of trades	QTY traded	No of trades	
1	ANITA RAKESHKUMAR RANKA	-0.93	290,999	146	0.34	57,108	18	-1.27	73,789	32	160,102	96	3.87
2	DHARMENDRA RIKHINCHANDRA SHAH	-0.89	244,142	39	0.00	-	-	-0.89	1,609	12	242,533	27	2.71
3	NISHOTTAM TRADERS PRIVATE LIMITED	-0.61	1,502,382	369	0.82	99,433	26	-1.43	484,476	85	918,473	258	4.35

4	SANJEEV RAMESH MALHOTRA	-0.53	1,370,613	332	0.38	91,340	19	-0.91	18,540	25	1,260,733	288	2.77
5	NAINA SANJEEV MALHOTRA	-0.43	1,289,712	226	0.11	151,533	5	-0.54	100,410	12	1,037,769	209	1.64
6	NAGMAHESHWAR BALRAJ YELLAMELLI	-0.37	65,005	33	0.01	5	1	-0.38	11,000	20	54,000	12	1.16
7	JINESH DEVENDRA BHATT	-0.32	1,768,086	534	0.17	68,879	5	-0.49	11,896	6	1,687,311	523	1.49
8	DIPIKA KRUSHNAKUMAR BRAHMBHATT	-0.28	1,050,130	292	0.02	600	2	-0.30	90,990	15	958,540	275	0.91
9	VENKATESWARA CAPITAL MANAGEMENT LTD	-0.20	525,000	24	0.01	25,000	1	-0.21	480,985	21	19,015	2	0.64
10	SKR SUPREME ELECTRONICS & TRADING PRIVATE LIMITED	-0.18	929,000	68	0.00	-	-	-0.18	183,550	8	745,450	60	0.55
11	GODAVARI COMMERCIAL SERVICES PRIVATE LIMITED	-0.13	2,200,000	25	0.02	100,000	1	-0.15	1,575,000	10	525,000	14	0.46
12	MAHAVIRSINGH N CHAUHAN	-0.12	624	2	0.00	-	-	-0.12	1	1	623	1	0.37
13	ALPESHKUMAR KANUBHAI GOHIL	-0.09	97,509	27	0.01	5,000	1	-0.10	4,993	3	87,516	23	0.30
14	BLACK HORSE MEDIA AND ENTERTAINMENT PRIVATE LIMITED	-0.04	21,600	7	0.00	-	-	-0.04	7,848	4	13,752	3	0.12
15	NAROIS IMPEX PRIVATE LIMITED	-0.04	381,000	32	0.00	-	-	-0.04	3,929	4	377,071	28	0.12
16	ANKIT DOSHI	-0.03	30,000	51	0.01	5	1	-0.04	1,250	4	28,745	46	0.12
17	AKANSHA MEDIA AND ENTERTAINMENT PRIVATE LIMITED	-0.02	209,000	10	0.00	-	-	-0.02	27,700	2	181,300	8	0.06
18	MILAN HASMUKHRAI DELIWALA	-0.02	40,000	6	0.00	-	-	-0.02	10,000	2	30,000	4	0.06
19	AVANCE TECHNOLOGIES LIMITED	-0.01	284,961	18	0.00	-	-	-0.01	100	1	284,861	17	0.03
20	PRARTHANA TARUNKUMAR BRAHMBHATT	-0.01	185,000	55	0.13	8,011	3	-0.14	15,644	10	161,345	42	0.43
21	PRITESH H GALA	-0.01	50,000	37	0.08	4,226	4	-0.09	4,065	9	41,709	24	0.27
22	BLACK HORSE MEDIA AND ENTERTAINMENT PRIVATE LIMIED	0.00	51,000	20	0.00	-	-	0.00	-	-	51,000	20	0.00
23	CHAMPAKLAL JETHALAL SHAH	0.00	250,000	11	0.00	-	-	0.00	-	-	250,000	11	0.00
24	KREATIVE FINSOL PRIVATE LIMITED	0.00	10,000	1	0.00	-	-	0.00	-	-	10,000	1	0.00
25	MAGAN MERCANTILE PVT LTD	0.00	1,058,000	78	0.00	-	-	0.00	-	-	1,058,000	78	0.00
26	RAJENDRAKUMAR MUNNA PRASAD GUPTA	0.00	40,000	26	0.10	1,150	4	-0.10	13,431	8	25,419	14	0.30
27	SANMAY TRADING PRIVATE LIMITED	0.00	200,000	15	0.00	-	-	0.00	-	-	200,000	15	0.00
28	SAURABHKUMAR RASIKLAL GANDHI	0.00	50,000	106	0.00	-	-	0.00	-	-	50,000	106	0.00
29	YADON CONSTRUCTIONS PRIVATE LIMITED	0.00	6,500	4	0.00	-	-	0.00	-	-	6,500	4	0.00
30	ANUSAYA SHANKAR SAWANT	0.04	12,500	11	0.09	500	1	-0.05	600	5	11,400	5	0.15
31	NASEEN TRADELINK PRIVATE LIMITED	0.06	463,500	94	0.09	8,461	3	-0.03	5,449	2	449,590	89	0.09
32	TARUNKUMAR GURUCHARAN BRAHMBHATT	0.07	25,000	7	0.07	1	1	0.00	-	-	24,999	6	0.00
33	ACACIO TRADELINK PRIVATE LIMITED	0.09	3,628,294	245	0.12	281,500	4	-0.03	80,534	3	3,266,260	238	0.09
34	JAYVANTIBEN D DEDHIA	0.21	50,000	35	0.27	11,172	10	-0.06	1,725	5	37,103	20	0.18
35	ETHAN CONSTRUCTIONS PRIVATE LIMITED	0.25	334,828	133	0.30	48,543	24	-0.05	13,659	5	272,626	104	0.15
36	ARISTO MEDIA AND ENTERTAINMENT PRIVATE LIMITED	0.61	989,731	385	1.21	107,095	59	-0.60	19,457	21	863,179	305	1.83
	Group Total	**-3.93**	**19,704,116**	**3,504**	**4.36**	**1,069,562**	**193**	**-8.29**	**3,242,630**	**335**	**15,391,924**	**2,976**	**25.22**
	Market Total	**-5.15**	**34,599,030**	**11,172**	**27.70**	**2,112,310**	**865**	**-32.85**	**4,485,169**	**1,527**	**28,001,551**	**8,780**	**100.00**

