WTM/SM/ISD/ISD-SEC-4/23158/2022-23

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: S. K. MOHANTY, WHOLE TIME MEMBER

Interim Order cum Show Cause Notice

Under Sections 11(1), 11(4), 11 (4A),11B (1) and 11B (2) of the Securities and Exchange Board of India Act, 1992 and
Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 and
Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995

In respect of:

Sr. No.	Name of the Noticee	PAN
1.	Rajneesh Kumar	ANDPK4877B
2.	Ashish P Shah	AJRPS7737C
3.	Kirtidan K Gadhavi	AJAPG0901B
4.	Jalaj Agrawal	AUDPA0226H
5.	Arvind Shukla	ISZPS7481G
6.	Ashish Kumar Singh	CNKPS7612D
7.	Orion Retail Pvt. Ltd.	AABCO2314B
8.	Spire Marketing Pvt. Ltd.	AAJCS5228G
9.	Splendid Hotels Resorts Pvt. Ltd.	AASCS5684F
10.	Deepika Sharma	HFDPS1131F
11.	Romika	DSZPR7910C
12.	Balley Builders& Developers Pvt. Ltd.	AACCB7383E
13.	Ancient Education Pvt. Ltd.	AALCA2837R
14.	Santosh Singh Karki	AHMPK4222D

15.	**Sanjay Kumar Pathak**	**AMIPP8453C**
16.	**Jitney Investments Pvt. Ltd.**	**AADCJ0092M**
17.	**Shrawan**	**KVSPS2783B**
18.	**Anita Karki**	**BMSPK6708E**
19.	**Ashworth Constructions Pvt. Ltd.**	**AALCA3008J**

(The aforesaid individuals are hereinafter individually referred to by their respective names/Noticee no. and collectively as "Noticees", unless the context specifies otherwise)

In the matter of Superior Finlease Limited

Background

1. The present proceedings are emanating from a complaint received by SEBI pertaining to suspicious trading transactions engaged in by certain entities which were subjected to investigation by SEBI. Pursuant to the receipt of the complaint and gravity of irregularities stated therein, information collected from various sources were examined. Simultaneously, certain **Telegram Channels** were kept under surveillance to closely watch the movements/ activities going on in those channels especially pertaining to the issue under investigation. Based on certain startling revelations from the surveillance of those channels in which misleading and inducing stock recommendations were found to be in circulation, SEBI had to resort to Search and Seizure operations in the premises of suspected entities so as to unearth further information/data from their custody which respect to their suspected activities in price manipulation and unfair trade practices in certain scrips. Consequently, a Search and Seizure operation at the premises of the suspected entities was conducted and the outcome of such an exercise carried out during the investigation culminated in revelation of a well-crafted insidious scheme of unfair trade practices that were adopted by certain unscrupulous entities with a view to create artificial market

volumes as well as artificial price rise of the scrip of a listed company thereby facilitating dumping of the said scrip by such unscrupulous shareholders at profitable rates for earning unlawful gains. The facts unearthed in the course of investigation further revealed the extensive use of mobile based messenger application **Telegram** by the suspected entities for influencing the trade volume, prices as well as for creating inducement in the minds of the people who follow such social media channels encouraging them to subscribe to the scrip that was aggressively promoted to them through such medium.

2. It is well known that in the securities market, "pump" and "dump" scheme, is one of the most followed methods through which market manipulators pursue their fraudulent trade practices. In these schemes, the principal perpetrator first accumulates shares of a particular company targeted by him in the names of his front entities and after he succeed in pumping up the prices of the said scrip through manipulative and unfair trade practices, either by himself or in collusion with others, eventually dumps such shares (earlier purchased by him through front entities) in the securities market at such artificially elevated prices with substantial gains and in this process, such fraudsters succeed in inducing the innocent investors to deal in scrip of such company at inflated prices presuming better future prospects for the scrip but they do not have any clue that the bullishness observed in the scrip is not backed by market forces but by a pre-determined fraudulent design conceived by such fraudsters. The instant matter which I am going to deal elaborately in the following paragraphs is one such illustration of pump and dump trade practice which came to light during the aforesaid investigation conducted by SEBI through which SEBI has been able to gather cogent evidences/both documentary and electronic including audio call recordings, transcripts of telephonic and WhatsApp chats etc., which are further corroborated by the oral statements tendered under oath, thereby exposing the intricate

scheme and artifice of manipulation and unfair trade practice followed by the above named set of entities.

3. Before narrating the detailed facts of the present case, it would be appropriate to first introduce the players/entities who were involved in the aforesaid fraudulent scheme of unfair trade practices:

Table no. 1- Description of entities

Sr. No.	Name of the entity	Role/Connection
1.	Superior Finlease Limited ("**SFL**")	The *Company,* in whose shares, the scheme of manipulation was deployed.
2.	India Finance Guaranty Ltd. ("**IFGL**")	A registered stock-broker, whose one of the Directors is Mr. Rajneesh Kumar, who also happens to be a Director on the Board of SFL.
3.	Rajneesh Kumar	Common Director in SFL and IFGL and the master-mind of the scheme.
4.	Ashish Kumar Singh	Entities connected with Mr. Rajneesh Kumar who have manipulated the share price and also dumped the shares of SFL at higher rates.
5.	Orion Retail Pvt. Ltd. ("**Orion**")	
6.	Spire Marketing Pvt. Ltd. ("**Spire**")	
7.	Splendid Hotels Resorts Pvt. Ltd. ("**Splendid**")	
8.	Deepika Sharma ("**Deepika**")	
9.	Romika	
10.	Balley Builders & Developers	

	Pvt. Ltd.(**Balley**")	
11.	Ancient Education Pvt. Ltd. ("**Ancient**")	
12.	Santosh Singh Karki ("**Santosh**")	
13.	Sanjay Kumar Pathak ("**Sanjay**")	
14.	Jitney Investments Pvt. Ltd. ("**Jitney**")	
15.	Shrawan	
16.	Anita Karki	
17.	Ashworth Constructions Pvt. Ltd. ("**Ashworth**")	
18.	Ashish P. Shah	Middlemen/Operators who aided and abetted the main perpetrator in execution of the scheme.
19.	K K Gadhvi	
20.	Jalaj Agarwal	
21.	Arvind Shukla	**Operator of the Telegram Channels**

4. The investigation conducted by SEBI led to the collection of various evidence corroborating the fraudulent activities of the aforesaid players and such evidence were primarily found from the following sources:

   i. On oath statements;

   ii. Bank account statements;

   iii. Trade details;

   iv. Call data records;

v. **Audio Call Recordings (hyperlink and QR code given at page no. 59); and**

vi. **Whatsapp chats.**

5. The particulars of the persons/entities covered under the Search and Seizure operations and the details of the digital devices seized form their custody are presented below:

Table no. 2: Details of electronic devices seized

Sr. No	Name	Location Details	No. of Devices Seized
1	Rajneesh Kumar (Noticee no.1)	Dwarka, New Delhi	• Mobile Phones- 4 • Hard Disk -1 • Tablet-3 • Pen Drives -2 • SIM-2
2	Ashish Panalal Shah (Noticee no. 2)	Ahmedabad, Gujarat	• Mobile Phones- 5 • Hard Disk -1
3	Jalaj Aggarwal (Noticee no. 4)	Neemuch, Madhya Pradesh	• Mobile Phones- 7

6. Examination of the contents available from the aforesaid sources of evidence (trade data, bank account statements, digital devices etc.) led to discovery of certain facts pertaining to the aforesaid entities that are being discussed in the following paragraphs in detail.

7. SFL is a Non-Banking Financial Company, having its registered office in New Delhi and its issued scrip is listed on the Bombay Stock Exchange. *Noticee no. 1,* Mr. Rajneesh Kumar is one of the Directors of SFL. IFGL is a Stock Broker duly registered with SEBI and Mr. Rajneesh is also a Director of IFGL.

8. **A complaint was received by SEBI alleging *inter alia* that stock recommendation tips were being disseminated through Telegram Channel under the name "Intraday trading equity stock". Based on a preliminary examination, two Telegram Channels, viz., "Intraday trading equity stock" and "Intraday Share Trading Equity Stock" were identified by SEBI as suspected channels through which stock**

recommendation tips are being disseminated. Accordingly, these two social media channels were kept under watch for further examination so as to ascertain if any such activities not permissible under the securities market regulations are being carried out through the channels which may be prejudicial to the interest of the investors of the securities market.

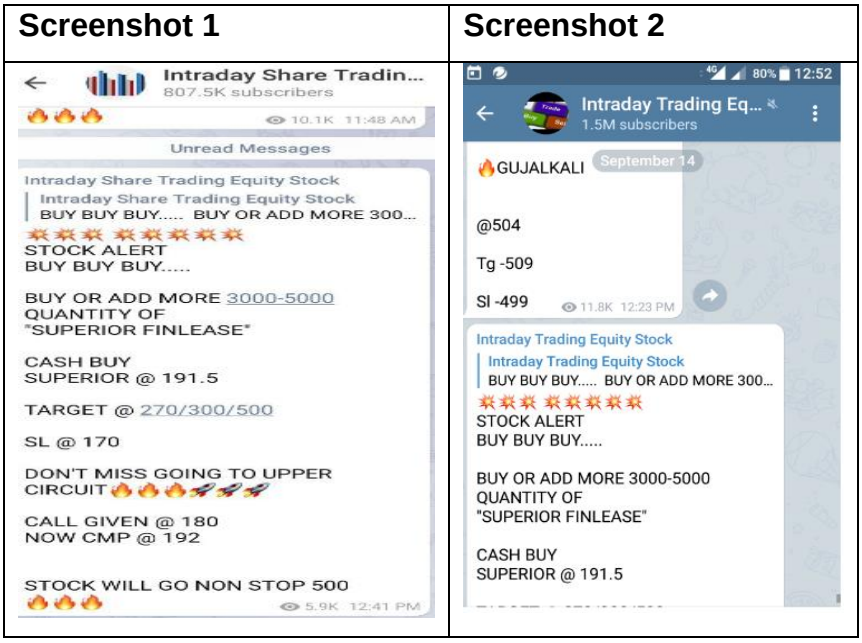
9. A deeper examination into the evidences showed that the aforesaid Telegram Channels were being operated by certain anonymous person(s) by using specific features of Telegram Messenger App which enabled them to conceal their identities to third parties including to the subscribers of such channels. It was found that the numbers of subscribers to the Channel named "Intraday trading equity stock" and "Intraday Share Trading Equity Stock", were 15 Lakh and 8.07 Lakh, respectively, during the month of September, 2021. The said Telegram Channels were having one-way communication protocol wherein messages from the Channel Operators were being disseminated by the operator to the subscribers, while the subscribers did not have any option to respond/react or send any kind of messages back to the Operator or to other group members. Further, the subscribers even did not have any option to know the identity of other co-subscribers of these Channels. In other words, the subscribers were mere spectators to the show that was being run by the Channel Operators. It was further seen that the said Telegram Channels were used to disseminate investment recommendation messages in scrips having low as well as high liquidity on the stock exchange, however, curiously enough, it was noticed that the messages/stock tips with respect to the scrips having low liquidity were deleted on the same day by the Channel Operators.

10. Besides the aforesaid observations, it was also noticed that these Telegram Channels were also offering Subscription based services against payment of consideration for providing

Intra-day trading tips and the fees for the said services were ranging from INR 5,000 to INR 10,000 per user on a weekly/fortnightly/monthly basis. Various payment modes like Bank account transfers, wallet transfers etc., were offered to the subscribers of the Channels for making payments to avail such paid services.

11. While the activities of the aforesaid two Telegram Channels were being monitored, SEBI received another complaint dated September 14, 2021 through email in which the complainant alleged that he had received a recommendation to buy the shares of SFL through a Telegram Chanel (Intraday Trading Equity Stock). The said complainant had also forwarded the screenshot of the message containing the said recommendation to buy shares of SFL. The investigating team of SEBI also noticed that the said stock recommendation mentioned by the complainant had also appeared in the two Telegram Channels that were already under their surveillance as part of the ongoing investigation into the matter, the screenshot of which are extracted below:

Image 1: Screenshot of the messages posted

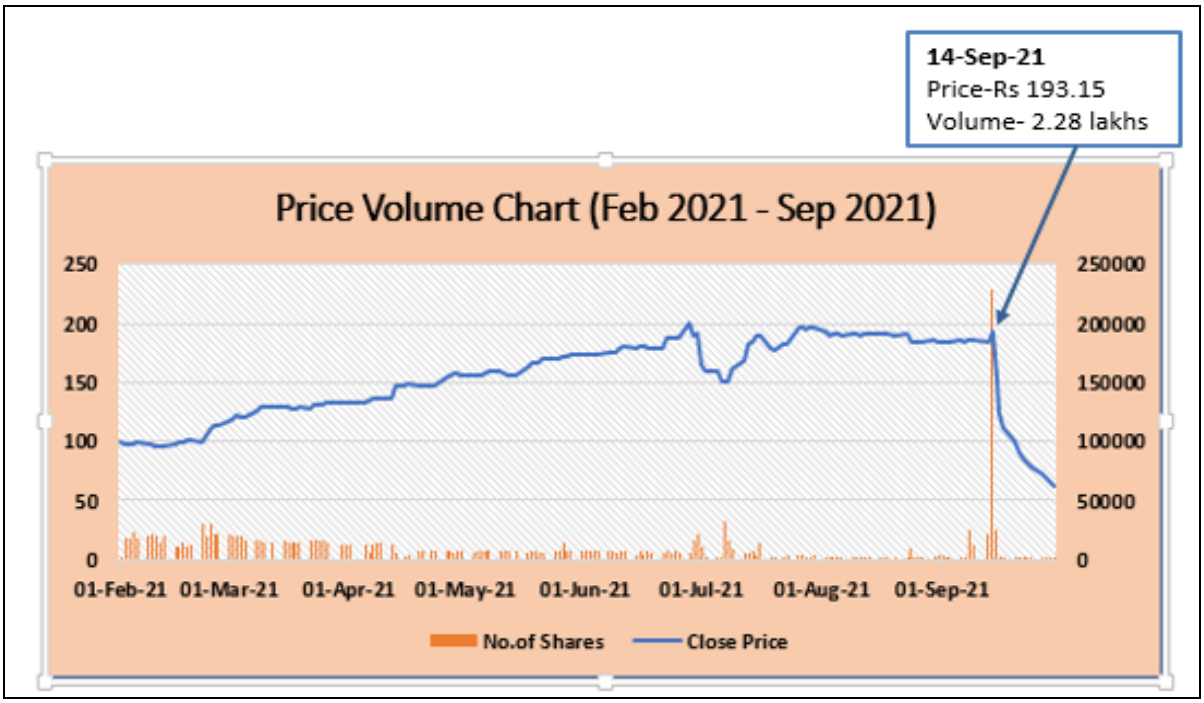


12. It was also observed that the aforesaid recommendations made by the two Telegram Channel Operators to their subscribers on September 14, 2021, to buy the shares of SFL were deleted from the Channels, on the same day itself.

13. As can be noted from the messages captured in the above screenshots, the subscribers of the Telegram Channels were being recommended to buy the shares of SFL in substantial quantities ranging from 3000-5000 shares. The subscribers were also recommended to buy the shares of the *Company* at a price of INR 191.50. The message also gave a projection /target of INR 270/300/500 for the scrip, with a stop loss target of INR 170. The said message also projected that the stock is soon going to be locked in an upper circuit (a situation where the stock has reached its maximum permissible upper price limit of the day) so as to drive a sense of panic and urgency into the minds of the subscribers to their Channels. Further, the message also seeks to impress upon the subscribers that the recommendation for the scrip of SFL was given at a time when the price of the scrip was INR 180, and it had already crossed now the level of INR 192 ("*Call given @180 now CMP @192*"). Lastly, the message prompted that the price of the scrip will rise continuously till INR 500.

14. In the aforesaid background, an analysis of the data pertaining to the trading in the scrip of SFL indicated that there was indeed a huge spurt in the volume of trading on September 14, 2021 (the day the aforesaid message was posted), as the volume of trading in the scrip of SFL on the said day swelled to 2.28 Lakh shares, whereas the average daily volume in the past 7.5 months (February 2021 to 14 September, 2021) was noticed to be around 9,440 only. A detailed analysis of the price-volume noticed in the scrip during February 01, 2021 to September 14, 2021, is reflected in the following graph:

Image 2: Price Volume Chart



15. Based on the aforesaid trade details pertaining to the price and volume of the scrip of SFL, the investigation in the scrip of SFL for the period of February 01, 2021 to September 30, 2021 has been divided into following three Patches for ease of reference and better appreciation of the fraudulent trade practice followed by the suspected entities:

    i. Patch 1- Prior to recommendation day (February 01, 2021 to September 13, 2021);

    ii. Patch 2- On recommendation day (September 14, 2021); and

    iii. Patch 3- Post recommendation day (September 15-30, 2021)

16. The details of the movement of price-volume of the scrip of SFL for the above three Patches are captured in the following table:

Table no. 3: Price Volume Movement

Period		Opening Price (INR) & volume on first day of the period	Closing Price (INR) & volume on last day of the period	Low Price (INR) & Volume during the period	High Price (INR) & Volume during the period	(Avg.) No. of shares traded during the period
01-Feb-21 to 13-Sep-21-Patch 1	Price	100.05 (Feb 01, 2021)	183.75 (Sep 13, 2021)	94 (Feb 12, 2021)	209 (Jun 28, 2021)	9,440
	Vol.	1,477 (Feb 01, 2021)	21,233 (Sep 13, 2021)	145 (Jul 02, 2021)	32,027 (Jul 07, 2021)	
14-Sept-21-Patch 2	Price	186.2 (Sep 14, 2021)	193.15 (Sep 14, 2021)	185.9 (Sep 14, 2021)	220 (Sep 14, 2021)	Total Vol.-2,28,337
15-Sep-21 to 30-Sep-21-Patch 3	Price	190 (Sep 15, 2021)	63.15 (Sep 30, 2021)	63.15 (Sep 30, 2021)	190 (Sep 15, 2021)	3,112
	Vol.	26,009 (Sep 15, 2021)	909 (Sep 30, 2021)	259 (Sep 21, 2021)	26,009 (Sep 15, 2021)	

17. The above table reveals that during the Patch-1of the investigation period (01 February 01, 2021 to September 13, 2021), the price of the scrip opened at INR 100.05 (on February 01, 2021) and it touched a high of INR 209 (on June 28, 2021) and closed at INR 183.75 (on September 13, 2021), thereby registering an increase of 83.66% on open to close basis during Patch-1. The average daily volume of shares traded during Patch-1 was 9,440 shares.