12. It is observed from the above table that entities at Sl. No. 1-21 contributed to net -LTP, entities at Sl. No. 22-29 contributed to net 0 LTP and the remaining entities contributed to net +LTP. The group entities contributed ₹-8.29 (25.22% of the market -LTP) to the market -LTP. It was also observed that the net LTP contribution of the entities at S.No.1-21 was ₹-5.26 in comparison to market net LTP of ₹-5.15. Hence, the -LTP trades of the entities at Sl. No. 1-21 observed to have contributed significantly to the market net LTP.

13. From the trade analysis, it was observed that 39 group entities had traded among themselves during Patch-VI. The details of -LTP trades (trades by 28 entities out of the said 39 group entities) are as follows:

Sl. No.	Entity Name	-LTP trades as seller with group entities				-LTP trades as buyer with group entities				-LTP as buyer & seller (in ₹)
		-LTP (in ₹)	No. of trades	Qty.,	% of mkt -LTP	-LTP (in ₹)	No. of trades	Qty.,	% of mkt -LTP	
1	Nishottam Traders Private Limited	-0.92	47	245,280	-2.80	-0.37	11	1,270	1.13	-1.29
2	Dharmendra Rikhinchandra Shah	-0.64	7	1,502	-1.95	-0.05	1	5	0.15	-0.69
3	Anita Rakeshkumar Ranka	-0.46	17	39,248	-1.40	-0.38	10	56,343	1.16	-0.84
4	Aristo Media And Entertainment Private Limited	-0.34	13	10,855	-1.04	-0.65	37	63,268	1.98	-0.99
5	Nagmaheshwar Balraj Yellamelli	-0.24	16	10,700	-0.73	0	0	0	0	-0.24
6	Venkateswara Capital Management Ltd	-0.21	21	480,985	-0.64	-0.06	5	675,000	0.18	-0.27
7	Sanjeev Ramesh Malhotra	-0.19	10	1,282	-0.58	-0.16	14	40,321	0.49	-0.35
8	Godavari Commercial Services Private Limited	-0.11	8	1,549,994	-0.33	0	0	0	0	-0.11
9	Prarthana Tarunkumar Brahmbhatt	-0.1	6	7,194	-0.30	0	0	0	0	-0.1
10	Rajendrakumar Munna Prasad Gupta	-0.09	7	13,281	-0.27	0	0	0	0	-0.09
11	Alpeshkumar Kanubhai Gohil	-0.07	2	4,098	-0.21	-0.1	2	50,015	0.30	-0.17
12	Pritesh H Gala	-0.06	6	1,875	-0.18	0	0	0	0	-0.06
13	Jayvantiben D Dedhia	-0.06	5	1,725	-0.18	0	0	0	0	-0.06
14	Dipika Krushnakumar Brahmbhatt	-0.06	6	16,590	-0.18	-0.03	3	56,000	0.09	-0.09
15	Naina Sanjeev Malhotra	-0.04	4	54,000	-0.12	-0.43	32	96,436	1.31	-0.47
16	Ankit Doshi	-0.04	4	1,250	-0.12	0	0	0	0	-0.04
17	SKR Supreme Electronics & Trading Private Limited	-0.04	4	3,550	-0.12	-0.13	5	6,050	0.40	-0.17
18	Black Horse Media and Entertainment Private Limited	-0.04	4	7,848	-0.12	0	0	0	0	-0.04
19	Acacio Tradelink Private Limited	-0.02	2	65,000	-0.06	0	0	0	0	-0.02
20	Narois Impex Private Limited	-0.02	2	450	-0.06	-0.03	2	2,570	0.09	-0.05
21	Naseen Tradelink Private Limited	-0.02	1	449	-0.06	-0.77	13	32,505	2.34	-0.79
22	Milan Hasmukhrai Deliwala	-0.01	1	5,008	-0.03	0	0	0	0	-0.01
23	Avance Technologies Limited	-0.01	1	10 0	-0.03	0	0	0	0	-0.01
24	Coastal Fertilisers Limited	0	0	0	0	-0.26	24	1,355,979	0.79	-0.26
25	Ethan Constructions Private Limited	0	0	0	0	-0.12	11	12,450	0.37	-0.12
26	Jinesh Devendra Bhatt	0	0	0	0	-0.19	19	4,005	0.58	-0.19
27	KREATIVE FINSOL PRIVATE LIMITED	0	0	0	0	-0.02	1	449	0.06	-0.02
28	Magan Mercantile Pvt Ltd	0	0	0	0	-0.02	2	65,000	0.06	-0.02
Group Total		**-3.79**	**192**	**2,517,666**	**11.48**	**-3.77**	**192**	**2,517,666**	**11.48**	

14. It is observed from the above table that by trading among themselves, the group of connected entities contributed ₹-3.79, which is 11.48% of the market -LTP. Further, the entities at Sl. No. 24-28 had aided other connected entities (Sl. No. 1-23) by buying shares to decrease the scrip price. In view of the significant -LTP contribution by the group of connected entities by trading among

themselves, it is alleged that the connected entities listed at the table above manipulated the price of the scrip by entering into trades resulting in price fall, which is in violation of the provisions of Regulations 3(a), (b), (c) & (d) and 4(1), 4(2) (a) & (e) of SEBI (PFUTP) Regulations.

15. In view of the aforementioned findings of the investigation, it was alleged that the connected entities (including Ethan Construction Private Limited) who were connected to each other indulged in trades, which resulted in manipulation of the scrip. Accordingly, it was alleged that the connected entities (including Ethan Construction Private Limited) had violated the provisions of Regulations 3(a), (b), (c) & (d) and 4(1), 4(2) (a) & (e) of SEBI (PFUTP) Regulations.

16. It was observed that Ethan Construction private Ltd (hereinafter referred to as "**Noticee**") was one of the connected entity, who was indulged in trades, which resulted in manipulation of the scrip. It was further observed that Noticee had contributed to price rise of ₹0.43 as a buyer and ₹0.64 as a seller, i.e. positive LTP contribution as buyer and seller of ₹1.07. By trading in the scrip during the IP Noticee had violated the provisions of Regulations 3(a), (b), (c) & (d) and 4(1), 4(2) (a) & (e) of SEBI (PFUTP) Regulations.

17. In view of the above, SEBI initiated adjudication proceedings against the Noticee for the aforesaid alleged violations under sections 15HA of the SEBI Act wherein undersigned was appointed as the adjudicating officer.

18. A show cause notice (hereinafter referred to as "**SCN**") bearing ref. no. SEBI/EAD/PM/RR dated November 08, 2017 was returned undelivered at the last known addresses of the Noticee. Noticee replied vide letter dated January 28, 2019 stating that they haven't received any SCN. In terms of rule 7(b) SCN cum Hearing Notice dated June 29, 2021 was sent to Noticee on email id ehtanconstr@gmail.com which did not bounce. Further Vide email dated September 09, 2021 final opportunity of hearing was given to the Noticee on ehtanconstr@gmail.com & taxconsultancy@rediffmail.com (mentioned on MCA

website on September 09, 2021) which did not bounce. In light of the above, the proceeding was concluded based on the material available on record. *Vide* order dated November 24, 2021 the Noticee was found to be in violation of provisions of Regulation 3(a), 3(b) 3(c), 4(1), 4(2)(a) and 4(2)(e) of PFUTP Regulations, 2003 and a penalty of ₹5,00,000/- (Rupees Five lakh only) was imposed.

19. Thereafter, the Noticee filed an appeal before the Hon'ble Securities Appellate Tribunal (hereinafter referred to as "**SAT**") against the aforesaid adjudication order on the ground that the Noticee did not receive the SCN and the hearing notices. Hon'ble SAT *vide* order dated February 17, 2022, allowed the appeal and directed the undersigned to re-decide the matter on merits after serving the SCN to the Noticee. The order is read as:

"The application is allowed. The impugned order is also set aside. The appeal is allowed. The matter is remitted to the AO to pass a fresh order in accordance with law. In this regard the appellant will appear before the AO on February 28, 2022 on which date the appellant would be served with the show cause notice and from there onwards the matter will proceed in accordance with law

APPOINTMENT OF ADJUDICATING OFFICER

20. In Accordance with the directions of Hon'ble SAT *vide* order dated February 17, 2022. SEBI had appointed the undersigned as Adjudicating Officer.