18. In this respect, a detailed analysis of trades executed in the scrip during February 01, 2021 to September 13, 2021 (Patch-1) (before the recommendation day) was carried out. The analysis of the trades contributing to the Last Traded Price (for short '**LTP**') indicated that during this pre-stock recommendation period, only 11 entities while purchasing the shares of SFL during the said period, had cumulatively contributed around 63.35% of the total market positive LTP, the break-up of which is enumerated herein below:

Table no. 4: Details of LTP contribution

Sr. no.	Name of Entities	(+) LTP		(-) LTP		(0) LTP	Net LTP	
		LTP in INR	Traded Qty.	LTP in INR	Traded Qty.	Traded Qty.	LTP in INR	Traded Qty.
1.	Orion (Noticee no.7)	22.70	6,696	-35.75	19,871	43,361	-13.05	69,928
2.	Spire (Noticee no.8)	26.45	5,169	-69.55	7,055	23,101	-43.10	35,325
3.	Splendid (Noticee no.9)	66.10	12,160	-90.45	23,294	42,824	-24.35	78,278
4.	Balley (Noticee no.12)	101.40	6,764	-97.10	9,748	21,936	4.30	38,448
5.	Ancient (Noticee no.13)	22.65	787	-64.10	5,380	15,523	-41.45	21,690
6.	Santosh (Noticee no.14)	103.00	4,681	-82.05	9,132	21,798	20.95	35,611
7.	Sanjay (Noticee no.15)	223.70	23,562	-242.80	30,115	70,580	-19.10	1,24,257
8.	Jitney (Noticee no.16)	32.10	3,678	-55.65	15,387	40,884	-23.55	59,949
9.	Shrawan (Noticee no.17)	54.30	5,831	-76.65	6,085	29,910	-22.35	41,826
10.	Anita Karki (Noticee no.18)	50.80	4,867	-59.40	7,307	23,951	-8.60	36,125
11.	Ashworth Constructions Pvt Ltd. (Noticee no.19)	47.45	4,878	-28.05	6,054	37,661	19.40	48,593
	Total (A)	**750.65**	**79,073**	**-901.55**	**1,39,428**	**3,71,529**	**-150.90**	**5,90,030**
	Market LTP contribution (B)	**1,184.90**	**3,67,409**	**-1,098.85**	**3,06,815**	**7,60,772**	**86.05**	**14,34,996**
	% (A/B)	**63.35%**	**21.52%**	**82.04%**	**45.44%**	**48.84%**	**-175.36%**	**41.12%**

19. It has further been noted that during the period of February 01, 2021 to September 13, 2021, the aforesaid 11 *Noticees* have bought 5,90,030 shares of SFL, which was 41.12% of the total market volume of 14,34,996 shares transacted during such period. It is also noted that these 11 entities are connected to each other and the nature of their connection is being discussed in the subsequent parts of this order.

20. A further analysis of the trades executed by the aforesaid 11 entities revealed that in many of the trades executed by each of these entities, the counter party to such trades was also one of these 11 entities only. An analysis of such trades where both the counter parties

belonged to the aforesaid 11 entities only and the respective contribution made to the LTP by each of these 11 entities through their indulgence in such type of inter-se trades with other group entities are captured in the following table:

Table no. 5: LTP Contribution by trades within the group

Sr. no.	Name of (+LTP) Contributor	Counterparties to (+) LTP Contributor				Total	
		Connected entities		Other than Connected entities			
		(+) LTP Contribution in INR (A)	Traded Qty (B)	(+) LTP Contribution (C)	Traded Qty (D)	(+) LTP Contribution in INR (A+C)	Traded Qty (B+D)
1	Sanjay (*Noticee no. 15*)	147.75	21,743	75.95	1,819	223.70	23,562
2	Santosh (*Noticee no. 14*)	55.85	4,529	47.15	152	103.00	4,681
3	Balley (*Noticee no. 12*)	53.20	4,686	48.20	2,078	101.40	6,764
4	Splendid (*Noticee no. 9*)	36.90	11,260	29.20	900	66.10	12,160
5	Shrawan (*Noticee no. 17*)	50.05	5,066	4.25	765	54.30	5,831
6	Anita Karki (*Noticee no. 18*)	44.25	4,759	6.55	108	50.80	4,867
7	Ashworth (*Noticee no. 19*)	5.45	2,058	42.00	2,820	47.45	4,878
8	Jitney (*Noticee no. 16*)	30.30	3,505	1.80	173	32.10	3,678
9	Spire (*Noticee no. 8*)	14.35	3,756	12.10	1,413	26.45	5,169
10	Orion (*Noticee no. 7*)	22.00	5,452	0.70	1,244	22.70	6,696
11	Ancient (*Noticee no. 13*)	19.60	265	3.05	522	22.65	787
		479.70	**67,079**	**270.95**	**11,994**	**750.65**	**79,073**
		63.90%	**84.83%**	**36.10%**	**15.17%**		

21. To elaborate further, out of the total +ve LTP contributing trades executed by the aforesaid 11 *Noticees* containing 79,073 shares (as depicted in Table no. 4 above) it is observed that trades involving 67,079 shares of SFL (84.83%) were executed by trading amongst themselves only (as depicted in the Table no. 5 above), or in other words, both the buyer and seller in such positive LTP contributing trades belonged to the same group of 11 entities as enumerated above. In this process of engaging in inter-se trades, the

aforesaid 11 entities have contributed a cumulative positive LTP of INR 479.70 which was 63.90% of their total positive LTP contribution to the scrip price. The aforesaid illustration shows that this small group of 11 entities engaged themselves in large scale mutual trades in the scrip of SFL with sole purpose of artificially generating trade volumes as well as artificially raising the price of the scrip.

22. A further minute perusal of the aforesaid trades executed by the 11 entities/*Noticees* referred to above also indicated that large amount of LTP was contributed by each of the entities through its trades executed within only a few entities from the same group. For illustration, it is noted that the trades executed by the *Noticee no. 15* matched with only 4 (out of 11) connected *Noticees* in the following manner:

Table no. 6- Details of trades of Noticee no. 15

Sr. No.	Buyer	Counter party	(+) LTP Contribution	Total LTP contribution within the group
1.	Sanjay (Noticee no. 15)	Splendid (Noticee no. 9)	28.15	147.75
2.		Santosh (Noticee no. 14)	66.7	
3.		Anita (Noticee no. 18)	52.85	
4.		Shrawan (Noticee no. 17)	0.05	

23. As may be observed from above, the *Noticee no. 15* has contributed INR 147.75 towards LTP of the scrip by executing trades with only 4 of the 11 connected entities. Incidentally, out of the aforesaid four counter parties to the trades of *Noticee no. 15,* two entities viz., Mr. Santosh Singh Karki (*Noticee no.14*) and Mrs. Anita Karki (*Noticee no. 18)* are husband-wife; by trading with whom, the *Noticee no. 15* was able to contribute INR 66.70 and INR 52.85, respectively to the positive LTP.

24. The investigation conducted by SEBI also revealed that apart from the fact that the trades executed by the aforesaid 11 connected entities contributed substantially to the positive market LTP of the scrip, the trades of a few of the aforesaid entities were funded by SFL or IFGL and a few instances of such fund transactions are illustrated below:

    i. The *Noticee no. 6*, during the period of February 01, 2021 to September 13, 2021, had purchased 9,415 shares of SFL and had sold 6,811 shares, through his stock broker, IFGL. The client ledger of the *Noticee no. 6* shows that as on February 23, 2021, he had a debit balance of INR 5.96 Lakh in his settlement account, and on the even day, an amount of INR 10 Lakh was received by the *Noticee no. 6* from SFL which was transferred to his settlement account. The said amount received from SFL was used by the *Noticee no. 6* to trade in the scrip of SFL itself during the period of March 01, 2021 to August 17, 2021, and during such period, the *Noticee no. 6* has not traded in any other scrip except for SFL.

    ii. The *Noticee no. 8* had received a sum of INR 67,000 from IFGL on July 01, 2021 and the said amount was used for trading in the shares of SFL.

    iii. The *Noticee no. 9,* during the period of March 03, 2021 to July 13, 2021, had received a sum of INR 5.64 Lakh from IFGL, and the said amount was transferred to its

settlement account held with IFGL which was used towards settlement of the trades made in the shares of SFL.

iv. The *Noticee no. 10,* had also received an amount of INR 15 Lakh from SFL on February 24, 2021 and the said amount was utilized for trading in the scrip of SFL.

v. Similarly, the *Noticee no. 13* had also received a total amount of INR 67.09 Lakh from SFL/IFGL (INR 61 Lakh from SFL and INR 6.09 Lakh from IFGL) and out of those funds, an amount of INR 15.35 Lakh was transferred to the settlement account during the period of March 04, 2021 to August 26, 2021 and was utilized for trading in the shares of SFL during such period.

vi. The *Noticee no. 16,* during the period of March 03, 2021 to July 13, 2021 had received a total amount of INR 16.71 Lakh from SFL/IFGL (INR 6.71 Lakh from IFGL and INR 10 Lakh from SFL). Out of those funds, an amount of INR 12.42 Lakh was transferred to the settlement account of the *Noticee no. 16* maintained with IFGL and the same was utilized for trading in the shares of SFL during the period March 04-2021 to July 16, 2021.

vii. *Noticee no. 19* had received INR 10 Lakh from SFL on February 23, 2021 and INR 4 Lakh on September 03, 2021, and the said amounts were transferred to its settlement accounts held with IFGL. After the transfer of the said amount, it was utilized towards trading in the scrip of SFL itself during the period of February 01, 2021 to September 13, 2021.

25. Now, coming back to the day on which stock recommendation for SFL was posted on the above named two Telegram Channels, i.e., September 14, 2021, as already demonstrated earlier in the Table no. 3, the scrip of SFL opened at a price of INR 186.20 and closed at

INR 193.15 before touching a high price of INR 220 during the day. Further, the volume of trading on September 14, 2021 is seen to have increased abnormally to around **24 times** of the average daily trading volumes during the previous period, so much so that the trading volume reached an abnormal level of 2,28,337 shares on that stock recommendation day, i.e., September 14, 2021, from the earlier daily average trading volume of 9,440.

26. Further, within 15 days after the stock recommendation day (September 14, 2021), i.e., during the period of September 15, 2021 to September 30, 2021 (Patch-3 of the investigation period), the price of the scrip witnessed steady decline and very quickly reached a low of INR 63.15 on September 30, 2021, thereby registering a cumulative fall of 66.77% within 15 days.

27. As highlighted above, the scrip of SFL witnessed a massive spurt in volumes at sustained prices especially on the day when the Telegram Channel operators posted a stock recommendation to their huge base of subscribers (running into 23 Lakhs collectively). However, the investigation revealed that such stock recommendation was not backed by any market event or development in the affairs of the *Company* nor was there any major corporate announcements or any other news doing rounds in the market which could be attributed as a possible reason for a financial influencer to offer a stock recommendation to the subscribers of its Channels. Thus, it is clear that there was no market or *Company* related development during the relevant period especially prior to the stock recommendation day which can in any manner justify such abnormal rise in volume as well as steady rise in the price of the scrip of SFL on September 14, 2021.

28. Keeping in view the aforesaid factual findings and analysis pertaining to the price volume rise in the scrip of SFL, pursuant to the complaints received by SEBI about the messages

being circulated on the aforesaid Telegram Channels, a Search and Seizure operation was carried out by SEBI on multiple locations in the premises of the suspected entities in course of which, various digital devices of those suspected entities were seized. Based on the contents of the information/data retrieved from those digital devices and armed with other documentary evidences gathered during the course of investigation, statements under oath were also recorded by SEBI from a number of suspected entities in course of the investigation.

29. After the Search and Seizure operation, the information/data so collected/retrieved from the digital devices was examined in the backdrop of the analysis which was already conducted as part of the investigation. It is observed from the said analysis that only 11 entities have sold 1,62,401 shares (net) of SFL on the same date, which accounted for as much as 92% of the net market volume on the said day. It implies that 11 entities together had almost captured the entire market volume of the scrip (on the selling side) on the day on which recommendation about the scrip of SFL was posted by the operators of the above named Telegram Channels. The details of those 11 entities, their brokers, and the volume of shares of SFL sold by each of them on the day of recommendation are captured in the following table:

Table no. 7: Details of shares sold by top net sellers

Sr. No.	Client Name	Client PAN	Broker Name	Gr Buy Vol	Gr Sell Vol	Net Vol	Vol% - Net Trd Vol/ Mkt Net
1	Ashish Kumar Singh (Noticee no. 6)	CNKPS7612D	India Finance Guaranty Ltd.	-	45,998	45,998	26
2	Orion (Noticee no. 7)	AABCO2314B	R.K.Stock Holding Pvt.Ltd.	-	41,050	41,050	23
3	Spire (	AAJCS5228G	India Finance Guaranty Ltd.	-	18,247	18,247	10

	Noticee no. 8)						
4	Splendid (Noticee no. 9)	AASCS5684F	India Finance Guaranty Ltd.	-	15,054	15,054	9
5	Deepika Sharma (Noticee no. 10)	HFDPS1131F	India Finance Guaranty Ltd.	-	9,859	9,859	6
6	Romika (Noticee no. 11)	DSZPR7910C	India Finance Guaranty Ltd.	-	9,209	9,209	5
7	Balley(Noticee no. 12)	AACCB7383E	India Finance Guaranty Ltd.	-	7,851	7,851	4
8	Ancient Education Pvt Ltd. (Noticee no. 13)	AALCA2837R	India Finance Guaranty Ltd.	-	5,454	5,454	3
9	Santosh Singh Karki (Noticee no. 14)	AHMPK4222D	India Finance Guaranty Ltd.	532	5,013	4,481	3
10	Sanjay Kumar Pathak (Noticee no. 15)	AMIPP8453C	IIFL Securities Ltd	1,358	4,556	3,198	2
11	Jitney (Noticee no. 16)	AADCJ0092M	Nirmal Bang Securities Pvt. Ltd.	-	2,000	2,000	1
Total				**1890**	**1,64,291**	**1,62,401**	**92**

30. A cursory perusal of the aforesaid table and other materials collected during the investigation indicates the following:

    i. Only 11 entities, as aforesaid, were successfully able to sell 92% of net market trade volume on the day of September 14, 2021.

    ii. Out of the aforesaid 11 entities, as many as 8 entities (mentioned at Serial nos. 1, 3, 4, 5, 6, 7, 8 and 9 of the table above) have traded through the broker India Finance Guaranty Ltd. (IFGL).

    iii. *Noticee no. 1* is one of the Directors of IFGL and also holds 19.26% of the shareholding of IFGL in his name. Further, SFL is also a shareholder of IFGL holding 38.24% equity. Besides, Ms. Seema Sharma, wife of *Noticee no. 1* also holds 5.67% of the equity

of IFGL; Mr. Ashish Kumar Singh, uncle of *Noticee no. 1* holds 4.53% equity and Mrs. Kushilya Devi, mother-in-law of *Noticee no. 1* holds 4.53% equity of IFGL. The aforesaid details are presented in the following table for better appreciation:

Table no. 8: Shareholding of IGFL

Sr.No.	Name of the major shareholders of IFGL	Relationship with *Noticee no. 1*	% of Equity shares held (as on Dec 05, 2020)
1	Rajneesh Kumar	Self	19.26
2	Seema Sharma	Wife	5.67
3	Ashish Kumar Singh	Uncle	4.53
4	*Kushilya Devi	Mother in law	4.53
5	Superior Finlease Ltd	Director	38.24
		Total	**72.23**

iv. Further, *Noticee no. 1* also holds more than 30% equity of SFL directly or indirectly, as stated herein below:

Table no. 9: Shareholding of SFL

Sr. No.	Name of major Shareholders	Relationship with *Noticee no. 1*	% Holding (as on 30/06/2021)	% Holding (as on 30/09/2021)
1.	Rajneesh Kumar	Self	7.67	7.67
2.	Seema Sharma	Wife	9.70	9.70
3.	Kaushilya Devi	Mother-in-Law	4.59	5.08
4.	Ashish Kumar Singh	Uncle	3.54	2.05
5.	Krishan Gopal	Father- in-Law	3.35	3.35
6.	Romika	Sister-in-Law	3.24	2.89
7.	Deepika Sharma	Sister-in-Law	1.83	1.46
	Total		**33.92**	**32.20**

v. Further, the said 11 top net sellers were also having multiple common factors that connected them with each other and the said factors are highlighted in the following table:

Table no. 10: Connection of top sellers

Sr. No	Entity PAN	Entity Name	Connection
1	CNKPS7612D	Ashish (Noticee no. 6)	**Common Directors:** **1.** Entities at Sr. no. 2,3,4,7,8 & 11 are connected through common directors namely Sanjay Kumar Pathak and/or Shrawan (DIN: 09480938). **2.** Entity at Sr.no. 10 is connected to entities at Sr.no. 2, 3, 7, 8 & 11 through common directorship. **Common Address:** **3.** Entities at Sr.no.4, 8 & 11 are connected based on common address i.e. 33-21, Block NS Ranaji Enclave Najafgarh, Delhi-110043. The aforesaid address is similar with the registered address of SFL. **4.** Entity at Sr.no.9 is connected to entities at Sr.no. 2, 3 & 7 through common address AD-19, Plot No.-3, Sector -5, Mansarover Apartment, Dwarka, New Delhi -110075. **Common Email ID:** **5.** Entities at Sr.no.2, 3, 4 ,7 ,8 & 11 are connected based on common email ID i.e. backoffiXXXX@gmail.com (email id masked to maintain privacy) **Common Mobile No.:** **6.** Entities at Sr.no. 3, 7 & 11 are connected based on common mobile no. 987X04XXXX (mobile number masked to maintain privacy).
2	AABCO2314B	Orion Retail Pvt. Ltd. (Noticee no. 7)	
3	AAJCS5228G	Spire Marketing Pvt. Ltd. (Noticee no. 8)	
4	AASCS5684F	Splendid Hotels Resorts Pvt. Ltd. (Noticee no. 9)	
5	HFDPS1131F	Deepika (Noticee no. 10)	
6	DSZPR7910C	Romika (Noticee no. 11)	
7	AACCB7383E	Balley Builders & Developers Pvt. Ltd. (Noticee no. 12)	
8	AALCA2837R	Ancient Education Pvt. Ltd. (Noticee no. 13)	
9	AHMPK4222D	Santosh (Noticee no. 14)	
10	AMIPP8453C	Sanjay Kumar Pathak (Noticee	

Sr. No	Entity PAN	Entity Name	Connection
		no. 15)	
11	AADCJ0092M	Jitney Investments Pvt. Ltd. (Noticee no. 16)	

vi. A further examination of the connection of the entities based on the KYC documents, account opening forms, bank statements, Call Data Records (CDRs) etc., revealed the following facts which again strengthen the aforesaid *prima facie* observation about the connection noticed between the 11 top net sellers with the *Noticee no. 1:*

Table no. 11: Connection of top net sellers with the Noticee no. 1

Sr. No	Net Top selling entities on September 14, 2021	Connection with the Noticee no. 1
1	Ashish (Noticee no. 6)	**KYC & Account Opening Form ("AOF") from Banks:** **1.** As per AOF of Mr. Ashish Kumar Singh (Ashish) for the account with Yes Bank, name of Mr. Rajneesh Kumar (*Noticee no. 1*), is mentioned as the Nominee for the said bank account and the relationship with Mr. Ashish has been mentioned as "Nephew". **2.** Mr. Rajneesh Kumar (*Noticee no. 1*) is the authorized signatory for the respective banks of entities at Sr.No.- 3, 4, 7, 8 & 11. **Fund transfers:** **3.** Entity at Sr.no. 1, 3, 4, 5,7,8 & 11 have received funds from SFL. **4.** Entity at Sr.no. 10 has received funds from IFGL. **KYC and CDR from TSP:** **5.** In terms of the KYC documents provided by the Telecom Service Provider, the mobile number associated with entity at Sr.no.2 is registered in the name of Ms. Seema Sharma, wife of Rajneesh Kumar (*Noticee no.1*). **6.** The mobile number associated with entity at
2	Orion Retail Pvt. Ltd. (Noticee no. 7)	
3	Spire Marketing Pvt. Ltd. (Noticee no. 8)	
4	Splendid Hotels Resorts Pvt. Ltd. (Noticee no. 9)	
5	Deepika (Noticee no. 10)	
6	Romika (Noticee no. 11)	
7	Balley Builders& Developers Pvt. Ltd. (Noticee no. 12)	
8	Ancient Education Pvt. Ltd. (Noticee no. 13)	
9	Santosh (Noticee no. 14)	
10	Sanjay Kumar Pathak (Noticee no. 15)	
11	Jitney Investments Pvt. Ltd. (Noticee no. 16)	

Sr. No	Net Top selling entities on September 14, 2021	Connection with the Noticee no. 1
		Sr.no.4 is registered in the name of Mr. Sanjay, who was also one of the top seller on September 14, 2021. **7.** Entities at Sr.no. 5 & 6 are connected to Mr. Rajneesh Kumar (*Noticee no.1*) and his wife Ms. Seema Sharma, as they have exchanged calls with *Noticee no. 1* and his wife. **8.** The mobile number(s) associated with entity at Sr.no.7, 8 & 11 is registered in the name of Mr. Rajneesh Kumar (*Noticee no.1*). **9.** Entities at Sr. No. 9 & 10 are connected to Mr. Rajneesh Kumar (*Noticee no.1*), as they have exchanged calls with him.

vii. The table no. 10 and 11 presented above, show that the 11 top net sellers who had sold large number of shares of SFL on the day of recommendation posted on the Telegram Channel are having close nexus with the Director of SFL/IFGL, Mr. Rajneesh Kumar (*Noticee no. 1*), and the nature of such nexus can be further summarized from the following tabular presentation:

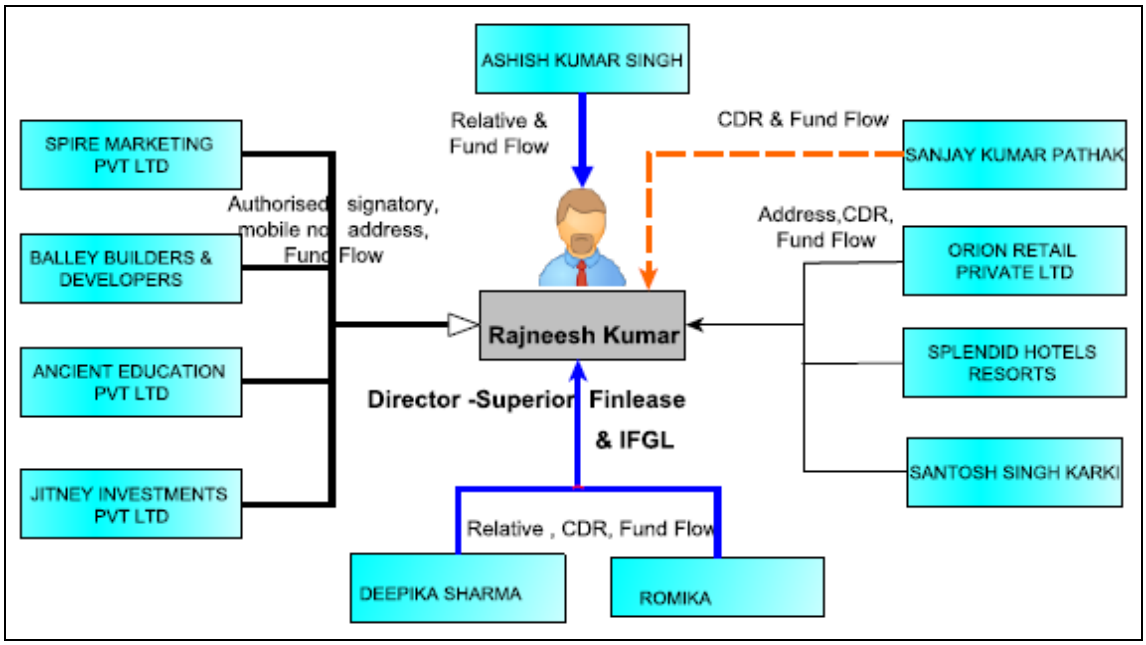
Table no. 12: Summary of connection

Name of Entity	Noticee no. 1 is the Authorized Signatory	Common Mobile number	Common Address	Fund Transfers	Calls (CDR)	Relative
Ashish (Noticee no. 6)				✓		✓
Orion (Noticee no. 7)			✓	✓		
Spire (Noticee no. 8)	✓	✓	✓	✓		
Splendid (Noticee no. 9)			✓	✓		
Deepika (Noticee no. 10)				✓	✓	✓

Romika (Noticee no. 11)					✓	✓
Balley (Noticee no. 12)	✓	✓	✓	✓		
Ancient (Noticee no. 13)	✓	✓	✓	✓		
Santosh (Noticee no. 14)			✓		✓	
Sanjay (Noticee no. 15)				✓	✓	
Jitney (Noticee no. 16)	✓	✓	✓	✓		

viii. From the above discussed factual details as evident from the records, it is *prima facie* seen that Mr. Rajneesh Kumar (*Noticee no. 1*) assumes the center-stage who apparently was the common connecting point for the above named 11 top net sellers of the stock recommendation day. The bondage that these 11 entities shared with the *Noticee no. 1* can be further understood from the following graphical representation:

Image 3: Graphical representation of connection



ix. In addition to the above, it has also been observed that the above named entities (shown in Image 3) as well as other *Noticees* were also having fund transfers among them, and based on the examination of various relevant bank account statements, the fund transfers which are worth noting in the present matter are highlighted in the following table:

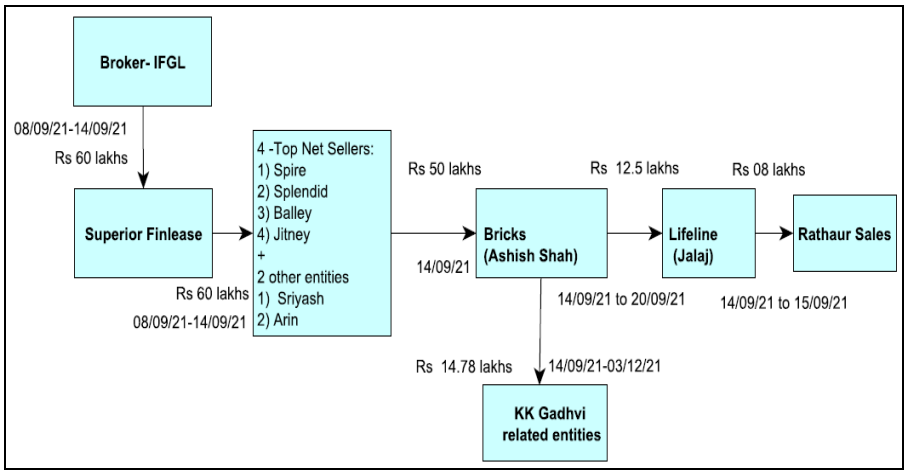
Table no. 13: Details of fund transfers

Sr. No.	Paid from the bank account of	Paid to the bank account of	Dates of payment	Amount (in INR)
1.	IFGL (Axis bank account - 910020015504157)	SFL (IDFC First Bank account-10062703961)	08/09/2021-14/09/2021	60 Lakh
2.	SFL (IDFC First Bank account-10062703961)	Spire (Kotak bank account- 9611179235)	08/09/2021-14/09/2021	7.5 Lakh
3.		Splendid (HDFC bank account- 13617630000203)		6 Lakh
4.		Balley (HDFC bank account - 50200005058536)		15 Lakh
5.		Jitney (Kotak bank account- 4111290732)		15 Lakh
6.		Sriyash Outsourcing and Consultancy Private Limited (**'Sriyash'**) (Kotak bank account - 9111180472)		6.5 Lakh
7.		Arin Hatcheries and Farming Private Limited (**'Arin'**) (HDFC bank account		10 Lakh

		-50200005058779)		
8.	Spire Splendid Balley Jitney Arin& Sriyash (collectively)	Brick Enterprises (IDBI Bank A/c no-1643102000003858)	14/09/2021	50 Lakh
9.	Bricks Enterprises	Lifeline Pharma (ICICI Bank-076505002844)	14/09/2021-20/09/2021	12.50 Lakh
10.		Mrs. Gadhvi Purnaba Kirtidan wife of Kirtidan K Gadhavi	14/09/2021-03/12/2021	14.78Lakh
11.		Gadhvi Siddharth Kirtidan son of Kirtidan K Gadhavi		
12.		Dharmistha K Gadhvi son of Kirtidan K Gadhavi		
13.	Lifeline	Rathaur Sales (HDFC A/c No. - 50200046932045)	14/09/2021-15/09/2021	8 Lakh

x. As noted in the above Table no. 13 that funds that were transferred from IFGL to SFL ultimately reached to various connected entities, which is graphically illustrated below:

Image 4: Graphical representation of fund transfers



xi. Further, based on information obtained from Kotak Mahindra Bank, it has been noticed that Mr. Rajneesh Kumar with mobile number 987X044XXX (number masked to maintain privacy) was recorded as the authorized signatory in respect of the bank account that belonged to Sriyash Outsourcing and Consultancy Private Limited held with Kotak Mahindra Bank. Similarly, the examination of information gathered during investigation shows that in the bank account opening form of Arin Hatcheries and Farming Private Limited, the name of Mr. Rajneesh Kumar (Mobile number: 987X044XXX) was mentioned as the authorized signatory to operate the said bank account. The examination further reveals that the said mobile number was registered in the name of Mr. Rajneesh Kumar (*Noticee no.1*), who was also a Director of the said two companies viz., Sriyash Outsourcing and Consultancy Private Limited and Arin Hatcheries and Farming Private Limited.

xii. As mentioned earlier, apart from retrieving the data/information from the seized electronic devices, SEBI also gathered information from various other sources

including from the source of Telephone Service Providers (TSPs) who provided the Call Data records (**CDRs**) of certain mobile numbers belonging to the *Noticees*.

xiii. In this regard, I find from the records that from the mobile phone (Galaxy Phone, mobile no.: 8178XXXX10) seized from the custody of *Noticee no. 1,* various evidences have been gathered which indicate that the *Noticee no. 1* was having frequent communication with other connected entities/*Noticees*. The said evidences include the contact details of other persons saved in the mobile phone and the Audio Call Recordings (**ACRs**) of the calls exchanged between the *Noticee no. 1* and other persons. Further, during the recording of statement of various entities/*Noticees* during investigation, the information about the connection/relationship shared by various entities with each other have been acknowledged by such entities.

xiv. The details of such evidence as collected during investigation from the seized electronic devices are listed out in the Table below:

Table no. 14

Sr. No	Entity Name	Audio Call Recording(s) ('ACR')	Any Other Important Evidence
1.	Ashish (Noticee no. 6)	✓	Contact details of Mr. Ashish (mobile no. 9313XXX0XX and email id cyXXXXXhishXXngh@gmail.com)are saved in Rajeesh's (*Noticee no.1*) Phone.
2.	Orion (Noticee no. 7)	N/A	Photo of cheque no. 533386 dated Sep 29, 2021 of Orion was signed by Ms. Seema Sharma (Wife of Rajneesh, *Noticee no.1*) as Authorized Signatory. As per the MCA database, Ms. Seema Sharma ceased to be the Director of Orion w.e.f. August, 31, 2015. However, she continued to be the authorized signatory of Orion, which proves that Rajneesh (*Noticee no.1*) through his wife is controlling Orion.

Sr. No	Entity Name	Audio Call Recording(s) ('ACR')	Any Other Important Evidence
3.	Deepika (Noticee no. 10)	✓	1) As per the statement dated June 15, 2022 given bythe *Noticee no. 1*, Ms. Deepika is the Sister-in-Law of Ms. Seema Sharma, wife of the *Noticee no. 1*. 2) The mobile number 0995XXXX0XX is saved in the contact list of Rajneesh's (*Noticee no.1*) Phone as 'Deepika'
4.	Romika (Noticee no. 11)	✓	1) In the aforesaid statement dated June 15, 2022, the *Noticee no. 1* acknowledged that Ms. Romika is Sister-in-Law of Ms. Seema Sharma, wife of *Noticee no. 1*. 2) There is a call recording with mobile number 88XXXX33XX recovered from seized phone of *Noticee no. 1*. The said mobile number belongs to Ms. Romika as per the KYC records of TSP.
5.	Santosh (Noticee no. 14)	✓	Screenshot of payment of INR 10,000/- transferred from the *Noticee no.1's* account to Santosh. The mobile number 991XXXX5XX is saved in phone of *Noticee no. 1*. The said mobile number belongs to Santosh as per the KYC recordswith TSP-Airtel
6.	Sanjay (Noticee no. 15)	✓	1) The mobile number 981XXXX9XX is saved in the mobile of *Noticee no .1*. The said mobile number belongs to Ms. Meenu Pathak, wife of Mr. Sanjay as per the KYC records of TSP. 2) Mr. Sanjay has calls with the *Noticee nos. 1, 2* and *3*. 3) In a letter dated Oct 19, 2021 addressed to Deputy Director, Enforcement Director (**ED**), Hyderabad, *Noticee no. 1* in the capacity of Director of SFL, had authorized Mr. Sanjay to submit the documents to ED on behalf of SFL. 4) From the AOF of bank account No. 309002110923 of Mr. Sanjay maintained with RBL Bank, it is observed that the said bank account is opened as Corporate Salary Account for the Employer- Indian Finance Guaranty ltd (IFGL) and the said form has been signed by *Noticee no.*

Sr. No	Entity Name	Audio Call Recording(s) ('ACR')	Any Other Important Evidence
			*1*in the capacity of the Director of IFGL. 5) The mobile phone of the *Noticee no. 1* also had screenshots of attendance register (month wise) wherein name of Mr. Sanjay Pathak is observed to be part of the attendance register for the period Aug-21, Sept-21, Nov-21, Jan-22 and Feb 22). 6) The aforesaid documentary evidence like bank account opening form and attendance register indicate that Mr. Sanjay was an employee of IFGL.

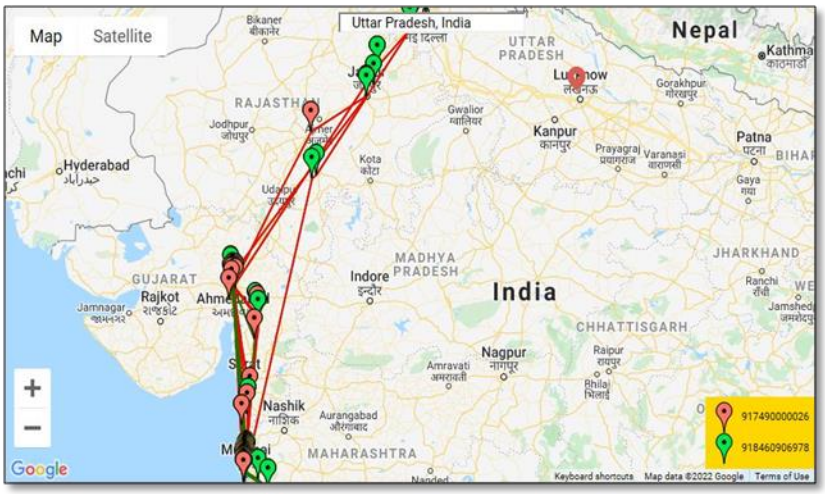
xv. Apart from the above-mentioned evidence gathered from the electronic devices, the details pertaining to Call Data Records further indicated multiple telephonic interactions between the connected *Noticees,* on the day of recommendation as well as during the period prior to the said day. The details of ownership/usage of the mobile numbers that were used for telephonic conversation with each other (as well as the location from where the mobile phones were used for calls) are highlighted below:

- From the analysis of the CDR of mobile number 817XXXX1XX belonging to the *Noticee no. 1* for the period of September 01, 2021 to September 30, 2021, it is noted that the *Noticee no. 1* had exchanged calls with mobile numbers: 749XXXX0XX and 816XXXX1XX.

- In terms of the KYC documents provided by the TSP, the aforesaid mobile number 749XXXX0XX is registered in the name of Mr. Ashish P. Shah (*Noticee no. 2*) whereas, the other mobile number viz., 816XXXX1XX is registered in the name of Mr. Siddharth Kirtidan Gadhvi son of Mr. K. K. Gadhvi (*Noticee no.3*).

- Further, in the bank account opening form of Bricks Enterprises (a proprietorship firm connected to *Noticee no. 2)*, the mobile number 846XXXX9XX was mentioned. The analysis of the geographical movement of the aforesaid number (associated with Bricks) was observed most of the time in close proximity to the mobile number 749XXXX0XX, which is belonging to Mr. Ashish Shah (*Noticee no. 2*), as depicted in the following image:

Image 5



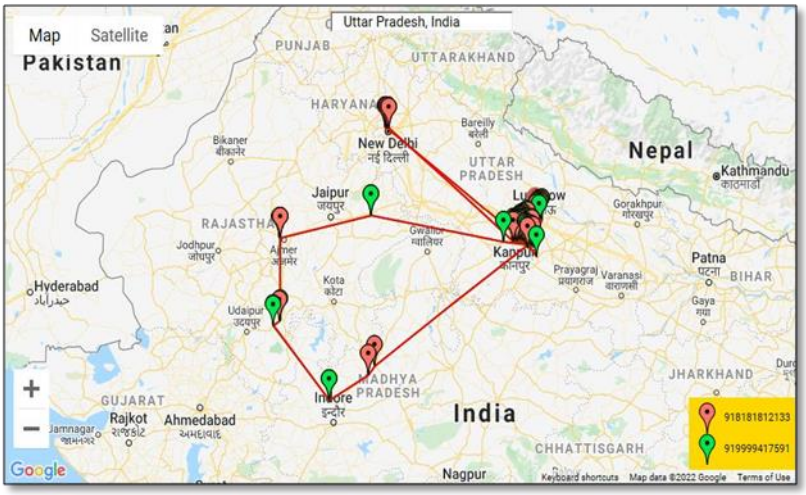
- On the day of recommendation, i.e., September 14, 2021, frequent calls were exchanged between mobile number of Mr. Ashish Shah/*Noticee no.2* (749XXXX0XX) and two other mobile numbers viz., 797XXXX8XX, 916XXXX0XX. As per the KYC documents provided by the respective TSPs, the said two numbers were registered in the name of Mr. Jalaj (*Noticee no. 4*).

- From the analysis of calls made around the day of recommendation (September 14, 2021), it was noticed that calls have been exchanged by *Noticee no. 4* with mobile number 999XXXX5XX. The said mobile number, as per the

information provided by the TSP, belongs to one Ms. Anjali Singh [a friend of *Noticee no. 5,* as admitted by him in his sworn statement].