SHOW CAUSE NOTICE, REPLY AND HEARING

21. In compliance with directions of Hon'ble SAT, I note that vide email dated February 22, 2022 the Noticee was informed to appear before the undersigned to collect the Show Cause Notice on February 28, 2022 at 10:30 AM(I note that email was sent on ethanconstr@gmail.com and email did not bounce).However, no reply was received from the Noticee. Further, vide email dated February 25, 2022 the Noticee was once again informed to appear before the undersigned to collect the Show Cause Notice on February 28, 2022 at 10:30 AM. (I note that

email was sent on ethanconstr@gmail.com and email did not bounce) However no reply was received from the Noticee. I note that Noticee did not appear before the undersigned on the aforesaid date i.e February 28, 2022.

22. I note that subsequently vide email dated March 02, 2022 Noticee was served with SCN along with the relevant annexures (I note that email was sent on ethanconstr@gmail.com and email did not bounce).Subsequently, vide letter dated March 02, 2022 SCN along with Annexures was sent to the Noticee which returned undelivered. I note that Notice was sent via SPAD on the address mentioned at MCA website and in the Hon'ble SATs order dated February 17, 2022, **Address- 6, Floor-0 Neelkanth Netaji Subhash Road, Todi Park Marine Drive Mumbai.** I note that Noticee vide email dated March 15, 2022 replied which read as…..***We are the Noticee in the captioned SCN. We have received the SCN along with the annexures vide email dated 02 March, 2022. Sir we are in the process of preparing our reply to the captioned SCN. We most humbly request you to kindly grant us 3 weeks time to submit our reply to the captioned SCN*.** I note that Noticee sent the reply from the same email ID where all the communication were sent to the Noticee i.e ethanconstr@gmail.com.

23. Thereafter, vide email dated April 27, 2022 Noticee was given a hearing opportunity on May 04, 2022. (I note that email was sent on ethanconstr@gmail.com and email did not bounce). However Noticee did not appear on the aforesaid date and neither did the Noticee file any reply to the SCN.I note that vide email dated May 06, 2022 Noticee was given another hearing opportunity on May 13 2022. (I note that email was sent on ethanconstr@gmail.com and email did not bounce). However Noticee did not appear on the aforesaid date and neither did the Noticee file any reply to the SCN. I note that vide email dated May 17, 2022 Noticee was given final hearing opportunity on May 23 2022. (I note that email was sent on ethanconstr@gmail.com and email did not bounce). However Noticee did not

appear on the aforesaid date and neither did the Noticee file any reply to the SCN. It can be seen that Noticee has been given enough opportunities. I note that Noticee was informed about the Hon'ble SAT's directions in the present proceedings. However, Noticee did not appear before the undersigned. I find that non-compliance of the Hon'ble SAT's directions, not replying to the charges levelled in the SCN and non-appearance in any of the hearing opportunities provided shows the lackadaisical attitude of the Noticee in the present proceedings.

24. In this context, I would like to rely upon the observations of The Hon'ble Securities Appellate Tribunal (SAT) in the matter of Classic Credit Ltd., vs. SEBI (Appeal 68 of 2003 decided on December 08, 2006) wherein the Hon'ble SAT, 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".*

25. The Hon'ble SAT has again in the matter of Sanjay Kumar Tayal & Others vs SEBI (Appeal 68 of 2013 decided on February 11, 2014), interalia, observed that – *"………………As rightly contended by Mr. Rustomjee, learned senior counsel for respondents, appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges levelled against them in the show cause notices…………….".*

26. In view of the above, I am of the opinion that the SCN and Notice of hearing have been duly served on the Noticee, but the Noticee failed to reply and failed to avail the opportunity of hearing. Therefore, I am convinced that the principle of natural justice has been duly followed in the matter, as enough opportunities were provided to the Noticee to reply to the SCN and to appear for hearing. Therefore, I am inclined to decide the matter *ex-parte* in respect of the Noticee taking into

account the evidence / material available on record.

CONSIDERATION OF ISSUES

27. After perusal of the material available on record, I have the following issues for consideration viz.,

I. *Whether the Noticee have violated the provisions of Regulations 3 (a), (b), (c), (d), 4 (1), 4 (2) (a) and (e) of SEBI (PFUTP) Regulations, 2003?*

II. *Whether the Noticee are liable for monetary penalty under Section 15HA of the SEBI Act?*

III. *If so, what quantum of monetary penalty should be imposed on the Noticee?*

FINDINGS

28. On perusal of the material available on record and giving regard to the facts and circumstances of the case , I record my findings hereunder.

ISSUE – I: Whether the Noticee have violated the provisions of Regulations 3 (a), (b), (c), (d), 4 (1), 4 (2) (a) and (e) of SEBI (PFUTP) Regulations, 2003?