- The detailed analysis and examination of the call records indicate that the geographical movement of aforesaid mobile number 999XXXX5XX and another mobile number 818XXXX1XX, was on most of the time, same, as reflected in the following image:

Image 6:



xvi. At this stage, it is relevant to discuss again about the **role of Telegram Channels** in the matters such as the present one, pertaining to stock tips and trading. As I mentioned earlier, the Telegram Channels were also providing fee based subscription services under which the Channel operators are committing themselves to provide 4-5 Stock tips per day to the paid subscribers. In order to unravel the identity of the Channel Operators in this case, SEBI's investigating officer engaged in communication with the owner of the one such channel posing as a prospective subscriber of such paid services. The screenshot of the messages offering such subscription-based services and further interaction with the Channel Operator (done by SEBI investigating officer) are presented below:

Image 7: Messages offering Subscription services

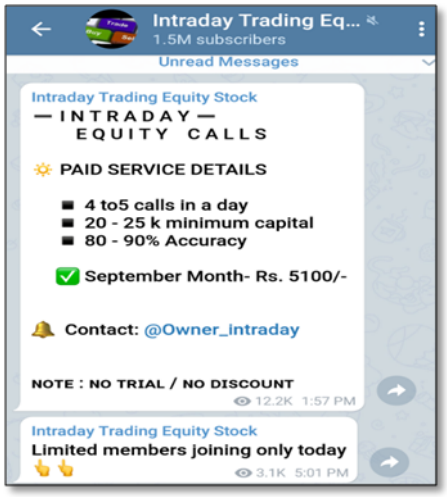
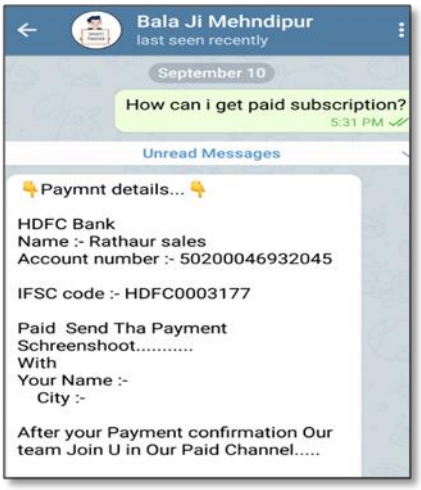


Image 8: Messages providing bank account details



xvii. As can be seen from the aforesaid screenshots of messages received by investigating officer of SEBI from the Telegram Channel operator, the *modus operandi* followed by such Telegram Channel operators is that, a prospective investor while being offered the fee based subscription services is first advised to contact the Telegram Profile titled as: @Owner_intraday. After clicking on the said profile, a chat box with the Telegram

User named "Bala Ji Mehndipur" opens up, and the said Telegram User provides details of the bank account for making payments of the subscription fees.

xviii. As stated in the beginning, the preliminary examination of SEBI showed that the above named two Telegram Channels viz., "Intraday Share Trading Equity Stock" and "Intraday Trading Equity Stock" were actively engaged in posting stock recommendations in their channel for the subscribers to follow such recommendation/tips. As the Image 7 quoted above indicates, the Channel operator first leads the prospective subscriber to the handle named as "Owner_intraday" and by clicking on said handle, the prospective subscriber can chat with a user named as "Bala Ji Mehndipur". After the aforesaid in person interaction with the Telegram Channel operator by the investigating officer of SEBI by posing as a prospective subscriber of their Channel, further investigation was carried out to find out the identities of the entities/persons who were controlling the above Telegram Channels. Investigation revealed the mobile numbers that were used for controlling those Telegram Channels. The particulars of these mobile numbers along with the corresponding Channel ID and the Admin ID which are behind the operation of these Channels including the IP addresses of those Channels, as dug out during the investigation are indicated in the Table below:

Table no. 15: Details of the Telegram Channel operators/Users

Sr. No.	Title of Telegram Channels / Users	Admin ID	Channel ID	Phone no.	IP address
1	Intraday Share Trading Equity Stock	1422764886 @PDMBulles	ch1402958531	+91917XXXX7XX	61.2.248.226
2	Intraday Trading Equity Stock	Admin #926962719 @Owner_intraday1	ch1331930496	+44745XXXX8XX	59.89.138.15
3	@Owner_intraday [Bala Ji Mehndipur]	User #1231402222		+91818XXXX1XX	47.15.21.230

xix. Equipped with the aforesaid specific information, the investigation team of SEBI made further investigation to lay their hands on the specific persons who were behind running the channels for the purpose of providing stock tips to the subscribers. It is found that the Telegram Channel named as "Intraday Share Trading Equity Stock" was being operated from the mobile number +91917XXXX7XX and the said number is registered in the name of Mr. Arvind Shukla (*Noticee no. 5* herein). Further, as discussed earlier, the other Telegram Channel namely, Intraday Trading Equity Stock, was traced through Telegram User ID: "@Owner_intraday [Bala Ji Mehndipur]"and was found being operated through the mobile number +91818XXXX1XX, which was again found to be registered in the name of *Noticee no. 5*(Mr. Arvind Shukla).

31. Thus, it becomes clear that both the Telegram Channels on which the recommendations to buy the shares of SFL were posted on September 14, 2021, were owned, operated, controlled and managed by*Noticee no. 5*.

32. As stated earlier, apart from collecting documentary evidences as well as digital records from the electronic devices, SEBI has also recorded statements on Oath from certain entities (including the *Noticee no. 5),* during which the evidences collected as aforesaid were also presented to them seeking their explanations. I find that certain depositions that these entities have made before the investigating team further expose the scheme of manipulation, as deployed by the *Noticees* by using Telegram Channel as a tool for such manipulation in the volume and price of the scrip of SFL. Some of the statements so recorded in which the entities have candidly confessed to their role in manipulating the scrip of SFL are highlighted below for ready reference:

33. *Noticee no. 5* in his statement dated July 08, 2022, *inter alia* has stated:

i. That he knows Mr. Jalaj Agarwal (*Noticee no.4*) since June, 2021. He (*Noticee no. 4*) had approached the *Noticee no. 5* to post stock recommendations on Telegram channels and both of them used to interact on Phone/Whatsapp/Telegram Channel for manipulating multiple scrips including the scrip of SFL.

ii. With respect to the question of posting stock recommendation on Telegram Channels for the shares of SFL, *Noticee no. 5* has stated *inter alia* as:

"Yes, I had posted stock recommendations w.r.t scrip Superior Finlease Limited on Telegram Channels on the instructions of Mr. Jalaj Agrawal in the month of September, 2021. For the same, ***I had received commission of approximately Rs.8 lakhs*** *from Mr. Jalaj Agrawal and the same was received by me in the bank account of Rathaur Sales Account No.: 50200046932045 in September, 2021." (emphasis supplied)*

iii. That the aforesaid bank account of M/s Rathaur Sales was being used for collecting the commission from Mr. Jalaj Agarwal (*Noticee no. 4*) for posting stock recommendations on Telegram Channel where he (*Noticee no. 5*) was the Administrator. The said bank account also was used for collecting subscription fees (for paid services) from the members of the Telegram Channel. Mr. Pankaj Kumar, Proprietor of M/s Rathaur Sales used to withdraw the money and hand over cash to him (*Noticee no. 5*). (the amount of subscription fee/commission etc., earned by virtue of the Telegram channel).

iv. That Ms. Anjali Singh is his friend since the last 5 years. The mobile number 999XXXX5XX has been issued in the name of Ms. Anjali and the said mobile number was being used by him (*Noticee no. 5*) till March, 2022.

34. From the aforesaid statement of Mr. Arvind (*Noticee no. 5),* one thing emerges that he had posted the recommendations to purchase the shares of SFL on the Telegram channels, under instructions from the *Noticee no. 4* and for the above act, a consideration of INR 8

Lakh has been paid by the *Noticee no. 4* to him for making such recommendations on the Telegram Channels. Moving on further, I must lay my hands on the statement dated June 23, 2022 of *Noticee no. 4*. In the said statement, the *Noticee no. 4* has *inter alia* stated as:

i. That he knows Mr. Ashish P. Shah (*Noticee no.2*) since August 2021 and he was introduced to him by Mr. Kirti K Gadhvi (*Noticee no. 3*).

ii. That he also knows Mr. Arvind Shukla (*Noticee no. 5*) having Mobile numbers: 999XXXX5XX, 818XXXX1XX & 945XXXX6XX.

iii. That he used to get details with respect to price, quantities etc. of the shares of SFL for making the stock recommendations on the Telegram Chanel from Mr. Ashish P. Shah (Mobile number: 749XXXX0XX) (*Noticee no.2)* and Mr. Kirti K Gadhvi (Mobile number: 816XXXX1XX) (*Noticee no. 3*). All such detail with respect to the price, quantities etc., of the shares of SFL proposed to be posted on Telegram Channels were shared by him *(Noticee no. 4*) with the *Noticee no. 5*.

iv. That M/s Lifeline Pharma is a medical store in his name in the city Neemuch and it is his Proprietorship firm having a bank account number 076505002844. An amount of INR 12.50 Lakh was received in the bank account of M/s Lifeline Pharma from Bricks Enterprises [the proprietorship firm connected to the *Noticee no. 2*] towards commission for providing service of posting of Stock Recommendation messages for the scrip of SFL on September 14, 2021 on the aforesaid two Telegram Channels through Mr. Arvind Shukla (*Noticee no. 5*).

v. The details of the bank account of M/s Rathaur Sales (proprietorship firm of a friend of the *Noticee no. 5*, which was used by him to receive funds) were provided to him by Mr. Arvind Shukla (*Noticee no. 5*). An amount of INR 8 Lakh has been

transferred from the bank account of M/s Lifeline Pharma to Rathaur Sales between September 14, 2021 to September 15, 2021.

35. As can be deciphered from the above statements, *Noticee no. 5* who was the Administrator of the Telegram Channels pointed his fingers towards the *Noticee no. 4* as the person issuing instructions for posting the messages, and *Noticee no. 4*, in turn, pointed towards the *Noticee nos. 2* and *3* as their further links in the chain. It is noted from the records that the statement of the *Noticee no. 2* was also recorded during the investigation of SEBI, in which he has stated:

    i. That he knows both Mr. Rajneesh Kumar (*Noticee no.1*) and Mr. Jalaj Agarwal (*Noticee no. 4*) since the year 2016.

    ii. With respect to the *modus operandi* deployed in the scrip of SFL, he has stated as:

    "Rajneesh Kumar called me in the 1st week of September, 2021 asking me to provide exit opportunity for approx. 5 Lakhs shares of scrip -Superior Finlease Ltd. For the same, commission was decided over phone with Rajneesh Kumar as below:

    Base Price was decided as Rs 100 and selling of shares above this base price multiplied by number of shares sold on that day for the scrip superior will be the commission given to me for providing exit opportunity in this scrip.

    On the date of recommendation i.e. September 14, 2021, Jalaj Agarwal gave instructions to Kirtidan Gadhvi over phone for order placement in the scrip of Superior Finlease. Further, Kirtidan Gadhvi gave instructions (Like put Sell order at Rs 192.50, buy order at Rs 190 to Rs 191) to me over phone and subsequently I gave instructions to Sanjay Kumar Pathak (who was present in IFGL, Karol Bagh, New Delhi Office) for order placement in the scrip - superior finlease. I was calling Sanjay Kumar Pathak to get hourly update on the progress of selling of shares on September 14, 2021.

    Rajneesh Kumar called me after market hours i.e. 15:30 Hours on September 14, 2021 and explained me the calculation of total commission earned and also forwarded an image of that calculation of commission over whatsapp chat to me and Kirtidan Gadhvi. He informed that 10

% of commission calculated, he will withhold for the time being and balance commission amount he will give some part as cash and rest will be transferred to bank account of Bricks Enterprize.

He further informed that he has given Rs 36.5 lakhs in cash to Kirtidan Gadhvi and he has transferred total Rs 50 lakhs to the bank account Bricks Enterprize i.e. IDBI Bank Account Number - 1643102000003858 from following multiple accounts of Rajneesh Kumar i.e.

TRANSACTION DATE	*Entity Name*	*Credit*
09/14/2021	*JITNEY INVESTMENTS PVT LTD*	*13,00,000*
09/14i2021	*SRIYASH OUTSOURCING AND CON*	*5,00,000*
09/14/2021	*SPIRE MARKETING PRIVATE LIM*	*8,00,000*
09/14/2021	*SPLENDID HOTELS AND RESORTS*	*2,00,000*
09/14/2021	*ARIN HATCHERIES AND FARMING*	*9,00,000*
09/14/2021	*BALLEY BUILDERS AND DEVELOP*	*13,00,000*

Subsequently, I have transferred Rs 12.5 lakhs to lifeline Pharma (proprietor - Jalaj Agarwal) and Kirtidan Gadhvi informed me that he has given cash of approximately Rs 28.5 lakhs to Jalaj Agarwal in Delhi on Sep 14, 2022, as part of commission decided for the purpose of providing exit opportunity and floating stock recommendation in the scrip of Superior Finlease on Telegram Channel."

iii. That he is using Bank Account number 1643102000003858 of Bricks Enterprises since March, 2021 and also using the Debit Card/Net banking facility associated with the said bank account. The mobile number 846XXXX9XX is linked with the aforesaid Bank account of Bricks Enterprises.

36. It is noted from the records that the statement of Mr. Rajneesh Kumar (*Noticee no. 1*) was also recorded during the investigation carried out by SEBI. In the statements dated March 15, 2022 and June 15, 2002, the *Noticee no. 1* has *inter alia* stated as:

i. That Mrs. Deepika Sharma is wife of Mr. Ashish Sharma, who is the brother of Ms. Seema Sharma, who in turn is wife of Rajneesh Kumar.

ii. That he is the Director of IFGL and he controls and looks after its affairs. His role is client sourcing, day-to-day activities and broking compliances.

iii. That he is the authorized signatory in the bank accounts of SFL.

iv. That he is using the mobile number 987XXXX4XX since the year 2007 and it is registered in his name. The messages related to banking activities of IFGL, SFL and his personal accounts are received on this number. He is also using the mobile number 931XXXX8XX for the last few months and it is being used in the office of IFGL, with access to this number being commonly available to all the employees of IFGL, including him.

v. That certain funds were transferred to the following entities as loans and he has no idea about the further transfer of funds to Bricks Enterprises from such entities:

September 14, 2021 - Jitney Investments, (Noticee no.16)
September 14, 2021- Balley Builders & Developers (Noticee no.12)
September 14, 2021- Orion Retail Pvt. Ltd. (Noticee no.7)
8th Sept to 15 Sept 2021-Splendid Hotels and Resorts(Noticee no.9)
8th Sept 2021- Spire Marking Pvt. Ltd.(Noticee no.8)

vi. That he knows Mr. Sanjay Kumar Pathak since the year 2007 though he was not shown as an employee of IFGL/SFL.

vii. That the amounts transferred to Meenu Pathak [wife of Sanjay Pathak]/Sanjay Pathak from the bank account of IFGL held with Axis Bank were for the purpose of incentive for trading and business activities in IFGL.

viii. That he knows Mr. Ashish P. Shah (*Noticee no. 2*) since the last 8-9 years, when he started/took over the company IFGL. He has called Mr. Ashish P. Shah (*Noticee no. 2*) once in 4-5 months for doing some business with IFGL for client acquisition. He does not know whether Mr. Ashish contacted Mr. Sanjay Pathak or not.

ix. That he has the mobile number of Mr. Kirtidan K Gadhvi but they have never contacted each other nor has he met Mr. Kirtidan.

x. That he does not know Mr. Jalaj Agrawal nor he has his contact number and they have never met each other.

xi. That he was a Director in Spire, Orion, Splendid, Bailey and Jitney till the year 2015. The current Directors of all these companies are Mr. Sanjay Kumar Pathak and Mr. Vaibhav Vashist. Both of them are his friends but they were never employees of IFGL and SFL. He knows Mr. Sanjay Kumar Pathak since the time when both of them were working with India Infoline. Further, he knows Mr. Vaibhav Vashist since the year 2018.

xii. That he knows Mr. Ashish Kumar Singh through his brother Mr. Jyoti Prakash. He also knows Mr. Santosh Singh Karki since the year 2015, and Mr. Shrawan since the year 2019.

37. A conjoint reading of the statements of the entities, as stated above, would *prima facie* reveal the actual underlying scheme of manipulation that was intricately conspired and successfully deployed so as to make unlawful gains by manipulating the price and trading volume of the shares of SFL. In order to join the dots of the whole story that culminated in the deployment of a "pump and dump scheme" in the scrip of SFL, it is seen from the Table no. 4 that the scheme was conceived much prior to the date of stock recommendation in the Telegram Channels. As discussed earlier, 11 connected entities had started indulging in manipulative trades in the scrip of SFL during the period from February 01, 2021 to September 13, 2021, i.e., prior to the date of stock recommendation, during which these 11 entities were *prima facie* observed to be engaged in raising the market price of the scrip artificially by way of contributing to the Last Traded Price of the scrip through series of transactions in the scrip, bulk of which was executed amongst themselves.

38. As highlighted earlier, during the said period of 7.5 months, the price of the scrip of SFL jumped from INR 94 to INR 209 and for reaching that level, a total LTP variance of INR 1184.90 was witnessed by the scrip (a positive change in the price of scrip from any level is cumulatively added to arrive at the total LTP variance). Out of the said LTP variance of INR 1184.90, as much as INR 750.65 (63.35% of the total market positive LTP variance) was contributed by 11 connected entities (Ref.: Table no. 4). Further, out of the said 11 entities, 8 entities mentioned at the Serial no. 1,2,3,4,8,9,10,11 of the Table no. 4 have already been observed to be enjoying a strong connection with the *Noticee no. 1*. Additionally, even the rest of the 3 entities have also been observed to be connected to the *Noticee no. 1* by virtue of the following factors:

i. Mr. Shrawan (*Noticee no. 17*): He is the Director in Orion (*Noticee no. 7)*, Spire (*Noticee no. 8)*, Splendid (*Noticee no. 9)*, Balley (*Noticee no. 12)*, Ancient (*Noticee no. 13)* and Jitney (*Noticee no. 16)*, and all these companies are connected to the *Noticee no. 1,* and were also seen to be *prima facie* the LTP contributors during the period prior to the recommendation day and also were the beneficiaries of the price rise on the stock recommendation day as net sellers on that day. Further, the *Noticee no. 1* had stated during the investigation that he knows Mr. Shrawan (*Noticee no. 17)* since the year 2019.

ii. Anita Karki (*Noticee no. 18)*: In terms of the bank account opening form (ICICI Bank of Mr. Santosh (*Noticee no. 14)*, it is observed that Ms. Anita is his wife. It is also noted that the *Noticee no. 1* in his statement made before SEBI during the investigation has acknowledged that he knows Mr. Santosh Singh Karki since the year 2015 and hence the *Noticee no. 18* is also observed to be connected with the *Noticee no.* 1 through the *Noticee no. 14*.

iii. Ashworth Constructions Pvt. Ltd. (*Noticee no. 19)*: Mr. Sanjay Kumar Pathak, who is also one of the net sellers/Beneficiaries on the recommendation day is also a Director on other entities connected to the *Noticee no.1* viz., Jitney (*Noticee no. 16)*, Spire (*Noticee no. 8)*, Ancient (*Noticee no. 13)*, Balley (*Noticee no. 12)*, Orion (*Noticee no. 7)* etc. In addition to above, he (Mr. Sanjay) is also one of the Directors of Ashworth Construction Pvt. Ltd.Further, the *Noticee no. 1* has acknowledged himself to be an acquaintance of Mr. Sanjay (*Noticee no. 15*). Though, there is a denial from the *Noticee no. 1* that the *Noticee no. 15* was an employee of the IFGL, but there are fund transfers in form of salary from IFGL to Mr. Sanjay Pathak and screenshots of attendance register in the mobile phone of *Noticee no. 1* wherein the attendance of Mr. Sanjay was being maintained thereby the said denial stands contradicted. Further, with respect to the *modus operandi* followed in the aforesaid scheme as rendered bare open by the statement of *Noticee no. 2 (*Ashish P. Shah*)*, Mr. Sanjay was the contact point for *Noticee no. 2* for giving instructions to place sell orders (in the account of top net sellers) on the day of recommendation, when the general public was being advised/recommended/induced to purchase the shares of SFL.