29. Before moving forward, it is pertinent to refer to the relevant provisions of SEBI (PFUTP Regulations), 2003 which reads as under:

> ***Regulation 3 of SEBI (PFUTP) Regulations: - Prohibition of certain dealings in securities***
>
> *3. No person shall directly or indirectly—*
> *(a) buy, sell or otherwise deal in securities in a fraudulent manner;*
>
> *(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made thereunder;*

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

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

Regulation 4 of SEBI (PFUTP) Regulations: - 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;

30. I note that during investigation 49 connected entities were identified for Patch V and VI based on the analysis of KYC details, off-market transfers, MCA documents and bank account statements. The list of 49 connected entities is as given below:

Sl. No.	Name of the Entity
1	Shri Jinesh Devendra Bhatt
2	Smt Pooja Jinesh Bhatt
3	Shri Deepak Pandurang Vikhape
4	Shri Krushnakumar Guruvachan Brahmbhatt
5	Smt Prarthana Tarunkumar Brahmbhatt
6	Smt Dipika Krushnakumar Brahmbhatt
7	M/s Kreative Finsol Private Limited
8	M/s Aristo Media And Entertainment Private Limited
9	Smt Naina Sanjeev Malhotra
10	Shri Sanjeev Ramesh Malhotra
11	Shri Ankit Doshi
12	M/s Ethan Constructions Private Limited
13	Shri Milan Hasmukhrai Deliwala

Sl. No.	Name of the Entity
14	Shri Rajendrakumar Munna Prasad Gupta
15	M/s Jabeen Tradelink Private Limited
16	M/s Black Horse Media And Entertainment Private Limited
17	M/s Naseen Tradelink Private Limited
18	Shri Maheshchandra Chunilal Shah
19	Shri Dharmendra Rikhinchandra Shah HUF
20	M/s Narois Impex Private Limited
21	M/s Magan Mercantile Pvt Ltd
22	M/s Avance Technologies Limited
23	Shri Pritesh H
24	Smt Jayvantiben D Dedhia
25	Shri Bipin Bapu Kamble
26	Ms Anusaya Shankar Sawant
27	Shri Nagmaheshwar Balraj Yellamelli
28	M/s Nishottam Traders Private Limited
29	Shri Mahavirsingh N Chauhan
30	Smt Anita Rakeshkumar Ranka
31	M/s SKR Supreme Electronics & Trading Private Limited
32	M/s Coastal Fertilisers Limited
33	M/s Venkateswara Capital Management Limited
34	M/s Godavari Commercial Services Private Limited
35	Shri Alpesh Kanubhai Gohil
36	M/s Sanmay Trading Private Limited
37	M/s Acacio Tradelink Private Limited
38	M/s Akansha Media and Entertainment Ltd
39	Smt. Jasmin S Bajoriya
40	M/s Whitetext Infrastructure Pvt. Ltd.
41	M/s Yadon Constructions Pvt. Ltd.
42	M/s Adamina Traders Pvt. Ltd.
43	M/s Gajpal Buildinfra Pvt. Ltd.
44	Shri Saurabhkumar Rasiklal Gandhi
45	M/s Abijah Real Estate Pvt Ltd
46	Shri Champaklal Jethalai Shah
47	M/s Jainam Share Consultant Pvt. Ltd.
48	Ms Jasmeen Kumar Lodaya
49	M/s Alpeshkumar Kanubhai Gohil

31. I note that out of the above 49 connected entities, 21 entities by trading amongst themselves had contributed to market positive LTP during Patch-V and 39 entities by trading amongst themselves had contributed to market negative LTP during Patch-VI. Accordingly, the SCN was issued to 37 entities (including Ethan Construction Private Limited) out of the above 49 connected entities, who

had traded amongst themselves during Patch-V and VI. The allegations against these 37 entities, as contained in the SCN, with respect to trades amongst themselves during Patch-V and Patch-VI, are as follows:

32. **Noticee trade amongst themselves during Patch-V:** It is alleged that 21 group entities (including Ethan Construction Private Limited/ "The Noticee") trading amongst themselves during Patch-V, contributed to ₹6.84, which is 19.53% of the market positive LTP. Further, the entities from Sl. No. 14 to 18 (*including Mahechandra Chunilal Shah – Deceased)* have aided other connected entities i.e., entities from Sl. No. 1 to 13 (including Ethan Construction Private Limited/ "The Noticee") by acting as sellers to increase the price of the scrip.

33. The details of +LTP trades (trades by 19 entities out of the said 21 group entities) are as follows:

Sl. No.	Entity Name	+LTP trades as buyer with group entities				+LTP trades as seller with group entities				+LTP as buyer & seller (in ₹)
		+LTP (in ₹)	No. of trades	Qty.,	% of mkt +LTP	+LTP (in ₹)	No. of trades	Qty.,	% of mkt +LTP	
1	DHARMENDRA RIKHINCHANDRA SHAH HUF	1.55	42	7,264	4.42	3.65	67	36,781	10.41	5.2
2	ARISTO MEDIA AND ENTERTAINMENT PRIVATE LIMITED	1.28	58	96,743	3.65	0.74	32	83,116	2.11	2.02
3	NAGMAHESHWAR BALRAJ YELLAMELLI	0.95	38	18,184	2.71	0	0	0	0	0.95
4	MAHAVIRSINGH N CHAUHAN	0.85	7	25	2.43	0	0	0	0	0.85
5	SANJEEV RAMESH MALHOTRA	0.65	23	362,287	1.86	0.10	6	67,125	0.29	0.75
6	NASEEN TRADELINK PRIVATE LIMITED	0.45	5	140	1.28	0	0	0	0	0.45
7	ETHAN CONSTRUCTIONS PRIVATE LIMITED	0.43	16	29,445	1.23	0.64	33	89,491	1.82	1.07
8	JINESH DEVENDRA BHATT	0.33	8	58,582	0.94	0.13	6	45,212	0.37	0.46
9	POOJA JINESH BHATT	0.2	7	32,806	0.57	0.07	2	351	0.20	0.27
10	DIPIKA KRUSHNAKUMAR BRAHMBHATT	0.11	3	3,855	0.31	0.18	13	82,453	0.51	0.29
11	KRUSHNAKUMAR GURUVACHAN BRAHMBHATT	0.02	2	43,100	0.06	0.54	32	39,768	1.54	0.56
12	DEEPAK PANDURANG VIKHAPE	0.01	1	100	0.03	0	0	0	0	0.01

13	RAJENDRAKUMAR MUNNA PRASAD GUPTA	0.01	1	40,000	0.03	0	0	0	0	0.01
14	ALPESHKUMAR KANUBHAI GOHIL	0	0	0	0	0.01	1	1,669	0.03	0.01
15	SANMAY TRADING PRIVATE LIMITED	0	0	0	0	0.38	10	233,180	1.08	0.38
16	MAHESHCHANDRA CHUNILAL SHAH	0	0	0	0	0.22	2	20	0.63	0.22
17	ANUSAYA SHANKAR SAWANT	0	0	0	0	0.16	5	1,806	0.46	0.16
18	BIPIN BAPU KAMBLE	0	0	0	0	0.01	1	1,559	0.03	0.01
19	JABEEN TRADELINK PRIVATE LIMITED	0	0	0	0	0.01	1	10,000	0.03	0.01
Group Total		**6.84**	**211**	**692,531**	**19.53**	**6.84**	**211**	**692,531**	**19.53**	-

34. With regard to the allegation that 19 connected entities (including Ethan Construction Private Limited/ "The Noticee") manipulated the price of the scrip of ACIL in Patch-V by contributing to price rise of ₹6.84 which is 19.53% of the market positive LTP by trading amongst themselves, I note that, in the facts of the present case, 19.53% contribution to market positive LTP is a significant percentage for the trades by a group of 19 entities in the scrip of the company ACIL, which registered meagre profits of only ₹0.09 Cr, ₹0.43 Cr and ₹0.75 Cr for the financial years 2010, 2011 and 2012 respectively, and was also thinly traded. However, from the above table above, I note that out of the 19 connected entities, except for entities at Sl. No. 1, 2 and 7, the individual positive LTP contribution of the other entities to market positive LTP, as buyer and seller with group entities during Patch-V, is less than 1%. Therefore, in the facts and circumstances of the present case, I find that except for entities at Sl. No. 1, 2 and 7 in the above Table, the individual contribution of other Entities to the market positive LTP is not so significant. In this regard, I note that during Patch-V, Ethan Constructions Pvt. Ltd. (Noticee) has contributed to price rise of ₹0.43 as a buyer and ₹0.64 as a seller, i.e. positive LTP contribution as buyer and seller of ₹1.07.

35. It is pertinent to note that the Noticee has significantly contributed to the market positive LTP during Patch-V. I note that the allegation against the Noticee in the SCN is based on the Noticee acting as a group and trading among themselves during Patch-V. In this regard, the basis of connection amongst Noticee with other connected group entities, as alleged in the SCN, is reproduced below:

S.no	Name of the Noticee	Basis of Connection
1	M/s Ethan Constructions Private Limited	Off-market transfer with M/s Whitetext Infrastructure Pvt ltd on 02/03/2012(one of the 49 connected group entities) Common director viz Shri Shyam Shankar Kadam with Yadon Constructions Pvt. Ltd. (one of the 49 connected group entities).

36. From the above table, I note that the Noticee was connected to multiple entities within the group who had traded amongst themselves and have traded among the group entities and significantly contributed to the market positive LTP during Patch-V.

37. I note that Noticee have not filed any reply to the SCN. Further, I note that multiple opportunities of personal hearing were granted to the Noticee, as noted above. However, the Noticee did not appear or seek any adjournment with regard to the opportunity of personal hearing granted to them.

38. In this regard, the observations made by the Hon'ble SAT in its order dated March 21, 2014 in Saumil Bhavnagari Vs. SEBI are worth recalling, which are as under:

> *"… but by purchasing shares at the higher price in LTP in most of the trades, the Noticee had given a wrong impression about the liquidity of the scrip in the market. It must not be forgotten that every trade establishes the price of the scrip and the Noticees trading at higher than LTP resulted in the price of the scrip going up and were done with a view to set the price at a desired level and thereby influencing the innocent/gullible investo₹ By purchasing at a higher price in most of his trades, the Noticee had given the wrong impression about the price of the scrip in the market. It is an accepted state of affairs that in cases of manipulation of the volume and / or price of particular scrip, it is usually an arduous task to obtain direct evidence. However, the analysis of the trade and order logs as undertaken hereinabove, establishes the malafide intention of the appellant."*

39. In view of the above, I find that Noticee i.e Ethan Constructions Pvt., Ltd. has significantly contributed to market positive LTP during Patch-V by trading amongst connected entities. Accordingly, I conclude that the Noticee has

violated the provisions of Regulation 3(a), 3(b) 3(c), 4(1), 4(2)(a) and 4(2)(e) of PFUTP Regulations, 2003, as alleged in the SCN.

40. **Noticee trade amongst themselves during Patch-VI:** It is alleged that 39 group entities (including Ethan Construction Private Limited/ “The Noticee”) trading amongst themselves during Patch-VI, contributed to ₹3.79, which is 11.48% of the market negative LTP. Further, the entities from Sl. No. 23 to 28 have aided other connected entities i.e., entities from Sl. No. 1 to 22 (*including Mahechandra Chunilal Shah – Deceased)* by acting as buyers to increase the price of the scrip.

41. The details of -LTP trades (trades by 19 entities out of the said 21 group entities) are as follows:

Sl. No.	Entity Name	-LTP trades as seller with group entities				-LTP trades as buyer with group entities				-LTP as buyer & seller (in ₹)
		-LTP (in ₹)	No. of trades	Qty.,	% of mkt -LTP	-LTP (in ₹)	No. of trades	Qty.,	% of mkt -LTP	
1	Nishottam Traders Private Limited	-0.92	47	245,280	-2.80	-0.37	11	1,270	1.13	-1.29
2	Dharmendra Rikhinchandra Shah	-0.64	7	1,502	-1.95	-0.05	1	5	0.15	-0.69
3	Anita Rakeshkumar Ranka	-0.46	17	39,248	-1.40	-0.38	10	56,343	1.16	-0.84
4	Aristo Media And Entertainment Private Limited	-0.34	13	10,855	-1.04	-0.65	37	63,268	1.98	-0.99
5	Nagmaheshwar Balraj Yellamelli	-0.24	16	10,700	-0.73	0	0	0	0	-0.24
6	Venkateswara Capital Management Ltd	-0.21	21	480,985	-0.64	-0.06	5	675,000	0.18	-0.27
7	Sanjeev Ramesh Malhotra	-0.19	10	1,282	-0.58	-0.16	14	40,321	0.49	-0.35
8	Godavari Commercial Services Private Limited	-0.11	8	1,549,994	-0.33	0	0	0	0	-0.11
9	Prarthana Tarunkumar Brahmbhatt	-0.1	6	7,194	-0.30	0	0	0	0	-0.1
10	Rajendrakumar Munna Prasad Gupta	-0.09	7	13,281	-0.27	0	0	0	0	-0.09
11	Alpeshkumar Kanubhai Gohil	-0.07	2	4,098	-0.21	-0.1	2	50,015	0.30	-0.17
12	Pritesh H Gala	-0.06	6	1,875	-0.18	0	0	0	0	-0.06
13	Jayvantiben D Dedhia	-0.06	5	1,725	-0.18	0	0	0	0	-0.06
14	Dipika Krushnakumar Brahmbhatt	-0.06	6	16,590	-0.18	-0.03	3	56,000	0.09	-0.09
15	Naina Sanjeev Malhotra	-0.04	4	54,000	-0.12	-0.43	32	96,436	1.31	-0.47
16	Ankit Doshi	-0.04	4	1,250	-0.12	0	0	0	0	-0.04
17	SKR Supreme Electronics & Trading Private Limited	-0.04	4	3,550	-0.12	-0.13	5	6,050	0.40	-0.17
18	Black Horse Media and Entertainment Private Limited	-0.04	4	7,848	-0.12	0	0	0	0	-0.04

19	Acacio Tradelink Private Limited	-0.02	2	65,000	-0.06	0	0	0	0	-0.02
20	Narois Impex Private Limited	-0.02	2	450	-0.06	-0.03	2	2,570	0.09	-0.05
21	Naseen Tradelink Private Limited	-0.02	1	449	-0.06	-0.77	13	32,505	2.34	-0.79
22	Milan Hasmukhrai Deliwala	-0.01	1	5,008	-0.03	0	0	0	0	-0.01
23	Avance Technologies Limited	-0.01	1	10 0	-0.03	0	0	0	0	-0.01
24	Coastal Fertilisers Limited	0	0	0	0	-0.26	24	1,355,979	0.79	-0.26
25	Ethan Constructions Private Limited	0	0	0	0	-0.12	11	12,450	0.37	-0.12
26	Jinesh Devendra Bhatt	0	0	0	0	-0.19	19	4,005	0.58	-0.19
27	KREATIVE FINSOL PRIVATE LIMITED	0	0	0	0	-0.02	1	449	0.06	-0.02
28	Magan Mercantile Pvt Ltd	0	0	0	0	-0.02	2	65,000	0.06	-0.02
Group Total		**-3.79**	**192**	**2,517,666**	**11.48**	**-3.77**	**192**	**2,517,666**	**11.48**	

42. With regard to the above allegation that 28 entities (including Ethan Construction Private Limited/ “The Noticee”) manipulated the price of the scrip of ACIL in Patch-VI by contributing to price fall of ₹ -3.79 which is 11.48% of the market negative LTP by trading amongst themselves, I note that, in the facts of the present case, 11.48% contribution to market negative LTP cannot be called significant for the trades by a group of 28 entities for a period of 5 months i.e., May 05, 2012 – September 22, 2012 (Patch-VI). Therefore, I am inclined to take a lenient view in respect of the Ethan Construction Private Limited/“The Noticee” as far as Patch VI of the investigation period is concerned.

ISSUE -II: Does the violation, if any, attract monetary penalty under Section 15HA of SEBI Act?

43. Pursuant to detailed analysis as brought out above, it is established that the Noticee has contributed to substantial and unusual price rise in the scrip of ACIL by trading with other connected entities and contributed to positive LTP.I find that the Noticee has deliberately manipulated the price of the scrip and created a misleading appearance of trading in the scrip to induce innocent investors in the securities market thereby contravening the provisions of Regulations 3 (a), (b), (c), (d), 4 (1), 4 (2) (a), and 4 (2) (e) of SEBI (PFUTP) Regulations, 2003. Therefore, the Noticee is liable for monetary penalty under Section 15HA of SEBI Act, the provisions of which are reproduced hereunder:

Section 15HA of SEBI Act - Penalty for fraudulent and unfair trade practices

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

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

44. While determining the quantum of monetary penalty under Section 15HA of SEBI Act, I have considered the factors stipulated in Section 15-J of SEBI Act, which reads as under:

Section 15J - Factors to be taken into account by the Adjudicating Officer

While adjudging quantum of penalty under Section 15 - I, the Adjudicating Officer shall have due regard to the following factors, namely

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;
(b) the amount of loss caused to an investor or group of investors as a result of the default;
(c) the repetitive nature of the default

45. The material made available on record has not quantified the amount of disproportionate gain or unfair advantage made by the Noticee and the loss suffered by the investors as a result of the Noticee's default. There is also no material made available on record to assess the amount of loss caused to investors or the amount of disproportionate gain or unfair advantage made by the Noticee as a result of default.

46. It is difficult, in cases of such nature, to quantify the disproportionate gains or unfair advantage enjoyed by an entity and the consequent loss suffered by the investors. General public and normal prudent investors could have been easily carried away by such unusual change in the prices in the scrip of Allied

Computers and were bound to get induced into investing in the said scrip looking at the steep rise in its price without realizing that the price rise was been artificially introduced by manipulative trades executed by the Noticee. This kind of trading behavior seriously affects the normal price discovery mechanism in the securities market. Therefore, I am of the view that people who indulge in manipulative, fraudulent and deceptive transactions, or abet in carrying out such transactions which are fraudulent and deceptive in nature, should be suitably penalized for such acts of omissions and commissions.

47. Further, Hon’ble SAT, in its order dated August 02, 2019 in the matter of P G Electroplast vs SEBI, has held that the Order passed in corresponding proceedings before the Whole Time Member should be factored in while fixing the quantum of penalty.

48. In this regard, I note that, a separate and parallel proceeding was initiated against the Noticee under the provisions of Sections 11(1), 11(4) and 11B of SEBI Act under the same facts. In the said proceedings, vide Order dated August 27, 2021, Hon’ble Whole Time Member of SEBI has restrained the Noticee from accessing the securities market and further prohibited them from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of three (3) months.

ORDER

49. After taking into consideration the nature and gravity of the violations established in the preceding paragraphs and in exercise of the powers conferred upon me under Section 15-I of the SEBI Act, 1992 read with Rule 5 of the SEBI Adjudication Rules, 1995, I hereby impose a penalty of ₹5,00,000/- (Rupees Five lakh only) on the Noticee i.e. Ethan Constructions Pvt., Ltd., under Section 15HA of the SEBI Act, 1992 for violation of the provisions of Regulations 3 (a), (b), (c), (d), 4 (1), (2) (a) and (e) of SEBI (PFUTP) Regulations, 2003.

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

51. The Noticee shall remit / pay the said amount of penalty within 45 days from the date 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

52. The Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid through e-payment to the Division Chief, Enforcement Department-I, DRA-IV, SEBI, in the format as given in table below

Case Name	
Name of Payee	
Date of payment	
Amount Paid	
Transaction No	
Bank Details in which payment is made	
Payment is made for	Penalty

53. In terms of Rule 6 of the SEBI Adjudication Rules, copies of this order are sent to all the Noticee and also to SEBI.

Date: May 24, 2022
Place: Mumbai

PRASANTA MAHAPATRA
ADJUDICATING OFFICER