39. After a comprehensive analysis and appreciation of the above narrated events, trades, connections, fund flows and various other attendant factors and circumstances that have been discussed at length in the preceding paragraphs including the documentary evidences and the depositions made by various persons on oath during the investigation, it becomes clear that the aforesaid events are not isolated acts committed by various entities in their individual capacities nor are those acts committed in due course of regular transactions in securities market but all the aforesaid entities and their acts can be seen to be part of a well-orchestrated device conceived and implemented by these entities in a coherent

manner to defraud the innocent investors of the securities market. This finding gets further elucidated from the following observations:

i. As a first step, it is clearly visible form the facts that the *Noticee no. 1*, (the natural person controlling the affairs of the listed company *SFL* as well as those of a registered stock-broker, IFGL), with the help of his connected entities, (most of which were incorporated entities controlled by individuals connected to the *Noticee no. 1)*, traded through those connected entities, in the shares of SFL during the period of February 01, 2021 to September 13, 2021.Towards this end, it is also seen that the trades executed through the *Noticee nos.6, 8, 10, 13, 16*, *19* etc., to buy the shares of SFL*,* were also supported by funds which were provided/arranged by SFL and IFGL, which were under the control of the *Noticee no. 1*. It is relevant to mention here that an examination of the Trade log of the scrip of SFL for the investigation period shows that the volume in the scrip of SFL was merely 1477 shares on February 01, 2021, which was the first day of investigation period and on the said date only three buyers viz., Sanjay Kumar Pathak (*Noticee no. 15*); Sandeep Kumar and Jitney (*Noticee no. 16)* had traded in the shares of SFL, with only three counter parties sellers being Splendid (*Noticee no. 9)*; Santosh Singh Karki (*Noticee no. 14)* and Ashu Choudhary. Thus, barely eight months ago from the date of stock recommendation, one can see that there was hardly any active trading interest in the scrip of SFL and interestingly, four out of the aforesaid six entities who are also *Noticees* in these proceedings[Sanjay Kumar Pathak (*Noticee no. 15*); Jitney (*Noticee no. 16);* Splendid (*Noticee no. 9);* and Santosh Singh Karki (*Noticee no. 14)*] who were seen to be buying and selling the scrip of SFL on February 01, 2021, were closely connected with the *Noticee no. 1* .

ii. When the trades executed by the aforesaid entities on February 01, 2021 are analyzed further, more glaring details are revealed which show that majority of such trades have been executed amongst the aforesaid connected four *Noticees* who have acted as counter parties to each other's trades, as illustrated herein below:

Table no. 16

Trades executed on 01/02/2021			
Sr. No.	Buyer	Total number of trades executed	Total number of trades executed with connected Noticees
I.	Sanjay (Noticee no. 15)	78	78 [Executed with Santosh (Noticee no. 14) and Splendid (Noticee no. 9)]
II.	Jitney (Noticee no. 16)	23	22 [Executed with Santosh (Noticee no. 14) and Splendid (Noticee no. 9)]

iii. It is further noted that trading in the scrip of SFL continued to witness low volumes on most of the days after February 01, 2021. Notwithstanding the fact that on certain occasions, the trade volumes were little high, the trading volume in the scrip remained generally low and even on certain days like August 27, 2021 (only a few days before the recommendation day), the volume in the scrip dipped to as low as 1530 shares. Notably, on most of the trading days, it is observed that the entities

who were connected to the *Noticee no. 1* were engaged in trading in the scrip with each other within the group, which makes it quite apparent that these connected entities kept on trading in the scrip till the stock recommendation day, just to keep the scrip alive on the trading platform to send out a positive sentiment about the scrip to the investors and public at large even though the scrip lacked actual demand from the market. For illustration, on August 27, 2021, the following entities executed trades as buyer-sellers:

Table no. 17: Details of trades on 27/08/2021

Date	Buyers	Sellers
27/08/2021	**Balley, Jitney, Orion and Shrawan**	**Balley, Jitney, Orion, Shrawan, Sriyash Outsourcing** Prabhudas Devrambhai Patel, Sameer Mulani

iv. Thus, on the trading day on August 27, 2021, all the buyer entities were observed to be connected to the *Noticee no. 1,* and on the seller side, except for two persons viz., Prabhudas Devrambhai Patel, Sameer Mulani, the rest of the sellers are also entities who were closely connected to the *Noticee no. 1*.

v. A further analysis of the trades executed on August 27, 2021 indicates the following:

Table no. 18: Analysis of trades executed on 27/08/2021

Trades executed on 27/08/2021			
Sr. No.	Buyer	Total number of trades executed	Total number of trades executed with connected entities
	Balley (Noticee no. 12)	7	7 (Orion) (Noticee no. 7)

	Jitney (Noticee no. 16)	10	10 (Orion) (Noticee no. 7)
	Orion (Noticee no. 7)	10	10 [8 trades with Shrawan(Noticee no. 17) and 2 trades with Sriyash]
	Shrawan (Noticee no. 17)	90	88 [Balley (Noticee no. 12), Jitney (Noticee no. 16),PrabhudasDevrambhai Patel, Sameer Mulani)

vi. Thus, as can be clearly observed from the table above, except for few trades executed by Shrawan (*Noticee no. 17*), all other trades were executed amongst the group entities connected to the *Noticee no. 1*.

vii. Another interesting revelation from the examination of trade log is that the afore-named connected entities of *Noticee no. 1* who indulged in trading in the scrip of SFL also adopted a timing strategy in a manner that each of these entities came to the trading platform at different points of time during the trading day so as to give an apparent perception of volume in the scrip throughout the trading day. For illustration, the trades executed on August 27, 2021 would *prima facie* indicate that all the four buyers *Noticees* (Balley, Jitney, Orion and Shrawan) were acting in tandem which is visible from the timings of their trades thatwas spread out through-out the day. It is noted that from **09:01:23 am**, Shrawan started trading and continued to trade till **12:11:27 pm**. At **12:15:34 pm**, Orion entered the market and started trading with four trades at that time. Orion took a brief pause and again Shrawan came into play at **12:31:20 pm** and executed 3 trades till **12:32:22 pm**. The said trades were again followed up by the trades of Orion which were placed at **12:33:28 pm** and again, Shrawan came back to the market and executed trades from **12:50:25 pm to 13:23:48 pm**. After a few minutes, at **13:27:42 pm**, Jitney started trading by executing a few trades till **13:28:37 pm**. This trading pattern in a musical chair

manner continued further again from **14:36:12 pm** to **15:29:13 pm**, when Shrawan executed his trades.

viii. The aforesaid information pertaining to the trades is represented in a tabular format for better appreciation of facts:

Table no. 19: Details of timings of trades executed on 27/08/2021

Sr. No.	CLIENTNAME	Trade time
1	Shrawan (Noticee no. 17)	9:01:23-12:11:27
2	Orion Retail Pvt. Ltd. (Noticee no. 7)	12:15:34-12:15:34
3	Shrawan (Noticee no. 17)	12:31:30-12:32:22
4	Orion Retail Pvt. Ltd. (Noticee no. 7)	12:33:28
5	Shrawan (Noticee no. 17)	12:50:25-13:23:48
6	Jitney Investments Pvt. Ltd. (Noticee no. 16)	13:27:42-13:28:37
7	Balley Builders& Developers Pvt. Ltd. (Noticee no. 12)	13:33:25-13:37:25
8	Shrawan (Noticee no. 17)	13:41:35-13:52:07
9	Balley Builders& Developers Pvt. Ltd. (Noticee no. 12)	13:58:45-13:58:53
10	Jitney Investments Pvt. Ltd. (Noticee no. 16)	14:05:50-14:10:55
11	Balley Builders& Developers Pvt. Ltd. (Noticee no. 12)	14:16:16-14:21:36
12	Jitney Investments Pvt. Ltd. (Noticee no. 16)	14:22:25-14:26:50
13	Shrawan (Noticee no. 17)	14:36:12-15:29:13

ix. Thus, the trading in the scrip of SFL was consciously divided by these connected entities in a manner to project continuous active trading through-out the day, from morning till the closure of the market hours. In this manner, these connected entities not only were able to create volumes in the scrip by trading amongst each other but also such artificial volumes facilitated them to earn unlawful gains for themselves, the details of which are discussed in the subsequent part of this order.

x. It is noted that a few of the *Noticees* who were the top net sellers on September 14, 2021 (the stock recommendation day), were already holding shares of SFL from different points of time in the past. Further, as discussed above, a large number of trades were executed by them prior to the stock recommendation day, i.e., during the period of February 01, 2021 to September 13, 2021. The following table encapsulates the details of the number of shares held prior to September 14, 2021 (mentioned as opening balance), the period from which the said shares were being held as well as the number of shares left with the said *Noticees* after September 14, 2021 (mentioned as closing balance) which also highlights the large number of shares that were sold by these net sellers in an unusual manner on September 14, 2021:

Table no. 20

			Opening balance (as on beginning of trading on September 14, 2021)	**Closing balance (as on end of trading on September 14, 2021)**	**Net sale on September 14, 2021**
S. No.	**Net Seller on Sept 14, 2021**	**Holding shares since**	**Qty**	**Qty**	
1	Ashish (Noticee no. 6)	Nov 2018	54891	8893	45998
2	Orion (Noticee no. 7)	Jan 2019	70879	29829	41050
3	Spire (Noticee no. 8)	Apr 2020	61793	43546	18247
4	Splendid (Noticee no. 9)	Dec 2019	104380	89326	15054
5	Deepika (Noticee no. 10)	Mar 2019	53566	43707	9859
6	Romika (Noticee no. 11)	Mar 2019	95944	86735	9209
7	Balley	Sept 2020	10585	2734	7851

	(Noticee no. 12)				
8	Ancient (Noticee no. 13)	July 2020	40526	35072	5454
9	Santosh (Noticee no. 14)	Jan 2019	25590	21109	5013
10	Sanjay (Noticee no. 15)	Jan 2019	57187	53989	4556
11	Jitney (Noticee no. 16)	Feb 2020	14293	12293	2000
12	Ashworth (Noticee no. 19)	Jun 2020	67670	69485	5486
13	Anita (Noticee no. 18)	Sept 2018	36228	37205	149
14	Shrawan (Noticee no. 17)	Jun 2020	4042	4042	0
		Total		**527648**	**169926**

Note: Few of the Noticees have also purchased shares in the range of 532 to 7301 on the recommendation day

xi. At this juncture, for better appreciation of how the fraudulent scheme was further taken forward by the *Noticees* for implementation so as to manipulate the market price of the scrip of SFL and make unlawful gains, I refer to the statement made by the *Noticee no.2*, Mr. Ashish, whom *Noticee no. 1* has acknowledged to be an acquaintance. In his statement, the *Noticee no. 2* has not only confessed to the fraudulent acts as discussed in the preceding paragraphs but also has given a vivid description of the *modus operandi* that was planned and executed by the *Noticees* acting in concert for manipulating the price and volume of the scrip. The *Noticee no. 2* has voluntarily confessed having received consideration for discharging his role in the successful implementation of the scheme hatched in the scrip of SFL. In this regard, the *Noticee no. 2* has further stated that the *Noticee no. 1* had approached him in the 1st week of September, 2021, asking him to provide an exit opportunity for 5 Lakh shares of SFL. As stated by him, it was agreed between him and *Noticee no. 1*

that the commission payable to him by *Noticee no. 1* to facilitate the said exit opportunity as requested for, would be determined in a manner that the base price of the scrip shall be taken as INR 100 per share, and the would be exit price above this base price multiplied by number of shares so sold by *Noticee no. 1* would be the quantum of commission payable to the *Noticee no. 2* for providing exit to *Noticee no. 1* who has already been found to be holding shares of SFL through the front entities connected to him.

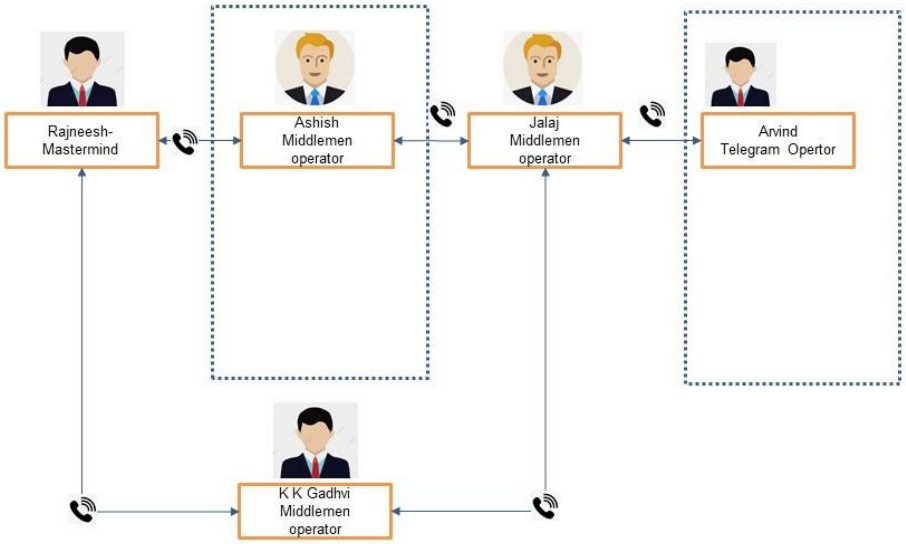
Events on stock recommendation day (September 14, 2021)

xii. Throwing further light on the operation of the scheme, *Noticee no. 2* revealed that on the day of stock recommendation (September 14, 2021), the *Noticee no. 4* (Mr. Jalaj Agarwal) gave instructions to the *Noticee no. 3* (Mr. Kirtidan Gadhvi) over the phone for placement of sell orders in the scrip of SFL, and such instructions were further passed on by the *Noticee no. 3* to the *Noticee no. 2* over phone. Taking the baton further, *Noticee no. 2* gave instructions to Mr. Sanjay Pathak (*Noticee no. 15*), for placing the orders in the shares of SFL, who (*Noticee no. 15*) was present in the office of IFGL and was providing an hourly update on the progress of selling of those shares. Finally, the *Noticee no.1*, called the *Noticee no. 2* after-market hours, and explained the calculation of the total commission earned by him by getting those shares sold and also forwarded a screen image of calculation of the commission through Whatsapp chat to him as well as to Mr. Kirtidan (*Noticee no.3).* The *Noticee no. 2* has further stated that *Noticee no. 1* had informed him that out of the total commission to be paid to him, 10% would be retained by *Noticee no. 1* and the balance amount would be paid partly in cash and partly by bank account transfers to the account of Bricks Enterprises (a firm connected to the *Noticee no. 2*). In this

process, anamount of INR 36.50 Lakh is stated to have been handed over to the *Noticee no. 3* (Mr. Kirtidan) in cash and an amount of INR 50 Lakh has been transferred to Bricks Enterprises from various accounts.

xiii. To further clarify the aforesaid chain of communications that was activated to execute the scheme of giving exit to the *Noticee no. 1,* as mutually agreed by him with the *Noticee no.* 2, it may be recalled here that *Noticee no. 4 (*Jalaj Agrawal*)* was only a middleman operator who, as already mentioned in Table no. 1 earlier, performed his role to connect the *Noticee no. 2/3* to the *Noticee no. 5. Noticee no. 2/3* who took instructions from the *Noticee no. 4* are also middlemen operator who played their role by acting as via media between the *Noticee no. 4* and *Noticee no. 1. Noticee no. 15*, who took instructions from the *Noticee no. 2/3*, ultimately implemented those instructions by placing the sell orders, was a person closely connected to the *Noticee no. 1*. The aforesaid chain of commands that resulted into successful sale of shares of front entities of the *Noticee no. 1,* under the instructions of *Noticee no. 1,* can be further depicted in a graphical manner as below:

Image 9



xiv. In order to throw further light on the channel of communication that was seen to be activated amongst the afore-noted *Noticees*, it is observed from the analysis of CDRs, that most of the above noted entities were engaged in constant telephonic communication with each other, both before the recommendation day and also on the recommendation day (September 14, 2021). For the purpose of present proceedings which is primarily focused on the activities of the *Noticees* on the stock recommendation day when the entities acting as net sellers successfully exited and earned unlawful gains taking advantage of the investors' response to the stock recommendation, it is relevant to highlight the calls that were exchanged amongst the *Noticees* on that stock recommendation day, as culled out from the CDRs:

Table no. 21: Summary of calls exchanged

Sr. No.	Calls from	Calls to	Total number of calls	Timings of calls	Total duration (in seconds)	Total duration between two persons
1)	Ashish (Noticee no. 2)	Sanjay (Noticee no. 15)	37	10:31:36 am to 15:34:05	2453	2676
	Sanjay (Noticee no. 15)	Ashish (Noticee no. 2)	5	15:22:02 pm to 20:12:14 pm	223	
2)	Rajneesh (Noticee no. 1)	Ashish (Noticee no. 2)	3		215	317
	Ashish (Noticee no. 2)	Rajneesh (Noticee no. 1)	1		102	
3)	Ashish (Noticee no. 2)	K KGadhvi(Noticee no. 3)	19	08:35:10 am to 19:03:38 pm	1691	4772
	K KGadhvi (Noticee no. 3)	Ashish (Noticee no. 2)	25	08:57:57 am to 22:12:32 pm	3081	
4)	Ashish (Noticee	Jalaj (Noticee no. 4)	10	10:49:12 am to 20:27:23	649	1227

	no. 2)			pm		
	Jalaj (Noticee no. 4)	Ashish (Noticee no. 2)	10	10:35:54 am to 20:29:20 pm	578	

xv. Apart from the frequency of telephonic calls that were exchanged amongst different *Noticees* as summarized above, I also find that during the investigation, certain audio call recordings have been retrieved from the mobile phone seized from the custody of *Noticee no. 1* in course of Search and Seizure operation carried out in the premises of the *Noticee no. 1*. Out of those audio call recordings, I find that a few of such audio call recordings contain incriminating conversations that further corroborates as well as reinforce the confessions already made by the *Noticee no. 2* in the statement recorded by him on oath before the investigating officer of SEBI. In this regard, from the transcripts of a call exchanged by *Noticee no. 1* with the *Noticee no. 2* on September 14, 2021 at 10:23:07 am, as reproduced below, it can be clearly observed that the *Noticee no. 1* has confirmed the afore discussed commission formula with *Noticee no. 2*.

<u>Transcript of the call exchanged between Noticee no. 1 and 2 on September 14, 2021 at 10:23:07 am</u>

Rajneesh: "…आशीष भाई, अपना जो बात हुआ है मैं आप के साथ भी ये कर दूं।मतलब एक बार बताना जरुरी है कि 100 रुपये का नक्की हुआ है बात, ठीक है?

100 रुपये के ऊपर आपका।

दुसरी चीज, कि उन्होन बोला है कि अगर मान लो जैसे काम हो जाए 25-50-60 लाख का काम हो जाए 20 लाख 25 लाख रुपये हम चलते market में account में डालवा देंगे.. कैश भी रखे रहेंगे अपने पास, लेकिन क्या है ना कैश की आजकल कमी है, इस लिए account transfer ज्यादा prefer करेंगे।

Ashish: कोई problem नहीं

रजनीश: दूसरी चीज, कुछ पैसा रह भी जाएगा तो अगले दिन ट्रांसफर कर देंगे लेकिन कैश पड़ा रहेगा आपकी गारंटी के लिए

दूसरी चीज, कि हम ना 10% होल्ड कर के रखेंगे पैसा जो भी लास्ट को शीट आएगी वो 5% बोल रहे थे मैंने 10% बोला था लेकिन मैं आपको बता रहा हूं कि 10% होल्ड करके रखेंगे, ठीक है?

आशीष: चलो मैं बात कर लेता हूं

रजनीश: 10% होल्ड करके रखेंगे क्योंकि हम देखो आशीष भाई मैं बेईमान आदमी नहीं हूं लेकिन क्या है window लगा के रखना है सब कुछ करना है हमें ही, ठीक है ना, मान लो कल को आजाए, कुछ भी हो जाए कुछ ऊंच नीच हो जाए तो भाई साहब देखो मेरा तो सारा मामला खराब हो जाता है

आशीष: नहीं नहीं सही बात है

रजनीश: हां तो मैं इसलिए 10% होल्ड कर के रखूंगा पैसा और उस के बाद जितना कहोगे जैसे कहोगे वैसे कम कर लेंगे

आशीष: ठीक है ठीक है चलो कोई बात नहीं, अभी काम start करना है तो मैं पाठक जी को बोल दूंगा कि उसी हिसाब से स्क्रीन मैनेज करते जाएं

रजनीश: ठीक है

आशीष: आप पाठक जी को बता दीजिए कि आशीष बोले उस हिसाब से स्क्रीन मैनेज करते जाएं

रजनीश: ठीक है आप मुझे 10 मिनट का समय दो, 10 से 15 मिनट में मैं सब कुछ मैनेज कर लूंगा।

आशीष: ठीक है कोई बात नहीं।

xvi. Further, the transcript of other calls exchanged on the recommendation day which are found relevant for the present proceedings are quoted herein below:

Transcript of the call exchanged between *Noticee no. 1* and *2* on September 14, 2021 at 10:30:37 am

….

आशीष: आप एक काम करो, 187 में 10,000 जितने कटे वो दलवा दो

रजनीश: ठीक है मैं लगवा रहा हूं, अभी लगवा रहा हूं

आशीष : 187 में दलवा दो

रजनीश: Open कर के कि disclose कर के

आशीष: नहीं Disclose में

रजनीश: ठीक है

आशीष: ये स्क्रीन कौन डालेंगे, पाठक जी डालेंगे तो मैं उन के साथ ही बात करता रहूंगा

रजनीश: पाठक जी है, पाठक जी से बात कर लीजिए आप

आशीष: हाँ तो मैं बात कर लेता हूं उनसे

Transcript of the call exchanged between *Noticee no. 1* and *2* on September 14, 2021 at 10: 53:08 am

रजनीश: हाँ जी भाईसाहब

आशीष: मैं क्या बोल रहा हूं, उसपे ऊपर का भाव कहा तक ले जा सकते हैं

रजनीश: ऊपर का भाव, 95 के ऊपर ना ले जाना

आशीष : अच्छा, 95 के ऊपर ना ले जाउ

रजनीश: हां, मेरा जो अनुमान है, 209 200 तक ले जा सकते लेकिन कहीं मान लो जीएसएम -1 में ट्रांसफर कर दिया तो फिर दिक्कत हो जाएगी हमें इस लिए सेफ साइड में कह रहा हूं के 95 से ऊपर मत ले जाना

आशीष : अच्छा

रजनीश: क्योंकि फिर काम रुक जाएगा ना.....

आशीष : अपने 25000 तो बिक गए हैं

Transcript of the Call at 11:05:22

आशीष: 191.25 में 5000 डालो...ये 218 का भाव देख रहा है उसको क्लियर करो उस को नीचे ले जाओ....अरे 91.25/40 इसमे सब में 1000-1000 डाल दो…"

xvii. The afore-extracted transcripts of the telephonic conversations between *Noticee nos. 1* and *2* speak volumes about the *modus operandi* that was followed by the *Noticee no. 1* through the help of the *Noticee no. 2* in executing his fraudulent and nefarious design to offload the shares of SFL by timing it in a manner that the same are sold by generating substantial unlawful gains on the stock recommendation day taking undue and unfair advantage of the price rise witnessed in the scrip on the said day due to the recommendation of the stock that was disseminated in the market on that date. The aforesaid telephonic conversation is self-evident of the manipulative and fraudulent device that was designed and deployed by the *Noticees* in the trading of the scrip of SFL hence, keeping their incriminating evidentiary value in view, few of the said audio telephonic conversation of 2 calls are provided through the

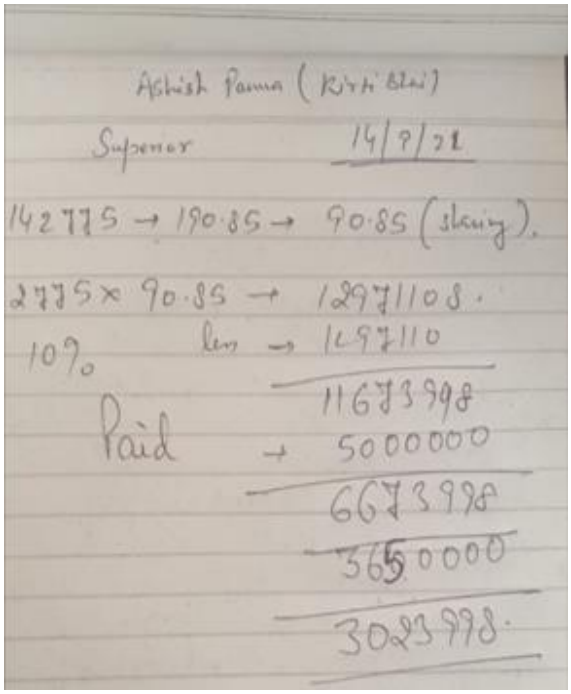
Hyperlink as well as the QR code, for better appreciation of the devious fraudulent scheme that is being alleged against these *Noticees*:

xviii. Hyperlink 1 and Hyperlink 2

1st call	2nd call

xix. The above quoted transcript is the actual conversation that took place between the two main players (Mr. Rajneesh and Mr. Ashish P. Shah) of the scheme and the said two players are seen talking about the acts of the manipulative scheme itself. Further, my attention gets drawn to the Whatsapp Chat that has been retrieved from the phone of the *Noticee no. 1*, which is reproduced as below:

Image 10: Whatsapp chat between Noticee no. 1 (Mr. Rajneesh **) and Noticee no. 2 (**Mr. Ashish P. Shah**) showing calculation of commission payable to the Noticee no. 2 by the Noticee no. 1**



xx. The above hand written calculation sheet shared by the *Noticee no. 1* with *Noticee no. 2* through Whatsapp chat can be deciphered as below:

a) First line of the message indicates that the calculation is meant for Ashish Panna (Kirtibhai).

b) The second line of the message indicates that the calculation is about trading in the scrip of Superior (SFL) alongwith the date of recommendation, i.e., 14/09/2022.

c) The third line of the message shows that 142775 shares were sold at the rate of INR 190.85 per share and that the price in excess of INR 100 (as mutually agreed between the two) was INR 90.98 which was to be shared between the two *Noticees* that has been denoted as "sharing".

d) The fourth and fifth line of the message calculate the gross amount of commission and also deduction of 10% therefrom (as mutually agreed between the two *Noticees* discussed above) and arrive at the net amount of commission (payable to the *Noticee no. 2*) amounting to INR 11673998.

e) The next line in the message shows deduction of INR 50 Lakh implying that the said amount was paid to the *Noticee no. 2*. It has already been clarified by *Noticee no. 2* in his statement that he has received this amount of INR 50 Lakh through the account of Bricks Enterprises, a Proprietorship Concern under his control.

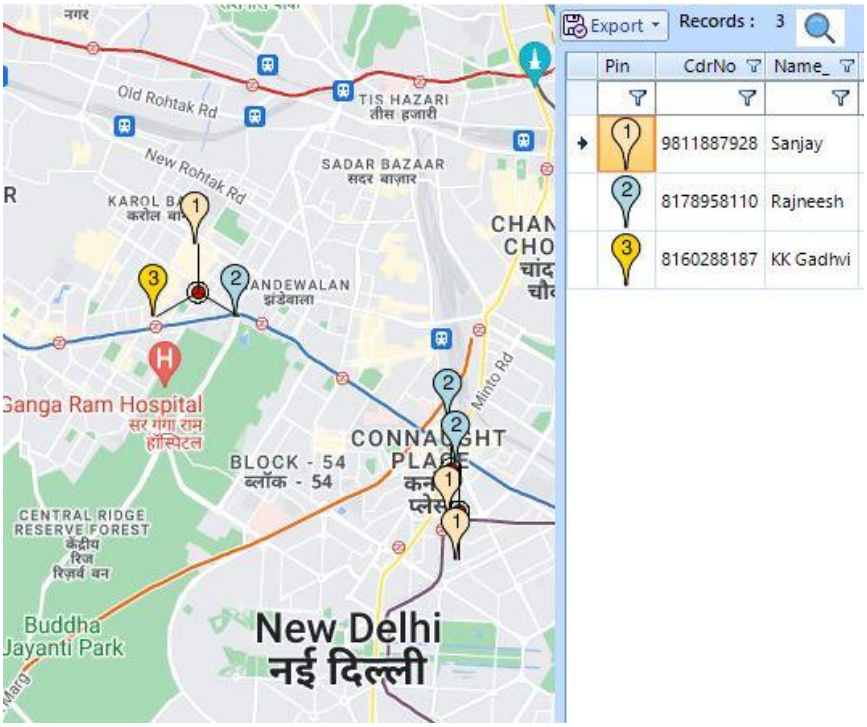
f) The next line in the above message shows further deduction of INR 36.50 Lakh that was again a payment in cash made to *Noticee no. 3*, as confirmed by the *Noticee no. 2* in his statement recorded during investigation and the net commission amount that remained payable as per this message was INR 3023998

xxi. Thus, it can be clearly observed now that the confessions made by the *Noticee no. 2* in his statement as well as clarifications given by him about the entire *modus operandi* through which he operated in collusion with the *Noticee no. 1* and other middlemen operators, are very strongly supported by the Audio conversation the extract of which has been transcripted above along with a hyperlink/QR Code to the audio version of the said conversation, and also further corroborated by the calculation of commission that was paid to *Noticee no. 2* as is evident from the Whatsapp message extracted above. Thus, a complete picture of the fraudulent scheme conceived and implemented in a premeditated manner by these *Noticees* to earn illicit gains by

trading in the scrip of SFL on the date on which recommendations about the said stock was disseminated by them through Telegram, now emerges from the aforesaid evidences leaving no doubt about the complicity of these *Noticees* in the fraudulent act engaged by them involving the scrip of SFL.

xxii. Besides the aforesaid telephonic conversations, it is also seen that in another call exchanged between *Noticee no. 1* and *3* on September 14, 2021 at 09:17 am, *Noticee no. 1* is found to be telling *Noticee no. 3* that: "जितना जल्दी चालू करेंगे उतना माल ज्यादा बिकेगा". Further, on the same day in another call exchanged between the two at 10:30 am, *Noticee no. 3* is found saying to the *Noticee no.1*: "अभी काम स्टार्ट कर दो या आशीष भाई (*Noticee no. 2*) का फोन आ रहा है क्या भाव से कैसा करना है स्क्रीन कैसे डालने का है वो आपको फोन कर रहा है…". The aforesaid telephonic conversations further indicate that the *Noticee no. 1* was in constant touch with both the *Noticee nos. 2* and *3* on the recommendation day and all of them were apparently trying to start the whole process of dealing in the scrip of SFL at the earliest so as to be able to sell maximum number of shares for maximum gains. Further, a few of the other calls exchanged between the *Noticee nos. 1* and *3*, the recordings of which were retrieved from the mobile phone seized from the custody of *Noticee no. 1* reveal that the *Noticee no. 3*, on the recommendation day, had in fact visited the office of IFGL to meet the *Noticee no. 1,* contrary to the claim of *Noticee no. 1* in his statement that he personally knew *Noticee no. 3* but has not met him physically. Apart from the said call recording, the following graphical images of Tower Locations of the mobile phones would show that the *Noticee nos. 1, 3* as well as *Noticee nos. 15* were at the same location on the day of stock recommendation, thus belying the said claim of *Noticee no. 1*:

Image 11: Geo Locations of Noticee nos. 1, 2 and 15



xxiii. It is further discovered that, out of the commission amount of INR 50 Lakh received by *Noticee no. 2* through Bricks (an entity belonging to Mr. Ashish, *Noticee no. 2)* as discussed above, an amount of INR 14.78 Lakh was transferred to the family members of *Noticee no. 3*. An illustration of few of these fund transfers made to the bank account of Mr. Dharmistha K Gadhvi, son of the *Noticee no. 3* is highlighted in the table below:

Table no. 22: Illustration of amounts paid to Mr. Dharmistha K Gadhvi

Sr. No.	Amount	Date	Narration in bank account statement
1)	100000	04/10/2021	MMT/IMPS/127513119617 /**Superior**/BRICKSENTE/

			IDBI Ban
2)	35000	11/10/2021	MMT/IMPS/128220115349 /**Superior**/BRICKSENTE/ IDBI Ban
3)	45000	19/10/2021	MMT/IMPS/129221142412 /**Superior**/BRICKSENTE/ IDBI Ban

xxiv. Interestingly, it may be seen from the above that such fund transfers to the account of family member of *Noticee no. 3* have been backed by narration in the bank account statement that specifically mentions "Superior", which implies that these funds were transferred by Bricks Enterprises to the account of family members of *Noticee no. 3* in connection with the role played by *Noticee no. 3* in the scrip of Superior (i.e. SFL).

xxv. Apart from the above illustrated fund transfers, it is also noted that large amounts of cash have been deposited immediately after the stock recommendation day in the branch of HDFC Bank situated at Bikaji Cama Place, New Delhi, in the bank accounts (maintained at Vejalpur Branch) of the family members of the *Noticee no. 3* [Wife (Gadhvi Purnaba Kirtidan) and his Sons (Gadhvi Siddharth Kirtidan and Dharmistha K Gadhvi)]. For instance, there is a deposit of around INR 2 Lakh on September 16, 2021 in the bank account of Mr. Gadhvi Siddharth Kirtidan. There are similar cash deposits of various denominations found to be made soon after the stock recommendation day in the accounts of the above named family members of *Noticee no. 3*.

xxvi. Moving on to the other entities, it is noted from the statement of *Noticee no. 4*, that he also knew both *Noticee nos. 2* and *3*. The *Noticee no. 4* has in his statement confessed that he was being instructed by the *Noticee nos. 2* and *3* about the details of the price, quantities etc., of the shares of SFL that were proposed to be disseminated through the Telegram Channels as a stock recommendation, and after receiving such instructions, he shared those details with the *Noticee no. 5 (*Arvind Shukla), who was the Administrator/operator of the Telegram Channels. The telephonic communications between *Noticee no. 4* and *Noticee no. 5* which have taken place both prior to and on the stock recommendation day as retrieved from the CDRs of the mobile numbers being used by both these *Noticees* further corroborate the execution of the scheme of fraudulent transactions in the scrip of SFL that has already been confessed by the *Noticee nos. 2, 4* and *5* in their respective statements during the investigation.

xxvii. From the mobile phone seized from the custody of *Noticee no. 4*, it is noted that the mobile number of *Noticee no. 2* (74XXXX0XX) is saved by *Noticee no. 4* as "Ashishshah". The following Whatsapp chat exchanged between *Noticee no. 4* and *Noticee no. 2* that has been extracted out of the above noted mobile phone would sufficiently indicate that the message for stock recommendation that was proposed to be posted on Telegram Channels by the *Noticees* was infact shared by the *Noticee no. 4* with *Noticee no. 2* on the Stock recommendation day itself:

Image12: Whatsapp chat between Noticee no. 2 and 4

xxviii. Apart from the above, it is also noted that an amount of INR 12.50 Lakh has been transferred from Bricks Enterprises to M/s Lifeline Pharma. The *Noticee no. 4*, in his statement recorded during the investigation, has admitted that M/s Lifeline Pharma is his Proprietorship firm. Further, the *Noticee no. 2* in his statement has confirmed that the said amount of INR 12.50 Lakh was part of the commission paid to the *Noticee no. 4*, and another amount of INR 28.50 Lakh was also paid in cash to the *Noticee no. 4* in New Delhi by the *Noticee no. 3*.

xxix. Further, as already highlighted above, *Noticee no. 4* was constantly having telephonic conversation with the *Noticee no. 5 (*Arvind Shukla, the Administrator of the

Telegram Channel) which is clearly evident from the CDRs that reveal frequent calls exchanged between them during the investigation period and the said fact has also been accepted by both of them in their respective statements recorded during the investigation. With respect to his role in the scheme, the *Noticee no. 5* has in fact proactively admitted in his statement that he had posted the above highlighted Stock Recommendation for SFL on the Telegram Channels on September 14, 2021 under the instructions of the *Noticee no. 4*, for which he has received a commission of INR 8 Lakh in the bank account of M/s Rathaur Sales (a proprietorship firm of his friend Mr. Pankaj Singh, who in turn has admittedly paid the same amount to *Noticee no. 5*).

xxx. I observe that various unassailable evidences that have been unearth during the investigation such as, the depositions made by the *Noticee no. 2, 3,4* and *5* before SEBI wherein they have unambiguously explained the *modus operandi* being followed by them to implement the fraudulent scheme on the stock recommendation day as well as the confessions made by them about the calculation and distribution of the commission ; the fund transfers made from different bank account of multiple entities to Bricks Enterprises, as already depicted in Image 4 under para no.30 (x); along with subsequent fund transfers having been made towards commission to different *Noticees*/their front entities as discussed above; the commission calculation sheet exchanged through Whatsapp chat along with the transcripts of telephonic conversations retrieved from the mobile phone of the *Noticee no .1* corroborating the calculation of commission as made in the Whatsapp Chat*;* all of them comprehensively expose the scheme of manipulation crafted majorly for the benefit of *Noticee no. 1*, in which the other players have also been substantially remunerated

in the form of commission for playing their respective parts in implementing the said scheme successfully on the above noted stock recommendation day.

xxxi. As already noted earlier in this order [para number 30 (ix)] that the investigation has revealed certain back-to-back transactions between IFGL and SFL. For example, INR 60 Lakh were transferred from IFGL to SFL from September 08, 2021 to September 14, 2021, which in turn got transferred to the 6 connected entities of *Noticee no. 1* viz., Spire (INR 7.5 Lakh); Splendid (INR 6 Lakh); Balley (INR 15 Lakh); Jitney (INR 15 Lakh), Sriyash (INR 6.5 Lakh) and Arin (INR 10 Lakh). It is also noticed that out of the said 60 Lakh, an amount of INR 50 Lakh was onward transferred by four of the aforesaid recipients viz., Spire (INR 8 Lakh); Splendid (INR 2.00 Lakh); Balley (INR 13.0 Lakh); Jitney (INR 13.0 Lakh); Arin (INR 9 Lakh); Sriyash (INR 5 Lakh) to Bricks Enterprises on the same stock recommendation day itself, i.e., September 14, 2021. During investigation, *Noticee no. 1* was confronted with the aforesaid fund transfers, in response to which he stated that those fund transfers were made from SFL in the form of loans to those six entities, however, he did not know about further onward fund transfers made by those entities to Bricks Enterprises.

xxxii. I observe that though the *Noticee no. 1* has attempted to feign ignorance about the aforesaid fund transactions (depicted under Image 4 of the present order), however such transactions on their own simply cement the statement made by the *Noticee no. 2* that funds received by Bricks were meant for onward transmission towards commission payable to *Noticee no. 2* for the role played by him in the manipulation of the scrip of SFL on the stock recommendation day. The contention of the *Noticee no. 1* that the funds transferred by SFL to the six entities connected to him

were given as loans to those entities and that he is ignorant about the onward transfers of those funds made by those connected entities *prima facie* appear to be fallacious since the fact which he cannot evade is that those entities to whom funds were transferred by SFL and have themselves onward transferred those funds to Bricks Enterprises and these entities have not only strong nexus with *Noticee no. 1* but also the fact remains that *Noticee no. 1* was the Authorized Signatory in the bank accounts of those entities (Spire, Balley, Jitney Sriyash, Arin) which means, no transfer of funds from the bank accounts of these entities would have occurred without the knowledge and consent of the *Noticee no. 1*. The plea of ignorance of *Noticee no. 1* further falls flat on the ground due to the fact that the beneficiary of the said funds transferred by those entities connected to *Noticee no. 1,* which is *Noticee no. 2* in this case (through the account of Bricks Enterprises), has already candidly admitted before SEBI having received those amounts towards the commission payable to him by *Noticee no. 1* apart from candidly spilling the beans on the entire scheme of fraudulent transactions that was scripted by him in collusion with the *Noticee no. 1* for facilitating *Noticee no.1* and other *Noticees* to indulge in, on the day of stock recommendation in the scrip of SFL. The statements recorded by the *Noticees* before SEBI as well as the evidence including the fund transactions in the bank accounts as highlighted in the preceding paragraphs clearly suggest that the funds that emanated from the bank accounts of IFGL/SFL on the day of stock recommendation, i.e., September 14, 2021, ultimately reached the pockets of other *Noticees* who had to be remunerated in the form of commission payable to them as per the terms and conditions mutually agreed upon between *Noticee no. 1* and *Noticee no. 2* for playing their respective role in manipulating the price of the scrip of SFL by taking undue advantage of the stock recommendation

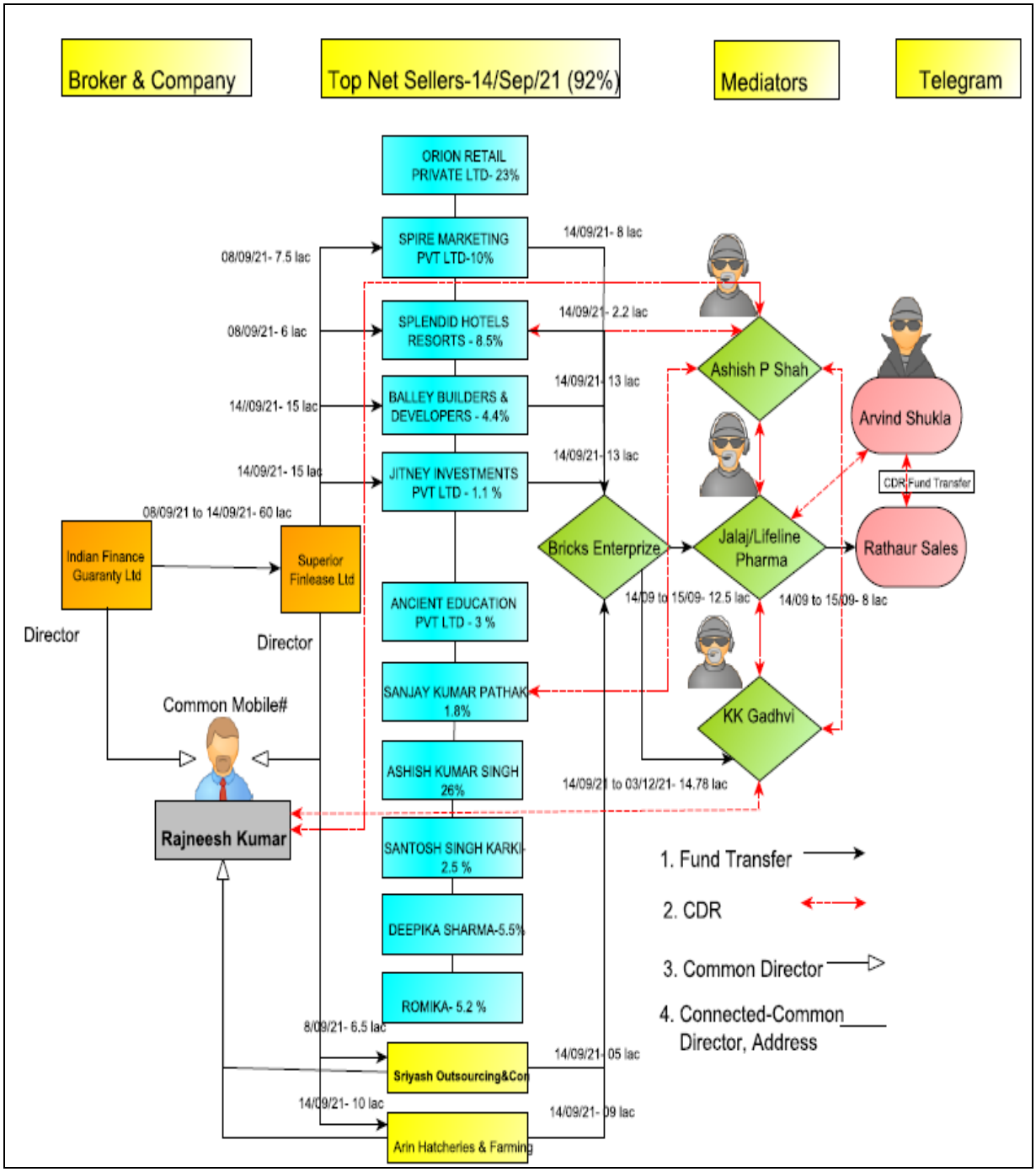
engineered by them through the Telegram Channel to fraudulently influence the subscribers to invest in the said scrip on that day.

40. To sum up the entire scheme of manipulation indulged in by the *Noticees* briefly, the manipulative trades in the scrip of SFL engineered by *Noticee no. 1* through his 11 connected entities had already commenced much prior to the stock recommendation day with a view to inflate the price of the scrip that was hovering around INR 100 on February 01, 2021. It has been discussed at length and also depicted in the tables above as to how during the pre-recommendation period commencing from February 01, 2021 to September 13, 2021, the price of the scrip was manipulated and raised from INR 100.05 on February 01, 2021 to INR 209 on June 28, 2021. This was possible because of the active roles played by 11 connected entities of *Noticee no. 1* who have together acting in concert contributed INR 750.65 to the market positive LTP of the scrip out of which again INR 479.70 of market positive LTP was cumulatively contributed by these 11 entities by engaging in artificial trades in the said scrip amongst themselves so as to achieve their goal of taking the market price of the scrip as much higher as possible till the stock recommendation day.

41. The stock recommendation day was again used by *Noticee no. 1* in collusion with *Noticee no. 2* to *5,* as an opportunity for raising the price further artificially riding on the stock recommendation that was very craftily disseminated by them through the Telegram Channel being administered by *Noticee no. 5* thereby inducing the subscribers to invest in the scrip, so that the price of the scrip can rise very quickly and sharply as per the expectation of the *Noticees*. As observed in the preceding paragraphs, the depositions made by the *Noticee no. 2, 4,* and *5* make it amply clear that they had undertaken the task of manipulating the price of the scrip of SFL in lieu of commission that was promised to be paid by the *Noticee no. 1* and as per the terms mutually agreed, these three *Noticees* (along

with *Noticee no. 3*) acted as middlemen operator and also circulated the unsolicited misleading recommendation for the scrip of SFL on September 14, 2021. As rightly anticipated by the *Noticees,* from the events that unfolded on the date of stock recommendation, it is seen that the price of the scrip indeed shot up to the levels of INR 220 which provided a golden opportunity to the *Noticee no. 1* to dump the shares which he was holding through his front entities and those front entities in fact became the main sellers of the day, 11 of which became the top net sellers of that day. In this process, the selling entities which were closely connected and were practically under the control of *Noticee no. 1* got themselves enriched by INR 3.89 Crore by way of their illegal gains earned through sale of their shares by taking undue advantage of the inflated price of the scrip which was caused, first during the pre-recommendation period by inter-se manipulative trades in the shares of SFL (which they were holding since past) amongst the connected entities and then on the stock recommendation day, by the artificial inducement triggered in the minds of the subscribers to the Telegram Channels in which *Noticee no. 5* under instructions from the *Noticee no. 4* and other *Noticees*, floated that concocted alluring recommendation about an illiquid scrip that was sans any market fundamentals and having no strength in itself to impress any informed investor to put their money in the scrip. The aforesaid fraudulent scheme can be better appreciated further from a perusal of the diagrammatic presentation given below:

Image 13: The players and the role played



42. To elaborate the aforesaid scheme further, it was noticed that the *Noticee no. 1,* through the entities connected to him traded in the scrip of SFL during the period of February 01, 2021 to September 13, 2021. The trading activities during the said pre recommendation period resulted in a total shareholding of 6,97,574 shares of SFL (as on September 13, 2021) in the Demat accounts of *Noticee nos. 6* to *19*. The investigation has found evidences suggesting that SFL/IFGL have provided funds to the *Noticee nos. 6, 8, 10, 12, 13 etc.* for their exposure in the scrip of the *Company* during the above pre recommendation period. It has also been observed that the *Noticee nos. 6* to *19* being closely connected to the *Noticee no. 1* have traded during the aforesaid period of February 01, 2021 to September 13, 2021, and a substantial part of their trading was among themselves and a consequence of such inter-se trades, the price of the scrip was observed to have touched a level of INR 209 from the price of INR 100.05 and the major contribution to the above price rise in the scrip was from the trades executed by the above entities enjoying connection with the *Noticee no. 1*.

43. After having acquired the shares of SFL through connected entities during the aforesaid period, the *Noticee no. 1* contacted the *Noticee no. 2* and *Noticee no. 3* seeking their help to provide him with a profitable exit from those shares of SFL apparently held through the aforesaid front entities connected to him. *Noticee no. 2*, in order to provide exit contacted the *Noticee no. 4,* who (*Noticee no. 4*) in turn contacted the *Noticee no. 5*, who was the Administrator of the Telegram Channel. Thus, *Noticee nos. 2,3, 4* and *5* have played their respective roles as middlemen operators to fulfill the deal made with the *Noticee no. 1* and towards such end they indulged in circulating such a Stock recommendations pertaining to scrip of SFL through the Telegram Channels being operated by the *Noticee no. 5* and through such inducing message, not only they projected a bright prospect of faster rise in the price of the scrip of SFL but also successfully created a sense of FOMO (Fear of

Missing Out) in the minds of the subscribers. Since the *Noticees* had already been acting upon a systematic plan to inflate the price of the scrip of SFL during the period prior to the stock recommendation day by engaging in artificial manipulative trades through the entities connected to *Noticee no.1*, thereby maintaining a steady growth of the market price of the scrip that started from INR 100 and had touched a level of INR 209 till the stock recommendation day, the mischievous and misleading stock recommendation on September 14, 2021 was successful in further accentuating the stock price to a higher level in a manner opening a good opportunity for the selling entities to offload those shares of SFL which they have been carrying on from the previous period and earn huge amount of gains out of such selling. A quick look at the trades executed just a day before (13/09/2021) the stock recommendation day (14/09/2021) would reveal how the *Noticees* took every step to ensure that the market price of the scrip of SFL sustains at a high level till they take a drastic measure in the form of stock recommendations to further raise the price to a new high level for their benefits. It is seen that on September 13, 2021, the price of the scrip drastically fell down from IRN 185.55 to INR 162 at around 03:15 pm, which made the *Noticee no. 15* to swing into action and pull the price back to INR 185.25 by executing a single trade that itself contributed INR 23.25 to the LTP of the scrip. It shows the determination and grit of the *Noticees* to maintain the market price of the scrip deliberately at a certain high level so that the stock recommendation that was planned to be circulated through Telegram Channels can have the desired positive effect of inducing the investors so that the *Noticees* would be successful in fulfilling their fraudulent intent of manipulating the price of the scrip to a much higher level which can be taken advantage of by the selling entities connected to the *Noticee no. 1*.

44. My attention has been drawn to the fact that the Telegram Channels through which the above discussed concocted and misleading recommendation about the scrip of SFL was circulated, had a subscriber following of more than 23.00 lakh. In my considered opinion, having a social media messaging platform with such a large number of followers would certainly give a strong confidence to the operator of such Telegram Channels to create perceptible impact on the price movement of a scrip by circulating such false and misleading stock tips through this medium. This assurance arises from the fact that even if a miniscule number of followers (out of 23 Lakh subscribers) takes the stock tips seriously and falls prey to the same, certainly the price of an illiquid scrip like SFL would rise by leaps and bounds and may be subsequently because of a sense of FOMO triggered by such buying interest visible on the trading platform, more and more investors may fall into such inducement thereby without their knowledge may end up contributing to the price rise of the scrip only for the benefit of unscrupulous entities like the *Noticees* who would be waiting eagerly to offload their previously acquired shares in the same scrip at such elevated levels of price caused by such false stock recommendations.

45. Coming to the present matter, it is observed that, in the morning of September 14, 2021, two separate but identical recommendations about the shares of SFL were floated on the two Telegram Channels (both administered by the *Noticee no. 5*) advising the followers of the Channels to purchase the shares of SFL in large quantities, by projecting a rosy picture of the scrip and predicting a price rise in the near term. The recommendation also created a sense of FOMO that had potential to make the investors believe that in the event they missed out to buy the shares of the *Company*, they would be at a great loss, as the scrip had very bright prospect and the same would not be available in future. The records gathered during investigation show that the *Noticees* successfully implemented the scheme, and

taking advantage of large buying demands, created by such stock recommendation successfully dumped 1,64,291 shares of SFL on September 14, 2021 thereby helping the selling entities connected to the *Noticee no. 1* earned large amounts of profits.

46. I have already observed under Table no. 20 that the top net seller *Noticees* who had dumped their shares on September 14, 2021, were holding the shares of SFL from different points of time. Further, they have also sold their shares on September 14, 2021, *prima facie* by acting in tandem under the manipulative scheme. Having been successful in off-loading more than 1.60 lakh shares of SFL, the *Noticees* have allegedly made an unlawful profit of INR 3,89,10,214.95 during the period of February 01, 2021 to September 14, 2021, details of which are as under:

Table no. 23

Sr. No.	Profit made during February 01, 2021 to September 13, 2021 by trading amongst themselves (in INR)	Profits made on September 14, 2021 by dumping the shares based on Telegram recommendation (In INR)
1	**2,13,60,626.40**	**1,75,49,588.55**
Total	**3,89,10,214.95**	

47. The detailed break-up of the aforesaid unlawful gain made by these *Noticees* either during the pre-stock recommendation period commencing from February 01, 2021 to September 13, 2021 by indulging in LTP contributing manipulative trades or by selling the shares on stock recommendation day of September 14, 2021 on the backing of recommendation made through the Telegram Channels, is tabulated herein below:

Table no. 24: Calculation of profits

		Trading prior to day of recommendation Feb 01-Sept 13, 2021				Profit prior to the day of recommendation (A)		Trading on the day of recommendation					Profit on the day of Recommendation (B)	Total Profit (A+B) (in INR Lakh)
S. No.	Net Seller	Tot.Buy qty.	WgAvg. Buy price	Tot. Sell Qty	Wg. Av. Sell Price	Wv. Avg. buy price for the qty sold	Profit in INR Lakh	Buy Qty	Total Buy Value in lacs	Sell Qty	Wg. Av. Sell price	WAvg. Buy Price	in INR Lakh	
1	Ashish	9415	126.34	6811	127.42	28.48	6.74			45998	191.27	36.16	71.35	78.08
2	Orion	69928	151.22	63960	147.91	89.48	37.37			41050	191.02	124.98	27.11	64.49
3	Spire	35325	149.65	8121	177.88	77.44	8.16			18247	189.47	94.60	17.31	25.47
4	Splendid	78278	150.15	61524	147.14	70.12	47.38			15054	191.53	106.41	12.81	60.20
5	Deepika	35	152.45	1314	185.47	14.96	2.24			9859	189.66	14.96	17.22	19.46
6	Romika	170	128.70	1333	176.72	16.34	2.14			9209	191.90	16.36	16.16	18.30
7	Balley	38448	146.59	30087	149.09	136.71	3.72			7851	191.61	164.52	2.13	5.85
8	Ancient	21690	170.39	2967	184.40	130.04	1.61			5454	187.72	131.31	3.08	4.69
9	Santosh	35611	152.57	37669	150.97	96.83	20.39	532	0.99	5013	193.00	137.83	2.77	23.16
10	Sanjay	124257	149.58	125875	148.01	112.02	45.30	1,358.00	2.61	4556	190.72	157.44	1.52	46.82
11	Jitney	59949	147.59	50110	151.19	136.83	7.20	-	-	2000	192.00	169.96	0.44	7.64
12	Ashworth	48593	140.76	4309	170.28	111.81	2.52	7,301.00	13.99	5486	192.97	127.36	3.60	6.12
13	Anita	36125	153.33	38704	152.40	83.22	26.78	1,126.00	2.11	149	193.00	193.00	-	26.78
14	Shrawan	41826	164.23	38603	165.80	160.49	2.05	-	-	-	-	-	-	2.05
		599650		471387			**213.61**			169926			**175.50**	**389.10**

Note: As the above entities have purchased as well as sold shares on different occasions, weighted average buy/sell prices have been taken to calculate the profits.

48. As highlighted above in this order, the unlawful gains that have been generated by the aforesaid *Noticees* both prior to stock recommendation day as well as on the stock recommendation day could become possible because of the role collectively and successfully played by each entity associated with the said scheme including the *Noticee nos. 6* to *19* who have also played their respective part in execution of those manipulative trades with a motive to artificially raise the market price of the scrip by contributing to the LTP for the purpose of ultimately earning unlawful gains by dumping their shares when the

market price had reached reasonably high. Considering the specific role played by each of the *Noticees* who remained active during the period and contributed to the price rise in the scrip of SFL through their manipulative and unfair trades and are further observed to have sold substantial portion of their holdings in the scrip of SFL on the stock recommendation day and at the same time also remained active before the stock recommendation day that *prima facie* led to generation of unlawful gains, the same is summarized *Noticee*-wise in the following table:

Table no. 25

Sr. No.	Name of the Noticee	Traded During February 01, 2021 to September 13, 2021	Sold on September 14, 2021
1.	**Ashish Kumar Singh**	**Yes**	**Yes**
2.	**Orion Retail Pvt. Ltd.**	**Yes**	**Yes**
3.	**Spire Marketing Pvt. Ltd.**	**Yes**	**Yes**
4.	**Splendid Hotels Resorts Pvt. Ltd.**	**Yes**	**Yes**
5.	**Deepika Sharma**	**Yes**	**Yes**
6.	**Romika**	**Yes**	**Yes**
7.	**Balley Builders& Developers Pvt. Ltd.**	**Yes**	**Yes**
8.	**Ancient Education Pvt. Ltd.**	**Yes**	**Yes**
9.	**Santosh Singh Karki**	**Yes**	**Yes**
10.	**Sanjay Kumar Pathak**	**Yes**	**Yes**
11.	**Jitney Investments Pvt. Ltd.**	**Yes**	**Yes**
12.	**Shrawan**	**Yes**	**No**

13.	**Anita Karki**	**Yes**	**Yes**
14.	**Ashworth Constructions Pvt. Ltd.**	**Yes**	**Yes**

49. I observe that the factual findings emerging from bank account transfers, trades, CDRs, Whatsapp chats, as well as the depositions made by the entities before the Investigating Authority wherein they have clearly admitted to the specific roles played by them in the scheme of manipulation, leaves nothing for imagination about the intricately crafted scheme that caused a strong inducement in the minds of general investors by floating an unsolicited and specious recommendation to buy the shares of SFL without any basis. It may be noted that the volume of trading in this scrip which was barely 9000 share per day during the period prior to the stock recommendation day abruptly rose to a whopping 2.28 Lakh shares on September 14, 2021, when the recommendation for purchasing the shares of SFL was circulated in the Telegram Channel seemingly as a final desperate attempt by the *Noticees* to push the price of the scrip at sustained volumes to achieve the object of their scheme that was deliberately planned to unlawfully enrich the players, who first pumped up the scrip price and finally dumped the shares so held by them. The main perpetrator, the *Noticee no. 1* was not able to bring anything to the table during the investigation, to prove his *bonafide* in in this entire episode starting from February 01, 2021 to September 14, 2021. It has been seen that the *Noticee no. 1* was having frequent (direct or indirect) communication with the entities (*Noticee nos. 2* to *5*) who were instrumental in translating the scheme into reality. The other connected entities such as *Noticee nos. 6* to *19* have also been found to have contributed to the positive LTP, whereas the *Noticee nos. 6* to *19 (*except *Noticee no. 17*) following the strategy crafted under the scheme successfully offloaded their shares of SFL in a profitable manner on the stock recommendation day

after the aforesaid investor inducing stock recommendation was circulated in the Telegram Channel under the administration of *Noticee no. 5*. In the totality of the facts and circumstances of the present case, one can easily come to a *prima facie* finding that but for the complicity and active support of the different *Noticees* who put their efforts to make the scheme successfully implemented, be it by transferring of funds, by engaging in LTP contributing trades, by purchase of shares of SFL, by playing the role of middlemen operator and connecting with the Telegram Channel Administrator as well as by spreading an unsolicited misleading stock recommendation about an illiquid stock, the above discussed fraudulent scheme could not have been fructified in such a systematic and precise manner. Therefore, every *Noticee* who played its individual role for the collective success of the illicit scheme so as to compromise the integrity of the securities market and to derive ill-gotten benefits through fraudulent dealing in the scrip of SFL is equally complicit in the scheme and is liable to be proceeded with under law.

50. I observe that the aforesaid acts of hatching such a conspiracy and taking all the steps in a pre-mediated manner, with a vested intent to earn unlawful gains, are *prima facie* against the provisions of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **"*SEBI Act, 1992*"**) and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 framed thereunder (hereinafter referred to as "**PFUTP Regulations**"), which has been given effect to by planting deceitful messages to entice the subscribers of the Telegram Channels to invest in the scrip of SFL and then dumping the shares (acquired earlier through the connected entities of *Noticee no. 1*) of SFL, a company which had no market fundamentals to support such high volume of trading that happened specially on the stock recommendation day. As already pointed out earlier, the main perpetrator of the scheme, *Noticee no. 1,* was actively aided and abetted by his close

aides like, the *Noticee no. 2* to *Noticee no. 5* and also by the other set of entities (*Noticee no. 6* to *19)* without the presence and active role of whom, the scheme would have failed.

51. In my view, the evidence gathered during the investigation including the data/information retrieved from the seized electronic devices from the custody of the *Noticees* such as audio call recordings, Whatsapp Chats, CDRs and the depositions given on oath by different *Noticees* mentioned above, therein unequivocally and unconditionally corroborating the contents of those audio call transcripts as well as Whatsapp chats pertaining to the explicit narratives about the fraudulent scheme including the element of commission distributed to various *Noticees* as part of the said scheme, have successfully proved a strong *prima facie* case of fraudulent and deceitful acts committed by the *Noticees* by indulging in artificial manipulation of price and volume in the scrip of SFL which ultimately generated large sums of unlawful gains (INR 3.89 Crore) in the accounts of connected/front entities of *Noticee no. 1* viz., *Noticee nos. 6* to *19*. Under the circumstances, I am *prima facie* convinced that all the *Noticees* have indulged in fraudulent and unfair trade practices in the securities market and have thus acted in violation of Section 12 A (a), (b), (c) of the SEBI Act, 1992 read with Regulation 3 (a), (b), (c), (d), 4 (1), 4 (2) (a), (d), and (e)of the PFUTP Regulations. In addition to the above, the *Noticee nos. 1, 2, 3, 4* and *5* being instrumental in planting and disseminating misleading and false information about the scrip of SFL on the Telegram Channels, are also *prima facie* observed to have violated Regulation 4 (2) (k) and (r) of the PFUTP Regulations.

52. I further observe that the manner in which the *Noticees* have executed a fraudulent scheme deceitfully behind the back of innocent investors and subscribers to the Telegram Channels by abusing the said Social media messaging application to carry out such a mischievous trade practice, has severely injured the interest of market participants as well as the integrity

of the securities market. Such acts of market abuse by abusing the platforms afforded by popular social media messaging application like Telegram, deserve to be dealt with a firm manner, and the *Noticees* must be prevented from causing any further prejudice to the interest of the investors of the securities market by using such nefarious tactics. What the *Noticees* have done through the aforesaid fraudulent scheme is now irrevocable and cannot be undone, hence, in the fitness of things, the unlawful gains that have been generated by these *Noticees* (i.e. *Noticee nos. 6* to *19*) by their allegedly unlawful trade practices which would not have accrued to them but for the devious and wicked scheme deployed by them in the scrip of SFL, deserve to be impounded. By cleverly using the Telegram App, the *Noticees* have been able to make huge unlawful gains by dumping their shares of SFL, thereby rendering themselves jointly and severally liable for appropriate regulatory action to strip them off such unlawful gains. I observe that in order to arrive at such *prima facie* findings, SEBI was constrained to examine and analyze huge volumes of data pertaining to the Call Data Records, bank account transactions, trading details, and had to conduct search and seizure proceedings, record statements of many persons, and only after examining those humongous information and data with a fine tooth comb, it came out in the open that the *Noticees* are having a firm control and grip over the movement of market price/volume of the scrip of SFL. The ease with which the *Noticee nos. 1* and *Noticee nos. 2* and *3* during their telephonic conversation were talking about taking the price of SFL upto a specific level or beyond that, further reveals the fact as to how it is easy for the operators to manipulate the volume and price of an illiquid scrip like SFL so as to generate artificial unlawful gains in lieu of monetary consideration. Under the circumstances, there is an emergent need to insulate the securities market from the malicious activities and fraudulent intent of the *Noticees* before these *Noticees* continue to play similar game of manipulation in any other scrip to generate similar unlawful gains against consideration in form of

commission for their own benefit or for the benefit of other such masterminds like *Noticee no. 1* in this case. Therefore, there is an urgent need to impound the unlawful gains made by the *Noticees* so as to prevent these *Noticees* from appropriating those unlawful gains made by them through the fraudulent scheme of manipulation in the scrip of SFL as highlighted above.

53. As have been elucidated in the earlier part of the order, the *Noticee nos. 6* to *19* have been *prima facie* found to have generated monetary gains through their manipulative, unfair and fraudulent trades in the scrip of SFL while trading during the pre-recommendation period (February 01, 2021 to September 3, 2021) as well as on the recommendation day (September 14, 2021) (except *Noticee no. 17* who did not sell shares on the recommendation day and *Noticee no. 18* who though sold shares but did not make any profit on the recommendation day). It is further observed that for the purpose of generating such gains in the accounts of *Noticee nos. 6 to 19* during the pre-recommendation period (February 01, 2021 to September 3, 2021), the role of *Noticee no. 1* has also been exposed and explained in detail in the preceding paras, who in pursuit of accomplishing his nefarious design has engaged in LTP contributing manipulative trades through his closely connected entities so as to raise the price of the scrip of SFL and further has succeeded in generating substantial monetary gains in those accounts of the connected entities i.e. *Noticee nos. 6* to *19* who are *prima facie* observed to have sold shares of SFL at artificially manipulated prices created by their own manipulative and fraudulent trading activities. Therefore, in my considerate view, having noticed the role of these connected entities who have colluded with the *Noticee no. 1* and thereby have made themselves *prima facie* jointly and severally accountable to face the regulatory action of stripping off of such gains of INR **213.61 Lakh** (as shown in the table below) which have been observed unlawful being the outcome of such manipulative, unfair

and fraudulent trades executed in the scrip of SFL by these entities. The details of such unlawful gains generated in the accounts of the *Noticees no. 6* to *19* along with the corresponding *Noticees*/entities who are jointly and severally liable for impounding of such unlawful gains are provided in the table below:

Table no. 26

S. No.	Name of Net Seller Noticee A	Profit in INR Lakh unlawfully earned B	Name of the Noticees jointly and severally liable C
1	Ashish (Noticee no. 6)	6.74	Noticee no. 1 along with Noticee nos. 6 to 19
2	Orion (Noticee no. 7)	37.37	
3	Spire (Noticee no. 8)	8.16	
4	Splendid (Noticee no. 9)	47.38	
5	Deepika (Noticee no. 10)	2.24	
6	Romika (Noticee no. 11)	2.14	
7	Balley (Noticee no. 12)	3.72	
8	Ancient (Noticee no. 13)	1.61	
9	Santosh (Noticee no. 14)	20.39	
10	Sanjay (Noticee no. 15)	45.30	
11	Jitney (Noticee no. 16)	7.20	
12	Shrawan	2.05	

	(Noticee no. 17)		
13	Anita (Noticee no. 18)	26.78	
14	Ashworth (Noticee no. 19)	2.52	
		213.61	

54. It has also been elaborately explained by me as to how the active role played by the *Noticee no. 1* (mastermind) in concert with the *Noticee nos. 2, 3, 4* (middlemen operators) and *Noticee no. 5 (*Telegram Channel operator*)* have collectively led to further enrichment of gains in the accounts of the *Noticee nos. 6 to 19* (Except *Noticee nos. 17* and *18) (*net sellers who made profits on the recommendation day, herein after referred to as the "**Net Seller Noticees"***)* when, these connected entities were able to off load shares of SFL on the stock recommendation day and thereby generated an aggregate gain amounting to INR 1.75 Crore (approx.). In view of the discussions recorded above, it is *prima facie* observed that the Net Seller Noticees along with *Noticee nos. 1* to *5* who have played crucial role in managing the dissemination of investors inducing recommendation for the scrip of SFL thereby enabling the net sellers to off-load their stocks of SFL shares successfully on the stock recommendation day, that stemmed the generation of unlawful gain amounting to INR 1.75 Crore (approx.) and hence, all of them ought to be held liable jointly and severally for stripping off such gains made in the accounts of said Net Seller Noticees. In this respect, I observe that generation of such unlawful gains to the respective Net Seller Noticees would not have been possible without the active role of *Noticee nos. 1, 2, 3, 4* and *5*. Consequently, the aforesaid *Noticees* are *prima facie* required to surrender for impounding, jointly and severally, the entire profit/gain made by them by off-loading the shares of SFL on the stock recommendation day. The granular details of the profits made in the

respective accounts of these entities that are closely connected with the *Noticee no. 1,* through trading in the stocks of SFL on the stock recommendation day, along with the liability of respective Net Seller Noticees to surrender the same for impounding jointly and severally with other *Noticees,* are provided in the table described below:

Table no. 27

S. No.	Name of Net Seller A	Total wrongful gains (INR) that is to be impounded towards disgorgement (in INR Lakh) B	Noticees responsible for impounding of wrongful gains jointly and severally C
1	Ashish (Noticee no. 6)	71.35	Noticee nos. 1, 2, 3, 4, 5 and 6
2	Orion (Noticee no. 7)	27.11	Noticee nos. 1, 2, 3, 4, 5, and 7
3	Spire (Noticee no. 8)	17.31	Noticee nos. 1, 2, 3, 4,5 and 8
4	Splendid (Noticee no. 9)	12.81	Noticee nos. 1, 2, 3, 4,5 and 9
5	Deepika (Noticee no. 10)	17.22	Noticee nos. 1, 2, 3, 4,5 and 10
6	Romika (Noticee no. 11)	16.16	Noticee nos. 1, 2, 3, 4,5 and 11
7	Balley (Noticee no. 12)	2.13	Noticee nos. 1, 2, 3, 4,5 and 12
8	Ancient (Noticee no. 13)	3.08	Noticee nos. 1, 2, 3, 4,5 and 13
9	Santosh (Noticee no. 14)	2.77	Noticee nos. 1, 2, 3, 4,5 and 14
10	Sanjay (Noticee no. 15)	1.52	Noticee nos. 1, 2, 3, 4,5 and 15
11	Jitney (Noticee no. 16)	0.44	Noticee nos. 1, 2, 3, 4,5 and 16
12	Ashworth (Noticee no. 19)	3.60	Noticee nos. 1, 2, 3, 4,5 and 19
		175.50	

55. Before passing appropriate directions in the present matter, I may hasten to record that it has been a constant endeavour of SEBI to prevent all sorts of unlawful activities that may jeopardise the integrity of securities market to the detriment of the interest of the investors. However, with the rapid usage of new age technology especially the emergence of social media and the encrypted messages as a medium of mass communication, the miscreants of the securities market have the propensity to engage in fraudulent acts in a sophisticated

manner that may cause widespread disruption and compromise the very essence of the securities market which stands for transparency, fairness and information based decision making by the investors. Therefore, any person indulging in spreading mis-information or false and misleading information through the use of social media messaging applications like Telegram, Whatsapp etc., which are being used by millions of people can cause irreparable damage to the integrity of the securities market within a short span of time like a forest fire, thereby eroding the confidence of the investors in the securities market in a matter of no time.

56. Earlier, when the facility of bulk SMS was used by the miscreants, SEBI stepped in and with an aim to protect the interest of investors, as a collaborative effort with the Telecom Regulator, Telecom Regulatory Authority of India (TRAI), a notification dated August 10, 2017 came to be issued by TRAI so as to curb bulk messaging containing key words as buy/sell/hold/stop loss etc. However, as it happens in many cases, the person with a devious mindset always finds out a way to implement his ulterior scheme of manipulation and make lots of money. In the present case, shares of SFL were first purchased from the market platform and eventually, with the help of the persons operating Telegram Channels, a false recommendation message to buy shares of SFL was floated on such channels, thereby inducing the subscribers thereto to buy the shares of SFL; and in the whole process, the shares owned by the perpetrator of the scheme through his front entities were dumped and huge profits were earned. It is pertinent to note that due to the fraudulent and unfair scheme of manipulation deployed by the *Noticees*, the entities were able to dump their shares in the price range of INR 185-220 on the said stock recommendation day, i.e., September 14, 2021. It also needs to be mentioned here that at present the said scrip is trading at merely INR 21 (split adjusted- the shares have undergone split of 1:10)

reinforcing the fact that the *Company* does not have backing of any market fundamental to evince interest of the prospective investors in its scrip, hence, the aforesaid episode of inflated price and volume seen in the scrip of SFL on September 14, 2021 and prior to that was nothing but an outcome of sustained effort made by the *Noticees* in complicity with each other to manipulate the volume and price of the scrip till such time their ulterior purpose of earning illicit gains is achieved.

57. At this stage, it is noted that in various instances, the Hon'ble Courts of the county have underscored the need to curb the manipulative and unfair trade practices in the securities market. In one of such case, the Hon'ble Supreme Court of India has observed that "*if market abuse is not properly curbed, then it would result in defeating the very object and purpose of SEBI Act.....Prevention of market abuse and preservation of market integrity is the hallmark of Securities Law…Market manipulation is normally regarded as the "unwarranted" interference in the operation of ordinary market forces of supply and demand and thus undermines the "integrity" and efficiency of the market"*. The Hon'ble Supreme Court has also observed that "*Section 12A read with Regulations 3 and 4 of the Regulations 2003 essentially intended to preserve 'market integrity' and to prevent 'Market abuse'.*" [*N. Narayanan Vs. SEBI [(2013) 12 SCC 152]*]

58. Further, in the matter of *Kishore Ajmera Vs. SEBI [AIR 2016 SC 1079],* the Hon'ble Supreme Court has held that: "*Investors' confidence in the Capital/Securities Market is a reflection of the effectiveness of the regulatory mechanism in force. All such measures are intended to pre-empt manipulative trading and check all kinds of impermissible conduct in order to boost the investors' confidence in the Capital market. The primary purpose of the statutory enactments is to provide an environment conducive to increased participation and investment in the securities market which is vital to the growth and development of the economy."*

59. In view of the foregoing compelling facts and circumstances and after careful consideration of the totality of the facts surrounding the case which reveals a strong *prima facie* act of fraud & unfair acts on the part of the *Noticees* to earn money in an unlawful

manner, I have no option left but to invoke the statutory powers vested in SEBI to pass interim directions against the *Noticees*, who have been found acting both jointly and severally to commit the afore discussed alleged fraudulent trade practices in the scrip of SFL.

60. Insofar as the impounding of unlawful gains is concerned, I observe that the unimpeached facts and circumstances of the matter *prima facie* indicate the accrual of large amounts of unlawful profits to the accounts of *Noticee nos. 6* to *19 (*as indicated in Table no. 24 under para no. 47), whom the rest of other *Noticees* (*Noticee nos. 1, 2, 3, 4* and *5*) had facilitated and enabled to earn such unlawful gains in their trading accounts which therefore renders, all the *Noticees* jointly and severally responsible for generation of those unlawful gains during the period prior to as well as on the day of stock recommendation, as the entire insidious scheme was put to action by each of the *Noticees* by meticulously playing their respective roles as part of an intricately woven scheme. Thus, in my considered view, in the interest of the investors of the securities market, and in consonance with the object and statutory mandate of the SEBI Act, 1992, necessary directions for impounding the unlawful gains are required to be passed against the *Noticees*. At this stage, I also deem it fit to refer to the observations of the Hon'ble SAT passed in the matter of *Amalendu Mukherjee Vs. SEBI (Appeal (L) no. 169 of 2020)*, wherein the Hon'ble Tribunal has underscored the necessity of passing impounding orders by *inter alia* observing as: "*We are of the opinion that the WTM is empowered under the SEBI Act and the Regulations to pass an ex-parte order in order to protect the interests of securities market and the investors. If such impounding order is not passed, it may result in defeating the ultimate direction of disgorgement if any, as there would be chances of such monies being dissipated by the appellant. …*"

Order

61. Keeping in view the foregoing discussions, factual analysis, the compelling evidences brought on record and my observations on various aspects of the matter, I, in exercise of the powers conferred upon me under Sections 11, 11(4) and 11B (1) read with Section 19 of the SEBI Act, 1992 hereby issue by way of this *interim ex-parte order*, the following directions, which shall be in force until further orders:-

a) All the *Noticees* viz: *Noticee nos. 1* to *19* are restrained from buying, selling or dealing in securities, either directly or indirectly, in any manner whatsoever until further orders.

b) If the *Noticees* have any open position in any exchange traded derivative contracts, as on the date of the order, they can close out/square off such open positions within 3 months from the date of this order or at the expiry of such contracts, whichever is earlier. The *Noticees* are however permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this order;

c) The amount of unlawful gains of INR 2,13,60,626.40 earned during the period of February 01, 2021 to September 13, 2021 by manipulating the share priceof SFL (through LTP contributions) (as depicted under Column B of the Table no. 26) and an amount of unlawful gains of INR 1,75,49,588.55 (as depicted under Column B of the Table no. 27) generated by way of dumping the shares of SFL on the recommendation day, i.e., September 14, 2021, are **hereby being impounded**, jointly and severally, from the respective *Noticees* as mentioned in the column C of Table no. 26 and 27;

d) Further, the *Noticees* as named in the column C of the Table nos. 26 and 27 are directed to open an escrow account (s) with a Nationalized/Scheduled Commercial bank jointly

and severally, and deposit within 15 days from the date of service of this order, the impounded amount as directed in para (c) above which has been *prima facie* determined to be the proceeds of wrongful profits/gains generated from the unfair trade practices activities as noted above in this order. The said Escrow account/s shall be interest-bearing escrow account and shall create a lien in favour of SEBI. Further, the monies kept therein shall not be released without permission from SEBI.

e) The banks where the *Noticees* are holding bank accounts, jointly or severally, are directed to ensure that till further directions, except for compliance of directions as stated above, no debits shall be made in the bank accounts of the *Noticees* without the permission of SEBI. Further, the depositories are also directed that no debit shall be made, without the permission of SEBI, in respect of the demat accounts held by the said *Noticees*. However, credits, if any, into the said bank and demat accounts may be allowed. However, debits may also be allowed for amounts available in the said account in excess of the amount impounded. Banks are allowed to debit the accounts only for the purpose of complying with this order. The banks are directed to ensure that all the above directions are strictly enforced. Only on production of proof of deposit of entire amount of INR 3,89,10,214.95 [INR Three Crore Eighty Nine Lakh Ten Thousand Two Hundred Fourteen and Ninety Five Paisa] (In terms of Table no. 26 and 27) in the escrow account/s as directed above, SEBI shall communicate to the banks to defreeze the bank accounts of respective *Noticees*.

f) The *Noticees* are directed not to dispose of or alienate any assets, whether movable or immovable, or any interest or investment or charge on any of such assets held in their name, individually or jointly, including money lying in bank accounts except with the

prior permission of SEBI until the impounded amount is deposited in the escrow account/s.

g) The *Noticees* are directed to provide a full inventory of all assets held in their names, individually or jointly, whether movable or immovable, or any interest or investment or charge on any of such assets, including details of all bank accounts, demat accounts and mutual fund investments, immediately but not later than 15 working days from the date of receipt of this order.

62. The foregoing observations contained in the present Order have been made on the basis of the materials/evidences available on record. All the *prima facie* findings recorded in this Order shall be treated as allegations against the respective *Noticees,* and the instant order may be treated as an interim order cum show cause notice to the *Noticees,* hence,the *Noticees* are hereby called upon to show cause as to why suitable directions, including the following, should not be issued/imposed against them under Sections 11(1), and 11B (1) of the SEBI Act, 1992:

a) Directing them to disgorge the amount equivalent to the alleged unlawful profits made on account of the scheme, as described above (along with interest); and

b) Directing them to refrain from accessing the securities market and prohibiting them from buying, selling or otherwise dealing in securities for an appropriate period.

63. The *Noticees* are further called upon to show cause as to why appropriate penalty under Section 11B (2) and 11(4A) read with Section 15HA of SEBI Act, 1992 should not be imposed on them for the alleged violations of SEBI Act, 1992 and PFUTP Regulations, as the case may be.

64. This Order is without prejudice to the right of SEBI to take any other action that may be initiated against the *Noticees* in accordance with law.

65. The *Noticee* may file their replies to SEBI within 21 days from the date of receipt of this Order. They may also indicate in their replies whether they wish to avail an opportunity of personal hearing in the matter.

66. This Order shall come into force with immediate effect and shall be in force until further orders.

67. A copy of this order shall be served upon the *Noticees*, Stock Exchanges, Banks, Registrar and Transfer Agents and Depositories for necessary action and compliance with the above directions.

-Sd-

DATE: JANUARY 25th, 2023 **S. K. MOHANTY**

PLACE: MUMBAI **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA