BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

(ADJUDICATION ORDER NO: Order/PM/GD/2022-23/16720-16739)

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

In respect of:

Noticee No.	Name of the Noticee	PAN
1.	Global Securities Limited	AACCG3465C
2.	Rameshchandra Bhaurao Chavan	ABKPC8958J
3.	Dinkar Bhanuprasad Shrimali	BJEPS1523E
4.	Ruchir Jayantilal Pandya	ASYPP9350L
5.	Amit Pradipkumar Shah	AOCPS1635M
6.	Arvind Goyal Babulal	ACIPG0193J
7.	Satish R Mandora	ACWPM3495P
8.	Kamlesh Kanaiyalal Joshi	ADQPJ4015R
9.	Shirish Chandrakanth Shah	ACFPS7005L
10.	Devesh Upadhyay	AAHPU5069Q

11.	Pankaj Jayantilal Dave	AEPPD0118P
12.	Mahadev Zilu Gawade	ALBPG9116H
13.	Sagar Kadam	CLAPK2809N
14.	Dharmendra Harilal Bhojak	AFAPB7100D
15.	Sorab Wadia	ABOPW5107F
16.	Pendyala Vinay Bhushan	BXMPP1272K
17.	Falguniben Mahavirbhai Gohil	ABWPG2137P
18.	Abhay Dattatray Javlekar	ACVPJ4679B
19.	Vinod Brijmohan Biyani	AACPB7721R
20.	Jay Mahavir Gohil	ASOPG2675D

In the matter of Global Securities Limited

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*(Noticees 1 to 20 are individually known by their respective name or Noticee no. and collectively referred to as the "**Noticees**")*

A. BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') initiated an investigation to ascertain the violation, if any, of the provisions of Securities and Exchange Board of India, Act 1992 (hereinafter referred to as the 'SEBI Act') and SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter

referred to as the ‘PFUTP Regulations, 2003’) by the Noticees in the scrip of Global Securities Limited (hereinafter referred to as ‘the Company/ GSL’). The period of investigation in the matter was from March 16, 2012 to April 30, 2014, (hereinafter referred to as ‘investigation period’). It is observed that the trading in the scrip of GSL was suspended by BSE on April 17, 2000 for non-compliance with Clause 16 (provided shorter notice for Book Closure / Record Date) of Listing Agreement and was again suspended on May 02, 2000 for non-payment of Annual listing fees for the period FY 1997-98 to FY 2000-01. Trading in the scrip of GSL resumed on July 30, 2010 after BSE revoked suspension of trading in the scrip. Trading in the scrip has been suspended again *w.e.f* January 06, 2015 for surveillance measures.

B. APPOINTMENT OF ADJUDICATING OFFICER

2. SEBI vide order dated January 13, 2017 communicated appointment of Shri Nagendra Parakh as the Adjudicating Officer under Section 15 I of the SEBI Act, 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules,1995 (hereinafter referred to as "Adjudication Rules") to inquire into and adjudge under the provisions of Section 15HA of the SEBI Act, 1992 for the violation of the provisions of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2) (a) and 4(2) (e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003. Subsequently, upon appointment of the undersigned as AO vide SEBI order dated May 18, 2017, the case was transferred to the undersigned.

C. SHOW CAUSE NOTICE, REPLY AND HEARING

3. Show Cause Notice dated July 31, 2017 (hereafter referred to as **SCN**) was issued to the Noticees in terms of the provisions of rule 4 of the Adjudication Rules, 1995 requiring the Noticee to show cause as to why an inquiry should not be held against it and why penalty, if any, should not be imposed on it under the provision of section 15HA of the SEBI Act, 1992 for the alleged violations of violation of the provisions regulations 3(a), 3(b), 3(c), 3(d) and regulations 4(1),

4(2)(a) and 4(2)(e) of PFUTP Regulations, 2003. The allegations in the SCN are as follows:

a. *SEBI initiated an investigation to ascertain the violation, if any, of the provisions of Securities and Exchange Board of India, Act 1992 (hereinafter referred to as the 'SEBI Act') and SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as the 'PFUTP Regulations, 2003') by certain persons/entities, including the Noticees in the scrip of Global Securities Limited (hereinafter referred to as 'the Company/ GSL'). The period of investigation in the matter was from March 16, 2012 to April 30, 2014, (hereinafter referred to as 'investigation period').*

b. *It is observed that the trading in the scrip of GSL was suspended by BSE on April 17, 2000 for non-compliance with Clause 16 (provided shorter notice for Book Closure / Record Date) of Listing Agreement and was again suspended on May 02, 2000 for non-payment of Annual listing fees for the period FY 1997-98 to FY 2000-01. Trading in the scrip of GSL resumed on July 30, 2010 after BSE revoked suspension of trading in the scrip. Trading in the scrip has been suspended again w.e.f. January 06, 2015 for surveillance measures. Details of the management (Directors) of GSL during the investigation period were as follows:*

Source: MCA website

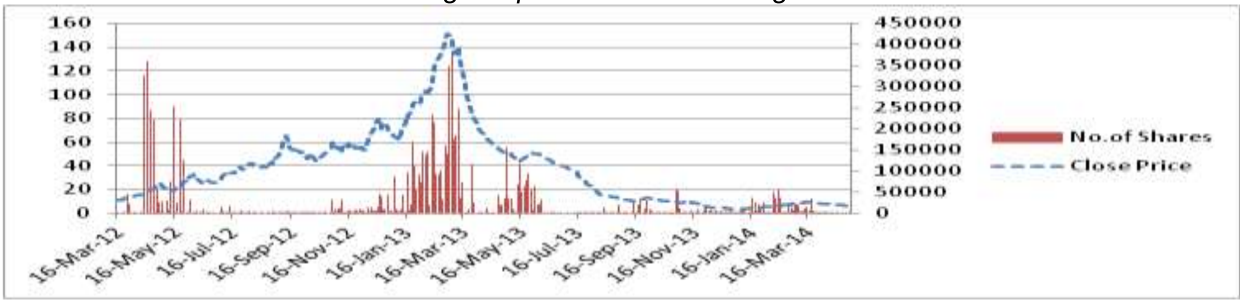
DIN	***Name***	***Director***	***Appointment Date***	***Cessation Date***
3076660	*Mr. Rameshchandra Bhaurao Chavan*	*Director*	*16-Mar-11*	*till date*
421839	*Mr. Dinkar Bhanuprasad Shrimali*	*Director*	*21-Mar-11*	*till date*
6684457	*Mr. Ruchir Jayantilal Pandya*	*Director*	*23-Sep-14*	*till date*
3066639	*Mr. Amit Pradipkumar Shah*	*Additional Director*	*13-Aug-13*	*23-Sep-14*
175078	*Mr. Umesh Kashinath Gawand*	*Additional Director*	*22-Jul-13*	*10-Sep-13*
3146099	*Mr. Arvind Goyal Babulal*	*Additional Director*	*22-Jul-13*	*10-Sep-13*
3154510	*Mr. Satish R Mandowara*	*Additional Director*	*22-Jul-13*	*10-Sep-13*
5141194	*Mr. Kamlesh Kanaiyalal Joshi*	*Managing Director*	*01-Oct-12*	*13-Aug-13*

c. *The average per day trading volume in the shares of Global Securities Limited (GSL/ Company) during the investigation period was 22379 shares and the total traded volume was 10809412 shares in 9378 trades over a period of 483 days. The price of the scrip opened at Rs.11/- on March 16,* *2012, reached a high of Rs. Rs.156.50 on March 01, 2013 and dipped to a low of Rs.3.66 on January 03, 2014 and closed at Rs.6.34 on April 30, 2014. Further, the investigation period is split in to two patches, the price rise patch and the price fall patch.*

Price rise patch (March 16, 2012 to March 01, 2013): During the price rise period, price of the scrip opened at Rs.11/-(March 16, 2012) and closed at Rs.151.20 (March 01, 2013) in 221 days and 5173 trades with total trade volume of 6495522 shares.

Price fall patch (March 02, 2013 to April 30, 2014): During the price fall period, the price of the scrip opened at Rs.148.95 (March 04, 2013) and closed at Rs.6.34 (April 30, 2014) in 262 days and 4205 trades with total trade volume of 4313890 shares.

The Price Volume Chart during the period under investigation is as under:



The scrip was last traded on January 06, 2015 at Rs.3.61. (Source – bseindia.com)

d. *It is observed that prior to the preferential allotment of shares the company had 30,03,600 shares. The company on October 23, 2010, made a preferential allotment of 1,19,50,000 physical shares @ Rs. 10/- to nine entities, (8 non-promoters and 1 promoter) connected entities based on common address/common directors (past directors), even though the company in its filing with BSE had claimed that the allottees were not connected. The shareholding of the company pursuant to the above increased to 1,49,53,600 shares. The preferential shares allotted were locked in, for 1 year (up to October 31, 2011) in case of on-promoters entities and for 3 years (up to October 31, 2013) in case of promoters. As per MCA website, it was observed that all preferential Allottees were connected to the* *company by way of common address/ common directors (past directors)***.** *Details of allotment are as given below:*

Sr no.	***Name***	***Category***	***PAN***	***NO. OF SHARES***	***LOCK IN UPTO***	***CERT. NO.***	***DISTIN. NO***
1	*Shree Veer Build Care Private Limited*	*Promoter*	*AAOCS5056R*	*1000000*	*31/10/2013*	*7126*	*3003601-4003600*
2	*Nirav Enterprises Private Limited*	*Non-Promoter*	*AAACN5235F*	*1000000*	*31/10/2011*	*7127*	*4003601-5003600*
3	*Laxmi Edifice Private Limited*	*Non-Promoter*	*AABCL7505K*	*1500000*	*31/10/2011*	*7128*	*5003601-6503600*
4	*Lakshya Securities & Credit Holding Limited*	*Non-Promoter*	*AAACL7744D*	*1500000*	*31/10/2011*	*7129*	*6503601-8003600*
5	*Tripada Infra Private Limited.*	*Non-Promoter*	*AAACT9922D*	*1500000*	*31/10/2011*	*7130*	*8003601-9503600*
6	*Arcadia Mercantile Capital Limited (now known as Saumya Capital Limited)*	*Non-Promoter*	*AAHCA1175A*	*1500000*	*31/10/2011*	*7131*	*9503601-11003600*
7	*S J Securities Limited*	*Non-Promoter*	*AAICS9627C*	*1500000*	*31/10/2011*	*7132*	*11003601-12503600*
8	*Arunima Real Estate Private Limited*	*Non-Promoter*	*AAECA5836F*	*1000000*	*31/10/2011*	*7133*	*12503601-13503600*
9	*Manibhadra Securities Services Private Limited*	*Non-Promoter*	*AAGCM6009A*	*1450000*	*31/10/2011*	*7134*	*13503601-14953600*

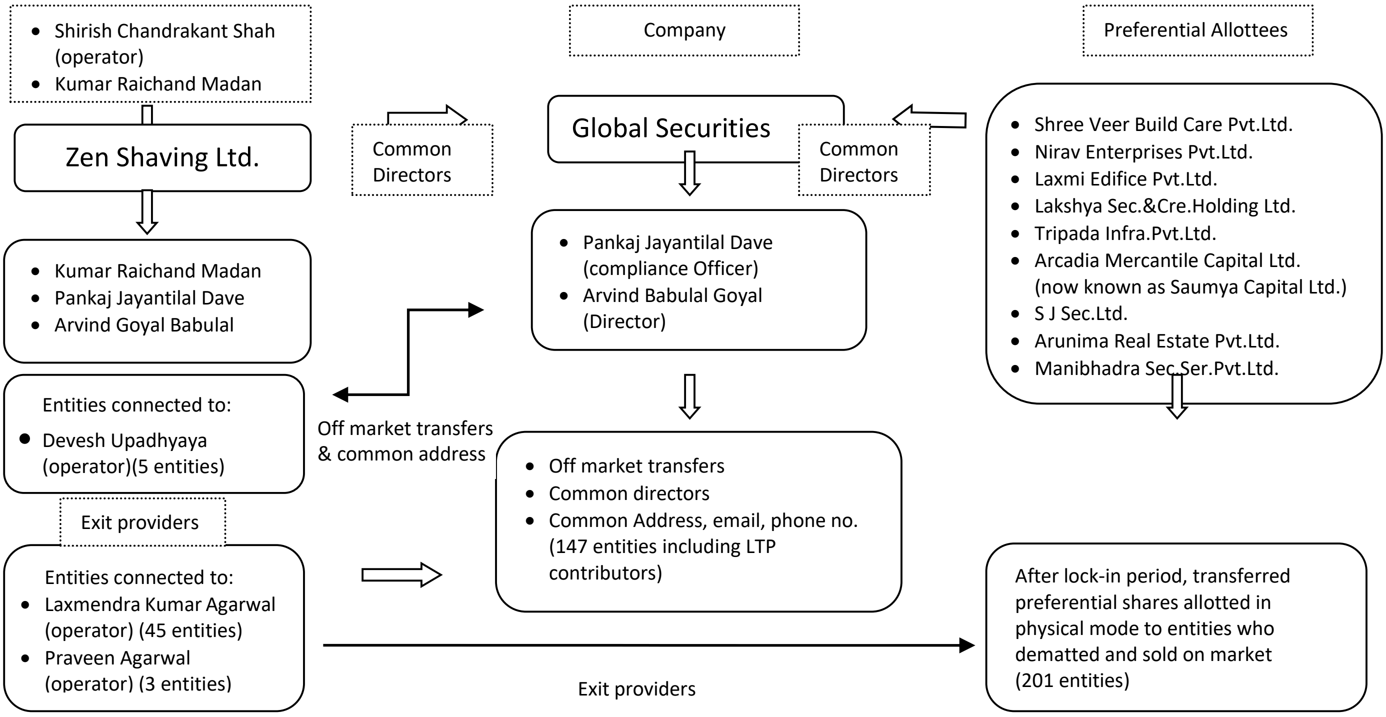
Two allottees viz., Shree Veer Build Care Pvt. Ltd. (10 lakh shares) and Laxmi Edifice Pvt. Ltd. (5 lakh shares), have not traded on market and off market during the investigation period.

e. *Further, It is observed that except for the two allottees viz., Shree Veer Build Care Private Limited (10 lakh shares) and Laxmi Edifice Private Limited (5 lakh shares), the names of rest of the allottees did not appear in the list of shareholders of the company filed with the exchange (BSE) after quarter ending June 2012. Further, it is observed that the aforesaid entities have neither traded on market nor made any off market transactions during the investigation period.*

f. *During investigation it was observed on the basis of reference received from the Income Tax Department (ITD) that the promoters of some of the 'Penny Stock' companies along with stock brokers and entry operators are involved in illegal business of providing bogus Long Term Capital Gain (LTCG)/ Short Term Capital Losses Tax (STCL) benefits. The Income Tax Department, explained 'entry operators as individuals who control a large number of paper/shell companies (controlled and managed by the operator directly or through dummy directors appointed by the operators) which are used for routing cash for transactions as well as buying and selling shares during the process of price rigging to provide bogus LTCG to the beneficiaries.*

g. *During investigation it was observed from the reference dated February 10, 2015 received from the Income Tax Department – Ahmedabad, that Mr. Kumar Raichand Madan in his statement recorded on April 09, 2013 before the Income Tax Authority, admitted that he supplied dummy directors and addresses for the companies of Mr. Shirish Chandrakant Shah who is in the business of providing accommodation entries and long term capital gains through share trading business.It was also observed that he was director in many of the companies managed by Mr. Shirish Chandrakant Shah, and Mr. Kumar Raichand Madan was a co-director in Zen Shaving Limited along with Mr. Pankaj Jayantilal Dave & Mr. Arvind Babulal Goyal. Further, both the aforesaid two persons (Mr. Pankaj Jayantilal Dave & Mr. Arvind Babulal Goyal) were observed to be connected to GSL as a company secretary and director respectively during the investigation period. Further, both traded in the scrip of GSL and Mr. Pankaj Jayantilal Dave was one of the major contributor to the LTP during Price Rise Patch during the investigation period. Further, Mr. Arvind Babulal Goyal, at present is a director of Incap Financial Services Limited along with Satish R. Mandowara (additional director of GSL during July – September 2013) and Pankaj Jayantilal Dave. Thus, it can be safely concluded that Global Securities Limited is connected /related to Mr. Shirish Chandrakant Shah, operator.*

h. *It is observed that a total of 1351 entities traded during investigation period in the scrip of GSL of which 402 entities were observed to be connected to various operators namely Mr. Shirish Chandrakanth Shah, Mr. Laxmendra Agarwal, Mr. Praveen Agarwal and Mr. Devesh Upadhyay on the basis of off market transactions, common address, phone number, email id and details available on MCA website such as names of the companies/ directors related to the operators. These entities are hereinafter referred as the connected entities.The above connection is depicted in a diagrammatical form, which is as follows:*



i. *It was observed that 402 connected entities as mentioned at Para 9 above, have traded in the scrip on 353 days out of total 483 days during the investigation period. Summary of the trades carried out by these connected entities is as follows:*

Exchange – BSE

Period	***Market volume***	***Gross Buy by connected entities***	***Gross Sale by connected entities***	***Net Trade by connected entities***	***Gross Buy % to market vol.***	***Gross Sell % to market vol.***
Investigation period (16/03/2012 – 30/04/2014)	*10809412*	*4783090*	*7919624*	*-3136534*	*44.25*	*73.26*
Patch 1 (16/03/2012-01/03/2013)	*6495522*	*3002280*	*5304760*	*-2302480*	*46.22*	*81.67*
Patch 2 (02/03/2013-30/04/2014)	*4313890*	*1780810*	*2614864*	*-834054*	*41.28*	*60.61*

j. *Patch 1-Price Rise Patch - 16/03/2012 to 01/03/2013: During this period, the price of the scrip opened at Rs.11/-, reached a high of Rs.156.50 and closed at Rs.151/- i.e., an increase of 1272.72%, with a net LTP of Rs.140.20 and a* *market positive LTP of Rs.1657.23. During this period, concentration of trades and rise in price of the scrip was particularly observed during the period January 01, 2013 – March 01, 2013. In 44 trading days 37,06,299 shares were traded in 2408 trades and the price of the scrip moved from Rs.65.90 to Rs.151.20 i.e., an increase of 129.44%.*

k. *During the Price Rise Patch, on the buy side, 97 connected entities were observed to have contributed Rs.331.78 to net LTP (237.32% of market net LTP) out of which 38 connected entities contributed Rs.904.85 to positive LTP (54.60% of market positive LTP) in 683 trades for a total volume of 7,57,507 shares.*

l. *Top 10 connected entities contributed Rs.284.10 to net LTP (202.63% of market net LTP) and Rs.817.47 to positive LTP (49.33% of the market positive LTP) in 585 trades for a volume of 6,05,397 shares. Analysis of the trades carried out by connected top 10 LTP contributors on the buy side and their contribution to Positive and Negative LTP during this period is as follows:*

Exchange – BSE

Name		Net LTP			Positive LTP			Negative LTP			Zero LTP		% of +ve LTP to market +ve	No of trading days
	PAN	Net LTP	Total Traded Qty	No of trades	Positive LTP	Total Traded Qty	No. of trades	Negative LTP	Total Traded Qty	No. of trades	Total Traded Qty	No. of trades		
PANKAJ JAYANTILAL DAVE	AEPPD0118P	62.8	637586	620	253.07	148894	169	-190.27	121161	132	367531	319	15.27	94
MAHADEV ZILU GAWADE	ALBPG9116H	6.15	247092	451	160.05	74506	126	-153.9	23404	98	149182	227	9.66	60
SAGAR KADAM	CLAPK2809N	50.1	128334	307	133.75	29753	88	-83.65	37300	51	61281	168	8.07	47
DHARMENDRA HARILAL BHOJAK	AFAPB7100D	-4.05	46045	165	73.15	6861	44	-77.2	7560	38	31624	83	4.41	50
SORAB WADIA	ABOPW5107F	60.9	608506	240	68.75	187703	78	-7.85	99355	25	321448	137	4.15	29
PENDYALA VINAY BHUSHAN	BXMPP1272K	40.75	379980	147	45.75	128619	45	-5	41295	19	210066	83	2.76	17
FALGUNIBEN MAHAVIRBHAI GOHIL	ABWPG2137P	28.6	11110	35	29	4230	15	-0.4	250	1	6630	19	1.75	7
JESSE TRADING PVT LTD	AACCJ3651K	11	93065	31	25.65	18228	11	-14.65	6017	3	68820	17	1.55	4
ABHAY DATTATRAY JAVLEKAR	ACVPJ4679B	15.25	2281	11	15.7	228	5	-0.45	10	1	2043	5	0.95	2
VINOD BRIJMOHAN BIYANI	AACPB7721R	12.6	15000	10	12.6	6375	4	0	0	0	8625	6	0.76	1
Top ten total		**284.1**	**2168999**	**2017**	**817.47**	**605397**	**585**	**-533.37**	**336352**	**368**	**1227250**	**1064**	**49.33**	
Connected entities		**331.78**	**3002280**	**2404**	**904.85**	**757507**	**683**	**-573.07**	**419079**	**414**	**1825694**	**1307**	**54.60**	**172**
Market		**140.2**	**6495522**	**5173**	**1657.23**	**1163216**	**1209**	**-1517.43**	**974948**	**1043**	**4357358**	**2921**	**100**	**221**

m. *From the above table, it is observed that the top ten entities contributed 49.33% to market positive LTP and 90.34% of the positive LTP contribution by the connected entities.*

n. *Connected entities by trading among themselves were observed to have contributed Rs.247.88 to positive LTP (14.95% of market positive LTP) in 223 trades for a total volume of 6,49,652 shares. It was observed that major contributor viz., Jay Mahavir Gohil as a seller while trading among connected entities contributed Rs. 29.45 to market positive LTP (1.78% of market positive LTP).*

o. *It was also observed that in 630 trades, sell orders were placed first and connected entities bought at the sell order price and contributed Rs. 837.97 to positive LTP (50.56% of market positive LTP).*

p. *It was observed from the order log analysis that top 5 sell trades placed before the buy orders, contributed to positive LTP. These trades were executed between buyers who were connected entities. Details of these trades are as follows:*

Exchange – BSE

Date	Seller Name	Connected entities	BUY ORDER_NO	SELL ORDER_NO	Add / update / delete	BUY ORDER TIME	SELL ORDER TIME	TRADE TIME	BUY ORDER QTY	SELL ORDER QTY	BUY ORDER PRICE	LTP AT ORDER ENTRY	BID PRICE RANGE	ASK PRICE RANGE	TOP ASK VOL	TRADE RATE	LTP CONT	LTP %	Low/ high for the day	TRADE QTY
15/11/2012	NANALAL PARSHOTTAM PARIKH	SAGAR KADAM	15000133016704	20000161000207	Add	09:25:08	09:15:02	09:25:08	200	200	62.8	55.55	57.15-62.8	62.8	200	62.8	7.25	13.05	57-62.85	200
3/12/2012	PRANOTI UDAY SHAH	SAGAR KADAM	16000151055139	14000168000290	Add	11:52:53	09:17:17	11:52:53	2	200	58.6	52.05	53.2-58.6	58-58.6	200	58.6	6.55	12.58	53.25-58.6	2
					Add	09:16:16	09:02:33	09:16:16					54.45	54.45-60.15	1112					
2/11/2012	ANAR PRADHYOT KUMAR SHAH	PANKAJ JAYANTILAL DAVE	21000139004659	13000133001836	update		09:16:00		1050	100	60.15	54.45	54.45-60.15	54.45-60.15	1112	60.15	5.7	10.47	50.45-60.15	100
					Add		15:11:19						57 - 60.1	62.85	200					
15/11/2012	NANALAL PARSHOTTAM PARIKH	MAHADEV ZILU GAWADE	15000133211520	20000161173640	update	15:19:32	15:12:42	15:19:32	200	200	62.8	57	57.5-62.8	62.8	200	62.8	5.8	10.18	57-62.85	200
7/8/2012	M VIJAYA LALITHA	PANKAJ JAYANTILAL DAVE	13000042100746	12000046094399	Add	13:55:48	13:54:27	13:55:48	100	100	43.65	39.65	39.65-43.65	43.65	100	43.65	4	10.09	39.6-43.65	100

q. *From the above table, it is observed that the sell orders were coming first at prices higher than LTP, then the connected entities were placing buy orders at such prices thereby absorbing the sell orders. Thus, on the buy side, the connected entities were contributing to the price rise with their buy orders even though the fundamentals of the company were not supporting the price of the scrip and thereby establishing prices higher than the last traded price. The 38 connected entities who had contributed to the price rise with their buy* *orders are connected to the operator. In view of the repeated nature of such trades by the connected entities, their culpability in increasing the price of the scrip is thus established.*

r. *During the Price Rise Patch, the scrip price moved from Rs.11/- to Rs.156.50 and there were no material corporate announcements by the company which supported the price rise. Further, the company had very poor financials and weak fundamentals, which should, in the normal course, have adverse impact on the price of the scrip. Thus, the sharp rise in the scrip price of GSL was not supported by its fundamentals or any other corporate development.*

s. *During the Price Rise Patch, it was observed that out of 221 trading days, the connected entities traded for 172 days i.e.,77.82% of the total trading days. During this period, the connected entities bought 30.02 lakh shares which is 46.22% of the market volume and contributed 54.60% to market positive LTP in 683 trades, created artificial demand and interest, thereby inducing innocent investors to trade in the scrip.*

t. *As stated earlier, 402 entities were observed to be connected to the operators whose primary objective was to inflate the price. It cannot be mere coincidence that the majority of the shares sold were bought by the connected entities, particularly when the price rise was not supported by the fundamentals and financial track record of the company.*

u. *In any market, supply not matched by similar demand leads to price fall. During the Price Rise Patch, the connected entities created an artificial price rise by absorbing whatever sell orders that were available in the market which was at a price higher than LTP which is evident from net LTP of connected entities that is much higher than net LTP of market. Thus, these entities created misleading appearance of price movement and attracted other investors which resulted in further price rise. The connected entities by increasing the scrip price, created artificial demand and interest, thereby inducing other investors to trade in the scrip. Once the price reached the desired level, the connected entities started exiting at a higher price and thereby booked profits.*

v. *Patch 2 - Price Fall Patch – 02/03/2013 to 30/04/2014: During this period, the price of the scrip opened at Rs.148.95, reached a low of Rs.3.66 and closed at Rs.6.34 i.e., a fall of 95.74% with a net LTP of Rs.-144.86 and market negative LTP of Rs.-513.99. During this period, concentration of trades and fall in price of the scrip was particularly observed during the period March 04, 2013 to March 28, 2013. In 18 trading days 4313890 shares were traded in 929 trades and the price of the scrip moved from Rs.148.95 to Rs.79.85 i.e., a fall of 46.4%.*

w. *On the sell side, 163 connected entities were observed to have contributed Rs.24.12 to net LTP and 72 entities contributed Rs.-144.88 to negative LTP (28.19% of market negative LTP).*

x. *Top 10 connected entities contributed Rs.-72 to negative LTP (i.e.,14.01% of market negative LTP). Analysis of the trades carried out by the connected top 10 LTP contributors on the sell side and their contribution to Positive and Negative LTP during this period is as follows:*

Exchange – BSE

Name	PAN	Net LTP			Positive LTP			Negative LTP			Zero LTP		% of -ve LTP to market -ve	No of trading days
		Net LTP	Total Traded Qty	No of trades	Positive LTP	Total Traded Qty	No. of trades	Negative LTP	Total Traded Qty	No. of trades	Total Traded Qty	No. of trades		
APNE INFRASTRUCTURE PVT LTD	AAHCA0151E	-2.05	121471	311	10.9	8559	7	-12.95	30151	4	82761	300	2.52	11
AMIT JITENDRA THAKKAR	AEBPT6520K	-8	11500	19	0.8	1	1	-8.8	2843	5	8656	13	1.71	5
MADHUBHAI GOHIL HEMABEN	ABWPG2138C	-8.1	15000	16	0	0	0	-8.1	550	2	14450	14	1.58	1
VIJAYARANGAM YOGANAND	AASPY3447R	-7.95	5025	2	0	0	0	-7.95	5025	2	0	0	1.55	1
SUN FLOWER CAPITAL SERVICES PV	AAECS6066K	-6.65	3500	13	0.1	3000	1	-6.75	200	6	300	6	1.31	6
PREETI WADHWANI	ALPPG1338K	-6	56	4	0	0	0	-6	5	1	51	3	1.17	1
AMITA DEVI KOOLWAL	ANWPK6207G	-5.8	52	3	0	0	0	-5.8	44	2	8	1	1.13	2
MUKESH AGARWAL (HUF)	AAMHM1987Q	-5.6	10000	5	0	0	0	-5.6	1377	3	8623	2	1.09	1
KETAN MANHARLAL THAKKAR	AAVPT1199G	-5.25	1000	4	0	0	0	-5.25	25	1	975	3	1.02	1
PATEL KINJALBEN NIRAJBHAI	BZDPP4538B	-4.8	5000	7	0	0	0	-4.8	146	2	4854	5	0.93	2
Top ten total		**-60.2**	**172604**	**384**	**11.8**	**11560**	**9**	**-72**	**40366**	**28**	**120678**	**347**	**14.01**	
Connected entities		**24.12**	**2614864**	**1904**	**169**	**490111**	**152**	**-144.88**	**365455**	**166**	**1759298**	**1586**	**28.19**	**123**
Market		**-144.86**	**4313890**	**4205**	**369.13**	**677934**	**390**	**-513.99**	**538696**	**494**	**3097260**	**3321**	**100.00**	**262**

y. *During investigation, it is observed that outstanding shares as on October 22, 2010 prior to the preferential allotment of the company was 30,03,600 shares of which the promoter group (9 entities) were holding 8,75,300 shares (29.14%), another 19 entities were holding 13,77,600 shares (45.86%) and the remaining 7,50,700 shares (25%) were held by others. It is observed that on October 23, 2010, GSL issued 55 lakh shares in physical on preferential basis to four entities (viz. Nirav Enterprises Private Limited, Laxmi Edifice Private Limited, Lakshya Securities & Credit Holding Limited and Tripada*

Infrastructure Private Limited) against unsecured loans by them to GSL and 64.50 lakh physical shares @Rs.10 to the remaining 5 entities as mentioned in table to Para 5. It is observed that the preferential Allottees were connected to each other as opposed to the contention of GSL.

z. *It is observed that the company had rejected 127 requests for dematerialization of 11,67,000 shares during the investigation period. It is further observed that only 20,09,900 (13.44%) shares were in demat form out of total 1,49,53,600 shares outstanding for the quarter ending September 2012. It is alleged that the company by not allowing genuine investors to demat their shares, deliberately created a shortage of float of shares in the market.*

aa. *It is observed that as on June 10, 2013 a total of 1,20,97,400 shares (i.e., 20,09,900 shares + 1,00,87,500 shares) were in dematerialized form.*

bb. *It is observed that during the investigation period 1,08,09,412 shares were traded by 1351 entities. Out of the 1351 entities who traded during the investigation period, 353 entities net sold 52,16,094 shares (48.25% of the market volume) on market. Out of these, 201 entities were observed to be entities who dematerialized shares that were originally issued to the allottees and then sold 38,78,469 shares on market for a total value of Rs.43,36,81,542.70.*

cc. *Upon verification of the address by BSE, It was observed that the company did not exist at the given address (as per the BSE records, MCA records and the company's website as well) at Ahmedabad and Kolkata. Further, the company has not responded to the summons issued during the investigation. It was also observed that the website was maintained by the company just for the name shake since the same was not a functional website containing basic information about the company such as details of its business, financial information, shareholding pattern, contact information etc.*

dd. *It is also observed that GSL did not file quarterly shareholding for the quarter ending June 2013 and September 2013 as required under the listing agreement. It is also observed that except for the financial years 2009-10 & 2010-11, the company has not submitted any annual reports to the stock exchange.*

ee. *It is observed that the preferential shares were issued in physical mode to entities which were connected to each other and to the company as well. Further, some of the allottees were issued shares in lieu of unsecured loan received by the company. These physical shares were further transferred to various entities who dematerialized the shares and offloaded in the market at inflated price.*

ff. *It is further observed that the entities connected to the company/ operators were actively involved in manipulating the price of the scrip. The connected entities by increasing the scrip price, created artificial demand, interest and earning opportunity, thereby inducing other investors to trade in the scrip and fall into the trap. Once the price reached the desired level, the connected entities exited at the higher price booking profit for themselves and causing loss to other investors.*

gg. *From the LTP analysis carried out during both Price Rise Patch and Price Fall Patch and the observations made at para 11 to 22 above, it is established that entities relating to the company/ operators were major contributors to LTP in the Price Rise Patch and contributed substantially to the price rise of the scrip by entering into transactions at prices higher than the last traded price. By carrying out such trades repeatedly, the connected entities established prices higher than last traded price to increase the price of the scrip during the Price Rise Patch. Further, it was also seen that fundamentals of the company were not supporting the price of the scrip during the Price Rise Patch. Such trades cannot be just a mere coincidence and has amounted to manipulation of the price of the scrip.*

hh. *It is alleged that the Noticees were actively instrumental in increasing the prices of the scrip along with the company and in connivance with the operators and their connected entities who exited on market/ off market after dematerializing the shares. Further, the company created shortage of shares available for trading by rejecting large number of demat requests of genuine investors so that the Noticees can inflate the price of the scrip by absorbing the available sell orders.*

ii. *In view of the above discussions, it is alleged that the Noticees were active participants in the scheme devised by the company, operator and connected entities wherein by rejecting investors requests for transfer/ dematerialization of shares reduced the supply of shares in the market and transferred shares allotted to the preferential allottees to others who offloaded those in the market at the inflated prices manipulated by the Noticees. This scheme has been carried out to book illegitimate profits/losses for generation of bogus LTCG/ STCL which is corroborating the observations made in the references forwarded by Income Tax.*

4. I note that the SCN was sent to the Noticees *vide* speed post at the registered address of the Noticees. As per the records, the SCNs sent were delivered at the registered address of the Noticees, except Noticee nos.1, 2, 8, 10, 12,13,14,15 and 16. Subsequently, in terms of rule 7(d) of the SEBI Adjudication Rules and SCRA Adjudication Rules, SCN was serviced through paper publication in (a) *The Times of India, Sandesh & -Ahemdabad Edition Dated January 05, 2022 (b) The Times of India, Navbharat times & Maharashtra Times-Mumbai Edition Dated January 05, 2022 (c)The Times of India, Sanmarg & Sangbad Pratidin-Kolkata edition Dated January 05, 2022.*

5. *Vide* Hearing Notice dated September 22, 2021, hearing was granted to the Noticees on October 5, 6, 7 and 8, 2021. On the Scheduled date, Authorized representative of Noticee No. 13 & 14 appeared and were given time to file their submission. Upon receiving Adjournment requests from several Noticees, in the interest of natural justice, another opportunity of hearing was granted to the Noticees on March 02, 2022, *vide* Hearing Notice dated February 11, 2022. On the scheduled dated, authorized representative for Noticee No. 9 &19 appeared on behalf of Noticee No. 9 & 19 and were heard. Authorized representative for Noticee No.18 appeared on behalf of Noticee No. 18 and was heard. Due to non-delivery of Hearing notice via SPAD, Hearing Notice was serviced vide publication with the following information:

Noticee No.	Name of the Noticee	Newspaper Publication	Date and Time of personal hearing
1	Global Securities Limited	The Times of India, Sandesh & - Ahemdabad Edition Dated January 05, 2022	February 01, 2022 at 09:30 AM
3	Dinkar Bhanuprasad Shrimali	-do-	February 01, 2022 at 10:00 AM
4	Ruchir Jayantilal Pandya	-do-	February 01, 2022 at 10:30 AM
5	Amit Pradipkumar Shah	-do-	February 01, 2022 at 11:00 AM
8	Kamlesh Kanaiyalal Joshi	-do-	February 01, 2022 at 11:30 AM
17	Falguniben Mahavirbhai Gohil	-do-	February 01, 2022 at 12:00 PM
20	Jay Mahavir Gohil	-do-	February 01, 2022 at 12:30 PM
15	Sorab Wadia	The Times of India, Navbharat times & Maharashtra Times-Mumbai Edition Dated January 05, 2022	February 01, 2022 at 04:00 PM
16	Pendyala Vinay Bhushan	-do-	February 01, 2022 at 04:30 PM
12	Mahadev Zilu Gawade	-do-	February 01, 2022 at 05:00 PM
10	Devesh Upadhyay	The Times of India, Sanmarg & Sangbad Pratidin-Kolkata edition Dated January 05, 2022	February 02, 2022 at 09:30 AM

6. I note that vide email dated March 02, 2022, Authorized representative for Noticee No.11, requested for documents including investigation report and Integrated trade log, acceding to its request, all relied upon documents

requested were provided vide email dated April 05, 2022.Hearing for noticee no. 11 was conducted on scheduled on April 21, 2022.

7. I note that Noticee No. 6 (Arvind Babulal Goyal) *vide* its letter dated October 01, 2021 requested for extension of six weeks for First hearing scheduled on October 7, 2021.*vide* email dated March 02, 2022 again requested for extension of hearing Scheduled on March 02, 2022 due to medical reason. Acceding to request of noticee another hearing was scheduled on April 13, 2022.Noticee vide email dated April 15, 2022 again cited medical reasons for not attending hearing. In the interest of Natural Justice, a final opportunity of hearing was scheduled on April 25, 2022 wherein it was informed that noticee can also appoint authorised representative to appear in his behalf and make submissions. *Vide* Email dated April 22, 2022, Noticee No. 6 again expressed its unavailability due to medical reasons. In this regard, it is noted that more than six months has been elapsed since the date of first hearing scheduled. Thus ample time has been given to file reply to the SCN and multiple hearing opportunities have been provided to the noticee no. 6. Acceding to requests of noticee no. 6 would only cause further delay and prejudice to other stakeholders in the present matter. Non Appearance in any of the hearing opportunities provided, reflects casual and imprudent attitude towards current adjudication proceedings. As the said Noticee, has chosen not to respond to the SCN on merits, it would be appropriate to proceed in the matter, based on materials available on record.

8. I Note that adequate opportunities of personal hearing have been provided to all the Noticees. However Noticee Nos.1,6,8,10,13,14,15 and 16 have not filed any reply against the charges levelled in the show cause notice. I am of the opinion that principles of natural justice have been complied with in the present case. As the said Noticees have chosen not to respond to the SCN, it would be appropriate to proceed in the matter, based on materials available on record. In this regard, it is pertinent to mention that the Hon'ble Securities Appellate Tribunal ('SAT') in the matter of **Classic Credit Ltd. vs.**

SEBI (Appeal No. 68 of 2003 decided on December 08, 2006) has, inter-alia, observed that, "........... *the appellants did not file any reply to the second show cause notice. This being so, it has to be presumed that the charges alleged against them in the show cause notice were admitted by them".* It is also pertinent to mention that the Hon'ble SAT in the matter of **Sanjay Kumar Tayal & Others vs. SEBI** (Appeal No. 68 of 2013 decided on February 11, 2014), has also, inter alia, observed that: "........... *appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges leveled against them in the show cause notices..."*. In ***Dave Harihar Kirtibhai vs. SEBI*** (Appeal No. 93, 104, 180 and 181 of 2014) dated December 19, 2014, the Hon'ble SAT has held the following: *"...further, it is being increasingly observed by the Tribunal that many persons/entities do not appear before SEBI (Respondent) to submit reply to SCN or, even worse, do not accept notices/letters of Respondent and when orders are passed ex-parte by Respondent, appear before Tribunal in appeal and claim non-receipt of notice and do not appear and/or submit reply to SCN but claim violation of principles of natural justice due to not being provided opportunity to reply to SCN or not provided personal hearing. This leads to unnecessary and avoidable loss of time and resources on part of all concerned and should be eschewed, to say the least. Hence, this case is being decided on basis of material before this Tribunal....".*

9. The key submissions of Noticee no. 2, *vide* email dated March 01, 2022 to the SCN are reproduced hereunder:
   a. *I was baffled and put in an odd situation of scam with betrayal by my younger cousin brother. I am dis-concern about his company or company shares. Additionally point to be noted that I was not paid any honorarium nor I have taken a single pie from the company ever since in any form. I am innocent. I am put in an odd situation and scam with his cunning behaviour. I accepted my fault of keeping faith in Umesh and signed blank cheques and some letters of the company.*

b. *I bow down before your good self with a plea to rescue me from the blame and scam on my name. I request your good self to kindly take quick steps in catching the main culprit. I beg for justice.*

10. The key submissions of Noticee no. 3, *vide* reply dated September 13, 2017 to the SCN are reproduced hereunder:

a. *At the outset, I am shocked and surprised to note the contents of the said Notice and allegations made therein.*

b. *I was not connected with any of the Noticees except Mr.Rameshchandra Chavan and Mr. Ruchir Pandya, who were my co-directors in the Company Global Securities Ltd. (GSL). There is no mention in the SCN disclosing that how I was connected with various persons mentioned in the SCN.*

c. *I was appointed as a Director of GSL on 21stMarch, 2011 as mentioned in a Table on Page 4 under Paragraph 3 of your Notice. Please note that I was a Non-Executive Independent Director and my role was limited to attending the meetings of the Board of Directors of the Company, participate in the items placed before the Board and contribute in deciding such matters. I was not involved in day to day affairs or management of GSL.*

d. *It is mentioned in your Notice that the preferential allotment of shares of GSL was made during October, 2010, which was before my appointment as a Director of GSL. It is alleged in Paragraph 38 of your Notice that "a scheme was devised .... by allotting preferential shares ...." Please appreciate that if at all any such scheme was devised as alleged, it was devised much before my appointment as a Director of GSL and I can not be made a part of such design.*

e. *I have neither bought nor sold any share of GSL. I was also not aware at any time that who all were buying or selling the shares of GSL.*

f. *I do not know any persons mentioned in the SCN except my co-directors, and am not connected in anyway with any of them.*

g. *I therefore deny all allegations made in the Notice.*

h. *Investigation has unnecessarily implicated me merely because I was a Director of GSL without finding any evidence against me. No person investigated in the matter has given my name as a connected person or as a person even remotely involved in the matter.*

11. The key submissions of Noticee no. 4, *vide* reply dated September 13, 2017 to the SCN are reproduced hereunder:

a. *At the outset, I am shocked and surprised to note the contents of the said Notice and allegations made therein. As I have already relied to a Show Cause Notice (SCN) dated March 29, 2017 received in this matter.*

b. *As mentioned in my earlier reply, I was not connected with any of the Noticees except Mr.DinkarShrimali and Mr.Rameshchandra Chavan, who were my co-directors in the Company Global Securities Ltd. (GSL). There is no mention in the SCN disclosing that how I was connected with various persons mentioned in the SCN.*

c. *I was appointed as a Director of GSL on 23rd September, 2014 as mentioned in a Table on Page 4 under Paragraph 3 of your Notice. Please note that I was a Non-Executive Independent Director and my role was limited to attending the meetings of the Board of Directors of the Company, participate* ***in*** *the items placed before the Board and contribute in deciding such matters. I was not involved in day to day affairs or management of GSL.It is mentioned in your Notice that - (i) the preferential allotment of shares of GSL was made during October, 2010, (ii) the period of Price Rise Patch was from March, 2012 to March, 2013, and (iii) the period of Price Fall Patch was from March, 2013 to April, 2014. It is therefore abundantly clear that almost all these activities were carried out before my appointment as a Director of GSL.*

d. *I have neither bought nor sold any share of GSL.I was also not aware at any time that who all were buying or selling the shares of GSL.*

e. *I do not know any persons mentioned in the SCN except my co-directors, and am not connected in anyway with any of them.I therefore deny all allegations made in the Notice.*

f. *Investigation has unnecessarily implicated me merely because I was a Director of GSL without finding any evidence against me. No person* *investigated in the matter has given my name as a connected person or as a person even remotely involved in the matter.*

12. The key submissions of Noticee no. 5, *vide* reply dated October 18, 2017 to the SCN are reproduced hereunder:

a. *I would like to clarify that I have been appointed as Additional Director on 13th August 2013 in category of Independent Director for your ready reference.*

b. *As per Companies Act, 1956 an Independent Director is not considered as Officer in default as I was not in charge or control of the day to day affairs of the Company or Offence in question.*

c. *Also as per Clause 49 (E)(4) of Listing Agreement executed with Bombay Stock Exchange Limited, an independent director shall be held liable, only in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently with respect of the provisions contained in the Listing Agreement.*

d. *Also please note that I had not consented to regularize as per Section 152(2) of Companies Act, 2013 in the next coming Annual General Meeting after my appointment as Additional Dire tor and resigned on• 23th September, 2014, copy of Form DIR -12 attached for your ready reference.*

e. *Also I am attaching Form No. 24AA, stating my relatives as per Companies Act, 1956, my Directorship in other Companies, Partnership etc. If you refer to the Form and the names that has been mentioned in notice I am no were connected to anyone.*

13. The key submissions of Noticee no. 7, *vide* reply dated February 24, 2022 to the SCN are reproduced hereunder:

a. *We have received your notice no. EAD-8/PM/GD/5832/1/2022 dated February 11, 2022 asking us to attend on 02/03/2022. In this connection we would like to inform you that he has been absolved from all the charges by. order passed by the Securities and Exchange Board of India, vide order no.*

WTM/AB/EFD-1/DRA-11/26/2020-21, Dated March 15, 2021. Under para no. 11 of the order attached herewith. The order says that the allegations do not lead to any violation as alleged in the (SCN) against Satish Mandowara and he was absolved from all the charges.

b. *We therefore request you to drop the penalty proceedings initiated against him in the matter of Global Securities Limited.*

14. The key submissions of Noticee no. 9, *vide* reply dated December 02, 2021 to the SCN are reproduced hereunder:

a. Show cause Notice was issued after an inordinate delay of 3.5 years.

b. Noticee received SCNs under 11(1), 11(4) & 11B of SEBI Act, 1992 and Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, which has caused great prejudice to the Noticee and it amounts to double jeopardy.

c. Noticee submits that statement of Sh. Kumar Raichand Madan recorded before the income tax on 09/04/2013 cannot be relied upon and treated as evidence against the Noticee.

d. There has been no evidence to corroborate the statement of Sh. Kumar raichand has been found during extensive searches by income tax department at notice's residence and office premises.

e. The Noticee is not connected to M/s Global Securities Limited or M/s Zen Shaving Limited.

f. Noticee has placed reliance on learned WTM order dated 08th September, 2020 bearing reference no. WTM/AB/IVD/ID1/8987/2020-21.

15. The key submissions of Noticee no. 11, *vide* reply dated April 16, 2022 to the SCN are reproduced hereunder:

a. At the outset, I wish to submit that since a common SCN to 11 Noticees including me has been issued, I confine myself to the allegation specifically made against me in the SCN.

b. At the further outset, I refute each and every allegations / statements / averment / contention made in the SCN particularly against me unless it is specifically admitted by me in my reply to the SCN. I further say and submit *that the entire SCN are discriminatory and are against the set principle of Law.*

c. *The allegation contained in SCN particularly as against me are farfetched and based on surmises, conjectures, assumption and presumptions.*

d. *Furthermore, SCN is bad in law as the same has been issued after a period of more than 3 - 5 years after execution of alleged trade. BSE is a first stage Regulator and claims that it has most scientific and surveillance mechanisms. Similarly, SEBI as Regulator of all intermediaries and the entities who deal in securities market have also a sophisticated surveillance system. I had not received a single caution letter either from BSE and/or SEBI in the scrip of the Company. Hence, the issue of SCN after a lapse of period of 3 - 5 years has caused extreme mental agony to me. This highly prejudices the case of the Noticee as justice delayed is justice denied. Recently, the Hon'ble Supreme Court of India and the Hon'ble Tribunal took a tough stand against inordinate delay and latches in quasi-judicial proceedings.*

e. *I vide letter dated 03-08-2018 requested for cross examinations of certain entities. However, my request has been totally overlooked. Thus, no reliance should be placed on the statements enclosed with the SCN.*

f. *I further submit that Preferential Allottees have been given clean chit at the stage of investigation itself. Indeed, SEBI has not gone into deeper to find out the purported off market transactions executed by the Preferential Allottees just before the starting of the investigation period. These Preferential Allottees in the SCN were shown connected with the Company and its Promoters. Thus, SEBI has not gone into the root of the fraud.*

g. *It is pertinent to mention that the Ld. Whole Time Member vide its Order dated 08-09-2020, surprisingly and shockingly gave clean chit to Mr. Shirish Chandrakanth Shah and following entities:*

Name of the Entity	*PAN No.*	*Particular*
Mr. Rameshchandra Bhaurao Chavan	*ABKPC8958J*	*Director of the Company*

Mr. Dinkar Bhanuprasad Shrimali	*BJEPS1523E*	*Director of the Company*
Mr. Ruchir Jayantilal Pandya	*ASYPP9350L*	*Director of the Company*
Mr. Amit Pradipkumar Shah	*AOCPS1635M*	*Additional Director*
Mr. Umesh Kashinath Gawand	*AJSPG3604M*	*Additional Director*
Mr. Satish R Mandora	*ACWPM3495P*	*Additional Director*
Mr. Kamlesh Kanaiyalal Joshi	*ADQPJ4015R*	*Managing Director*

h. *It is very pertinent to mention that Mr. Shirish Chandrakanth Shah in his statement given on oath before Income Tax Authorities has made several blasting revelation. However, SEBI is completely silent on the same and gave him clean chit though he accepted that he committed fraud. It is travesty of justice that on one side an entity who had accepted that he had received Rs. 2700 Crore as cash to make black money into white money, was given clean chit by SEBI and on another side people like me are been penalised who have been misused and victim of fraud.*

i. *Further, SEBI itself did not made Mr. Laxman Agarwal and Mr. Praveen Agarwal parties to any proceeding in the captioned matter. Even, no recommendations has been made against them. Further, the Ld. WTM has not recorded any adverse finding against Mr. Kumar Raichand Madan as he expired. Further, in the entire SCN, SEBI has not made any allegation of connection in between me and Mr. Devesh Upadhaya.*

j. *It is further to be noted that most of the counterparties i.e. seller were not made parties to the SCN. In the Investigation Report they were not even warned / cautioned.*

k. *I further say and submit that the allegation of connection amongst 402 entities is totally vague and has been disregarded by SEBI's own Ld. WTM in his Order dated 08-09-2020 wherein he has given clean chit to certain entities who are none other than the Preferential Allottees, purported Operators and Directors / Additional Directors / Managing Directors of the Company. Since most of the entities are either given clean chit or they have not made parties to the SCN, the allegation of connection with those entities is liable to be dropped.*

l. I further refute and deny that I had placed any Order on the floor of the Exchange and executed any trades in the scrip of the Company.

m. It is further submitted that the investigation conducted by SEBI in the captioned matter is incomplete as the investigative authority, SEBI has failed to taken into consideration the following facts and events already in possession of SEBI in another SCN in the matter of EOW Investigation case in Arvind Babulal Goyal and others:

It is submitted ….. Economic Offence Wing.

n. It is submitted that the facts stated by me hereinabove have not been covered by SEBI in its Investigation in the SCN under response, therefore I pray to your goodself to re-investigate the scrip of the Company during the investigation period.

o. Without prejudice to whatever stated hereinabove, I make following additional submissions on the alleged trades got executed in the trading account held in my name:

p. On perusal of the Trade Log data, it is revealed that 7,54,799 shares of the Company have been shown as net buy quantity in my name during the period of investigation. Even assuming without admitting that the trades have been executed by me, by this the allegation of +ve LTP cannot be proved against me. It is obvious that if such a huge net quantity is purchased i.e. 7,54,799 shares of the Company, the price of the scrip may increase. It cannot be denied that by purchasing the shares from market transactions, change of beneficial ownership has taken place. This is not the allegation that circular or reversal trades had been executed in my name.

q. Majority of counterparties to the transactions executed in my name were not connected to me. No such allegation of connection has been alleged. Indeed, most of the entities were given clean chit at the investigation stage.

r. The actual beneficiaries who sold the shares of the Company and made huge profit are not made parties to the present SCN. It means they were given clean chit. Even in the SCN, no mention about what action SEBI had taken / proposed against them. Thus, issue of SCN to me also is not warranted.

s. *However, this is not an allegation against me in the SCN still SEBI should investigate that how I had been shown as Company Secretary of the Company though I neither holds any such degree from ICSI nor do I have given any approval/consent for the same.*

t. *It is alleged in the SCN that I was connected with certain entities whose details is provided in the Annexure 4 enclosed with 11B SCN. My name is mentioned at Connection Reference No. 2 (S. No.1). The allegation of connection has been made with Connection Reference No. 3, 4, 6, 7, 580, 1266, 1301, 1303, 1326, 1349 and 1351. On perusal of Trade Log data and Annexure 4 it is revealed that out of the said 11 purported connected entities, no trades had been matched with 5 of them. The trades matched with the remaining 6 entities contributed to -ve LTP contribution which is admittedly not an allegation in the SCN. I compiled the data in the Table below from Annexure 6 and Trade Log data for your ready reference.*

Connection Ref. No. as per Annexure 6 to the SCN	***Name of the Entity (as a seller)***	***Qtn Matched***	***LTP Contribution (Rs.)***
3	*SORAB WADIA*	*0*	*0.00*
4	*PENDYALA VINAY BHUSHAN*	*0*	*0.00*
6	*MAHADEV ZILU GAWADE*	*176*	*(-) 7.75*
7	*SAGAR KADAM*	*167*	*(-) 3.20*
580	*MAX GROWTH CAPITAL PRO A/C*	*0*	*0.00*
1266	*RAJUL TUSHAR KHIMASIA*	*6000*	*0.00*
1301	*SANGEETA RAJENDRA JAIN*	*9922*	*0.30*
1303	*TUSHAR PREMCHAND KHIMASIA*	*0*	*0.00*

1326	*ABHAY DATTATRAY JAVEKAR*	*0*	*0.00*
1349	*JAY MAHAVIR GOHIL*	*2010*	*1.10*
1351	*DHARMENDRA HARILAL BHOJAK*	*521*	*(-) 27.20*

On perusal of the above Table it is revealed that alleged contribution to net LTP was in negative when trades were matched with these 6 entities against whom allegation of connection has been made against me. No allegation of connection has been made with other entities in the Annexure 6 enclosed with the SCN. Thus, the allegation of +ve LTP due to my trades is baseless and should be dropped.

u. *No sell side Order has been considered. There are numerous trades executed at par to the LTP or below the LTP in the trading account held in my name*.

16. The key submissions of Noticee no. 12, *vide* reply dated December 02, 2021 to the SCN are reproduced hereunder:

a. *I Mr. Mahadev Gawade working as a office boy got your Notice EAD/AO/PM/NK/17879 Regarding company Global Securities ltd, hereby discloses that I don't understand or am so qualified to trade my account was operated by Mr Abhay Javlekar whom knew from 10-12 years he told me to give my account and KYC Documents along with Bank Chequebook & demat book for trading and told he will give me monthly 5000 Rs he opened my account at Arihant Capital,Maxgrowth Capital & irivesteria Financial services ltd & did all the trades in this accounts,I don't have any knowledge of stock Market & he even cheated me & didn't paid me a single penny, Now also get calls from investigation regarding some debit in the account created by Mr Abhay Javlekar,I tried to connect to him but don't pick my calls nowadays.*

17. The key submissions of Noticee no. 17, vide reply dated September 11, 2017 to the SCN are reproduced hereunder:

a. I had earlier received a Show Cause Notice (SCN) dated March 29, 2017 and the same was replied by me vide my letter dated April 27, 2017. I had categorically mentioned in the said' reply that I was not connected with any of the Noticees except Mr. Jay Gohil who is my son. The SCN nowhere disclosed as to how I was connected with any other Noticees or persons/ entities.

b. A voluminous record relating to the investigation in the matter was also sent to me with the said SCN. On perusal of the said record, it can be found that my name is not appearing anywhere and my involvement or connection is not categorically established, and simple remarks are found that I share common address with my son and my mother-in-law. Mr.Jay Gohil, my son, who has also received a similar Notice from you is also not shown in the SCN or Investigation Report as having been connected with any other persons/ entities. His involvement or connection in the matter is also not categorically established, except stating that-

(i) Demat/ physical shares received from promoters/ allottees.

(ii) Common email ID with one Mr.PankajJayantilalDave,

(iii) Received/ transferred funds from Falguniben Mahavirbhai Gohil (my mother) and allottee - Laxmi Edifice Pvt. Ltd.

c. My submissions in relation to the above allegations are as under:

(i) Demat/ physical shares received from promoters/ allottees:

Please note that I had bought the shares of Global Securities Ltd. (GSL) from Laxmi Edifice Pvt. Ltd. through a known source. The transaction was a genuine transaction wherein I was informed that Laxmi Edifice Pvt. Ltd. was in need of funds and was willing to sell the shares of GSL, and that investment in GSL could fetch handsome returns. I had accordingly bought the shares of GSL from Laxmi Edifice Pvt. Ltd., and naturally, such shares were received by me from Laxmi Edifice Pvt. Ltd.

(ii) Common email ID of Jay Gohil with one Mr.Pankaj Jayantilal Dave:

Please note that Jay Gohil' s email ID was and has ever been jaygohil23@yahoo.co.in, whereas that of Mr.Pankaj

Jayantilal Dave shown in the Investigation Report isjay_gohil@yahoo.com. Please note that Jay Gohil or I do not know Mr.Pankaj Dave and his fake email ID is totally unknown to us and the same has never been used by us. Jay Gohil or l have no relationship with the said Mr. Dave and have no financial, business or other dealings or transactions with the said Mr. Dave. I request you to get the matter thoroughly investigated as to how this fake ID is created and whether Jay Gohil or i had any connection or relationship with the said Mr. Dave. I vehemently deny having an association with the said Mr. Dave.

(iii) Received/ transferred funds from Falguniben Mahavirbhai Gohil (me) and allotee- Laxmi Edifice Pvt. Ltd in case of Jay Gohil.:

Please note that I am Jay gohil's mother and I am not connected with any other persons/ entities investigated in the matter. The SCN has nowhere established my connection with any other persons/entities except my son Jay Gohil. Receipt or transfer of funds from the family members cannot be the basis for wild allegations levelled in the SCN. Please also note that transfer of funds to Laxmi Edifice Pvt. Ltd. was made in consideration of purchase of the shares of GSL by us from the said Laxmi Edifice Pvt. Ltd.

d. Except for Paragraph 13 in your Notice for the present adjudication proceedings, nowhere there is a mention of my name or my role in the alleged operation. As far as my dealings as mentioned in the said Paragraph 13 are concerned, it can be seen that such volume is negligible. Please also note that such dealing by me was made independently without any connection with other persons/ entities and the SCN has failed to establish or highlight any such connection.

e. I therefore deny all allegations made in the Notice and particularly mentioned in Paragraph 37 of the said Notice. I submit that I was neither involved nor connected with any other person/ entities involved in the matter. I was a genuine buyer of the shares of GSL and a genuine seller of such shares. The Investigating Officer has never contacted me to find out the facts, and no person/ entity has given my name as a connected person in the matter.

f. The charge levelled against me is based on mere presumption and based on a fake Email created or said to have been used by some Mr. Pankaj Dave. I reiterate that the said Mr. Dave should be put to strict proof before proceeding in the present matter and determining whether I was guilty in the matter.

18. The key submissions of Noticee no. 18, vide reply dated April 07, 2021 to the SCN are reproduced hereunder:

a. At the outset, without prejudice to anything stated hereinafter, I deny all the allegations and findings made against me in the said notice, except to the extent specifically admitted by me. Nothing contained in the said notice may be deemed to be admitted by me for reason of non-traverse or otherwise, save and except what is expressly admitted herein. I deny all the allegations and averments contained in the said notice that are contrary to and/ or inconsistent with what is stated herein.

b. My name appears for the first time in the Show Cause Notice on the table at page 8, at para 13. Other than that my name figures in one of the Annexures i.e 'Annexure 6' wherein I am alleged to be part of 402 entities. Pursuant to this, my name has not been stated anywhere in the Show Cause Notice. This itself establishes that my role is miniscule in the whole proceeding and the issue of Show Cause Notice to me is devoid of merit. As per the table at para 13 it has been alleged that I have contributed to positive LTP by miniscule percentage of 0.95% which itself is not legally tenable. I have carried out a total of 22 trades in the full investigation period of around 25 months ranging from March 16,2012 to April 30, 2014.

c. I was issued a separate SCN under Section 11B of SEBI Act, 1992 ('118 SCN') for trading in the same scrip of Global Securities Ltd. and the Ld. WTM has passed the Final Order on September 08, 2020. It has been held that I am part of the 'alleged group' and I have not refuted or disputed the basis of my connection, as indicated in Annexure 4 of the 11B SCN (which is enclosed in Annexure 6 of this SCN). As regards the findings of the Ld. WTM, it is submitted that:

d. *At that point of time the SCN had not made any specific allegation against me regarding my connection and I was of the opinion that SEBI being the Regulatory Authority would have checked and verified the KYC of the demat account (i.e Aditya Birla Money Limited) wherein I received those shares.*

e. *A cursory glance of the KYC documents would have clearly established that the Account wherein I received those 1,31,000 shares was controlled by Mr. Arvind Goyal. However, after the order was passed, I came to know that all the records have not been gone through.*

f. *In view of the same, I making following specific submissions as regards my alleged connections.*

g. *The details of my alleged connection are contained in Serial No. 378 of the Annexure 6 to the SCN wherein it has been stated that I have received shares in off-market from some entities and transferred shares in off-market to some other entities. In this regard, I submit that the shares of GSL have been received by me in my account with Aditya Birla Money Limited (hereinafter referred to as "Aditya Birla") which was operated and controlled by Mr. Arvind Goyal. The KYC with Aditya Birla clearly shows that the e-mail id in the said account was of Arvind Goyal i.e. agoyal143@yahoo.com. SEBI being a regulatory authority can easily access my KYC records and cross verify the aforesaid submissions.*

h. *Further, Mr. Arvind was allegedly controlling my account with various other brokers i.e Religare Securities, Yoke Securities, Max gain Investment etc. This has also been established by the following orders passed by the Lei. WTMs of SEBI:- Incap Financial Services Limited. In view of the same it is submitted that I have not violated the provisions of Regulation 3(a), 3(b), 3(c) and 3(d), 4(1), 4(2) (a),(e) of the PFUTP Regulations and no penalty be imposed upon me in terms of Rule 4 of Adjudication Rules read with Section 15HA of the SEBI Act.*

i. *From the trade log received during the course of inspection of documents, the following is observed:*

   I. *During the first patch (16/03/2012-01/03/2013) wherein I have been alleged to be one of the top ten contributors on the buy side I have* *only bought 2281 shares and sold 1,31,000 shares. During the second patch (March 02, 2013 to April 30, 2014) I have further bought a total of 71,990 shares.*

II. *Out of my gross quantity of 2,05,271 shares my only buy quantity of 228 shares has alleged to be contributed towards positive LTP of Rs. 15.7.*

III. *In this connection, I submit that the Show Cause Notice has selectively picked up my transaction of 228 shares and alleged that same is manipulative.*

IV. *The trading carried out by me has been picked up selectively and that the allegations in respect of trading have nothing to do with me and I have been wrongly roped in the proceedings without considering the full trading carried out by me. Hence, 99.83% of my trading in first patch was considered genuine and it has neither contributed to price manipulation nor creation of artificial volume.*

V. *It is further revealed from the analysis that the alleged transaction of 228 shares is only 0.17% of my total trading in the entire Investigation Period and hence the said trades cannot be considered to be manipulative to warrant serious allegation of fraudulent and unfair trade practices. Hence, the allegation that I am one of the top ten LTP contributors is prima-facie illegal, perverse, devoid of merit and without any documentary evidence.*

VI. *My trading which has been alleged to be manipulative is 0.002% of total volume at BSE during the Investigation Period.*

VII. *I have traded on only 8 days out of the total of 487 trading days wherein the scrip was traded in a period of nearly 25 months.*

VIII. *The Buy & Sell trades carried out by me have not matched any of the co-noticees hence there is no element of mens- rea in the trades* *carried out by me to warrant senous allegation of fraudulent & unfair trade practice.*

IX. It is further revealed from the trade log & order log analysis that my buy orders, with the exception of one order, have matched with sell orders which were available in the system and I have only matched my order with the said sell orders. A snapshot of my buy trades is as follows

SR. NO	TRADE DATE	CP CLIENT NAME	ORDER TIME	CP ORDER TIME	TRADE TIME	TRADED QTY
1	25-02-2013	NIRAV SURYAKANT DAVE	13:20:14	09:01:53	13:20:14	1
2	25-02-2013	JITENDRA V SURVE	13:20:34	09:47:27	13:20:34	
3	25-02-2013	BHAGWAN DEVI	13:20:34	13:20:40	13:20:40	10
4	25-02-2013	BHAGWAN DEVI	13:20:34	13:20:45	13:20:45	3
5	25-02-2013	NEHAJALAN	15:22:17	15:15:22	15:22:17	940
6	25-02-2013	NEHA JALAN	15:22:27	15:15:22	15:22:27	1,000
7	26-02-2013	ARVINDB HAI JASMAT BHAI RAMANI	10:39:28	09:05:13	10:39:28	110
8	26-02-2013	ASHWIN GOPALBHAI PATEL	10:58:02	09:22:33	10:58:02	10
9	26-02-2013	ASHWIN GOPALBHAI PATEL	10:58:11	09:22:33	10:58:11	90

10	*26-02-2013*	*ASHABEN CHIMANLAL VORA*	*10:58:19*	*10:28:59*	*10:58:19*	*so*
11	*26-02-2013*	*DEOPURA RAMESH CHANDRA*	*10:58:30*	*09:31:22*	*10:58:30*	*30*
Grand Total						*2,281*

The above table reveals that my trade has not influenced the price of the scrip.

k. I submit that I am innocent in the entire matter. The allegations levelled against me in the SCN are deficient of any concrete evidence or documentary proof. therefore state that the allegations levelled in the SCN are false and have been levelled without proper investigation in the matter.

19. The key submissions of Noticee no. 19, vide reply dated March 02, 2022 to the SCN are reproduced hereunder:

a. The Scrip of GSL was in "t" group and thus under continuous surveillance/supervision. Hence, there was no scope for manipulation in the scrip. GSL is presently under suspension on account of surveillance w.e.f Jan 05, 2015.

b. Noticee has transacted in the scrip only on one day on 11.02.2013, during the entire investigation period and is has not sold a single share till now.

c. SCN issued by adjudicating officer suffers from great delay and latches.

d. Noticee received SCNs under 11(1), 11(4) & 11B of SEBI Act, 1992 and Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, which has caused great prejudice to the Noticee and it amounts to double jeopardy.

e. Noticee is alleged to have contributed only to 0.76% to total market positive LTP. out of alleged top ten entities positive LTP contribution of Rs. 817.47, Noticee is alleged to have contributed only 12.6 to total market positive LTP contribution. Thus the purported positive contribution *attributed to Noticee transactions are miniscule and insignificant to the total market positive LTP.*

f. *The Noticee is not connected to the company circle or the operators viz. Shirish Chandrakant Shah, Praveen Agarwal, Laxmendra, Agarwal, Devesh Upadhyay.*

g. *Noticee has placed reliance on learned WTM order dated 08th September, 2020 bearing reference no. WTM/AB/IVD/ID1/8987/2020*

20. The key submissions of Noticee no. 20, vide reply dated September 11, 2017 to the SCN are reproduced hereunder:

a. *I had earlier received a Show Cause Notice (SCN) dated March 29, 2017 and the same was replied by me vide my letter dated April 27, 2017. I had categorically mentioned in the said' reply that I was not connected with any of the Noticees except Mrs. Falguni Gohil who is my mother. The SCN nowhere disclosed as to how I was connected with any other Noticees or persons/ entities.*

b. *A voluminous record relating to the investigation in the matter was also sent to me with the said SCN. On perusal of the said record, it can be found that my name is not appearing anywhere and my involvement or connection is not categorically established, and simple remarks are found that I share common address with my son and my mother-in-law. Mr.Jay Gohil, my son, who has also received a similar Notice from you is also not shown in the SCN or Investigation Report as having been connected with any other persons/ entities. His involvement or connection in the matter is also not categorically established, except stating that-*

(i)Demat/ physical shares received from promoters/ allottees.

(ii)Common email ID with one Mr.PankajJayantilalDave,

(iii)Received/ transferred funds from Falguniben Mahavirbhai Gohil (my mother) and allottee - Laxmi Edifice Pvt. Ltd.

c. *My submissions in relation to the above allegations are as under:*

(i) Demat/ physical shares received from promoters/ allottees:

Please note that l had bought the shares of Global Securities Ltd. (GSL) from Laxmi Edifice Pvt. Ltd. through a known source. The transaction was a genuine transaction wherein I was informed that Laxmi Edifice Pvt. Ltd. was in need of funds and was willing to sell the shares of GSL, and that investment in GSL could fetch handsome returns.I had accordingly bought the shares of GSL from Laxmi Edifice Pvt. Ltd., and naturally, such shares were received by me from Laxmi Edifice Pvt. Ltd.

(ii) Common email ID of Jay Gohil with one Mr.Pankaj Jayantilal Dave:

Please note that Jay Gohil' s email ID was and has ever been jaygohil23@yahoo.co.in, whereas that of Mr.Pankaj Jayantilal Dave shown in the Investigation Report isjay_gohil@yahoo.com. Please note that Jay Gohil or I do not know Mr.Pankaj Dave and his fake email ID is totally unknown to us and the same has never been used by us. Jay Gohil or l have no relationship with the said Mr. Dave and have no financial, business or other dealings or transactions with the said Mr. Dave. I request you to get the matter thoroughly investigated as to how this fake ID is created and whether Jay Gohil or i had any connection or relationship with the said Mr. Dave. I vehemently deny having an association with the said Mr. Dave.

(iii) Received/ transferred funds from Falguniben Mahavirbhai Gohil (my mother) and allotee- Laxmi Edifice Pvt. Ltd in case of Jay Gohil.:

Please note that I am Jay gohil's mother and I am not connected with any other persons/ entities investigated in the matter. The SCN has nowhere established my connection with any other persons/entities except my son Jay Gohil. Receipt or transfer of funds from the family members cannot be the basis for wild allegations levelled in the SCN. Please also note that transfer of funds to Laxmi Edifice Pvt. Ltd. was made in consideration of purchase of the shares of GSL by us from the said Laxmi Edifice Pvt. Ltd.

d. Except for Paragraph 13 in your Notice for the present adjudication proceedings, nowhere there is a mention of my name or my role in the alleged operation. As far as my dealings as mentioned in the said Paragraph 13 are concerned, it can be seen that such volume is negligible. Please also note that such dealing by me was made independently without any connection with other persons/ entities and the SCN has failed to establish or highlight any such connection.

e. I therefore deny all allegations made in the Notice and particularly mentioned in Paragraph 37 of the said Notice. I submit that I was neither involved nor connected with any other person/ entities involved in the matter. I was a genuine buyer of the shares of GSL and a genuine seller of such shares. The Investigating Officer has never contacted me to find out the facts, and no person/ entity has given my name as a connected person in the matter.

f. The charge levelled against me is based on mere presumption and based on a fake Email created or said to have been used by some Mr. Pankaj Dave. I reiterate that the said Mr. Dave should be put to strict proof before proceeding in the present matter and determining whether I was guilty in the matter.

D. CONSIDERATION OF ISSUES AND FINDINGS

21. I have taken into consideration the material available on record. The issues that arise for consideration in the present case are as follows:

I. **Whether Noticee nos. 1 to 20 have violated regulations 3(a),(b),(c),(d) and 4(1), 4(2)(a) and 4(2)(e) of the PFUTP Regulations read with section 12A(a), (b) and (c) of the SEBI Act?**

II. **If yes, whether the violation, on the part of the Noticee would attract monetary penalty under section 15HA of the SEBI Act?**

III. **If yes, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated**

in Section 15J of the SEBI Act read with Rule 5 (2) of the SEBI Adjudication Rules?

22. At the outset, before dealing with the merits of the case, I note that some Noticees have raised the preliminary issue with regard to delay in issue of show cause notice.In this regard I note that the investigation was initiated against a large number of connected entities which apparently took time and ultimately notices were issued to entities in the present matter. Here I find it pertinent to note that during the investigation, information was requisitioned from various entities including but not limited to the stock exchanges, the Company, the directors of the Company, Income tax department, banks, brokers, registrar and transfer agent. Thereafter, the investigation *inter alia* entailed examination of bank statements, know your information (KYC) details, transaction details, ledger accounts, movement of funds and analysis of Scrip. I note from the available record it can be ascertained that adjudication proceedings were approved in the matter in 2016 after completion of investigation. Further upon appointment of the undersigned as AO vide SEBI order dated May 18, 2017, the matter was transferred to the undersigned from the erstwhile Adjudicating officer. The SCN dated July 31, 2017 was issued by the undersigned informing the Noticees, the charges levelled against them. Notices were sent at the registered address of Noticees, and however some of Notices were returned undelivered. Subsequently notices were serviced through Newspaper publication. Thereafter Inspection of Documents were also sought by some entities. Thus, as can be seen from the above, the entire process is quite exhaustive and detailed which involves various steps at different points of time depending on the status and requests of Noticees.

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

given. The Hon'ble SAT while dismissing the aforesaid contention of the appellants held that:

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

24. In **Rajendra Aggarwal vs. SEBI** (Misc. Application No. 426 of 2020 and Appeal No. 552 of 2019), dated September 17, 2021, an appeal was filed against an order of the adjudicating officer imposing penalties against the appellants for violation of regulation 3 and 4 of the PFUTP Regulations. The appellants contended that due to the inordinate delay, the aforesaid order should be quashed since the trades took place in the year 2009, the notice was issued in 2013, the hearing took place in 2018, and 18 months after the hearing, an adjudication order was passed. In this regard, the Hon'ble SAT held:

"13. On issue of delay, we find that the show cause notice was issued in the year 2013 and the trades were executed in 2009. The investigation was against a large number of entities which apparently took time and ultimately notices were issued to 35 entities. Consequently, we do not find any inordinate delay in the issuance of the show cause notice nor do we find any merit in the contention that there was an inordinate delay in the delivery of the impugned order after the last date of hearing by the AO. We are of the opinion that after the conclusion of the arguments the data of 35 entities was required to be analysed and collated which took time and, therefore, we do not see any reason to vitiate the judgment only on the ground of delay in delivering the order. In any case, such

delay in the delivery of the judgment does not cause any prejudice to the appellants."

25. I further note that some Noticee has raised the issue regarding non supply of documents / information such as copy of investigation report etc. In this respect, it is noted that documents which have been relied upon in the SCN to make allegations against the Noticees, have been provided to the Noticees in the SCN. It is noted that the law on the issue of not giving the copy of the investigation report etc. are well settled to the effect that providing of documents which have been relied upon in the SCN to frame allegations/charges are treated as sufficient compliance of the principles governing the Natural Justice. In this connection, your attention is drawn to the observations of the Hon'ble SAT in the matter of **Mayrose Capfin Private Limited Vs. SEBI** (decided on 30.03.2012), wherein SAT held that*:"..the principles of natural justice require that the inquiry officer should make available such document and material to the delinquent on which reliance is being placed in the inquiry. It is not necessary for the inquiry officer to make available all the material that might have been collected during the course of investigation but has not been relied upon for proving charge against the delinquent. No prejudice can, therefore, be said to have been caused to the appellant on this count...."*

26. Further, the Hon'ble SAT, in its order dated February 12, 2020, in the matter of **Shruti Vora vs. SEBI** held that:

"Reliance was also made of a decision of the Supreme Court in Union of India and Others vs E. Bashyan (1988) 2 SCC 196 which has no bearing to the controversy involved in the present context, in as much as, the said decision relates to a disciplinary proceedings wherein the Supreme Court observed that the inquiry report was required to be made available to the delinquent. An inquiry report is totally distinct and different from an investigation report. The inquiry report considers all the materials in the inquiry proceedings which form

the basis of the final order and therefore the said report is required to be made available to the delinquent. In the instant case, the show cause notice relies upon certain documents which have been made available. Thus the investigation report is not required to be supplied".

"The learned counsel has also placed reliance upon a minority view of this Tribunal in Price Waterhouse vs Securities and Exchange Board of India decided by this Tribunal in Appeal No. 8 of 2011 on June 1, 2011 wherein it was observed that fairness demands that the entire material collected during the course of investigation should be made available for inspection to the person whose conduct was in question and that said material should also be supplied. In our opinion, the said minority view is directly against the decision of the Supreme Court in Natwar Singh case (supra)".

"A bare reading of the provisions of the Act and the Rules as referred to above do not provide supply of documents upon which no reliance has been placed by the AO, nor even the principles of natural justice require supply of such documents which has not been relied upon by the AO. We are of the opinion that we cannot compel the AO to deviate from the prescribed procedure and supply of such documents, which is not warranted in law. In our view, on a reading of the Act and the Rules we find that there is no duty cast upon the AO to disclose or provide all the documents in his possession especially when such documents are not being relied upon."

Issue I: Whether Noticee nos. 1 to 20 have violated regulations 3(a),(b),(c),(d) and 4(1)), 4(2)(a) and 4(2)(e) of the PFUTP Regulations read with section 12A(a), (b) and (c) of the SEBI Act?

27. Before moving forward, it is pertinent to refer to the text of regulations 3(a),(b),(c),(d) and 4(1)), 4(2)(a) and 4(2)(e) of the PFUTP Regulations and section 12A(a), (b) and (c) of the SEBI Act, which reads as under:

SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003:

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

(a) buy, sell or otherwise deal in securities in a fraudulent manner;

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

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

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

4. Prohibition of manipulative, fraudulent and unfair trade practices

(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:—

(a) indulging in an act which creates false or misleading appearance of trading in the securities market;

…

(e) any act or omission amounting to manipulation of the price of a security;

<u>SEBI Act</u>

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

12A.No person shall directly or indirectly—

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

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

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

28. Pursuant to receipt of a reference dated April 27, 2015, from the Principal Director of Income Tax (Inv), Kolkata, investigation in the trading activities of GSL was initiated by SEBI. The Company was part of a list of 84 companies which were referred by the Income Tax Department, whose shares prices were alleged to have been rigged by the operators or his affiliates, for providing Long Term Capital Gains Tax/ Short Term Capital Loss advantage to certain clients of the Operator, i.e. beneficiaries. The mode of operation in such cases, is generally that at first certain operators (who are the run the entire scheme) identify companies listed on the stock exchange whose trading volume on the stock exchange concerned is minimal or nil i.e penny stocks and company is dormant and has no substantial business activity and thus no significant corporate announcements. The operator either buys the controlling stake in the by himself or through his front entities and appoints his own people as dummy

directors in that company or the operator approaches the promoters/directors /controlling shareholders of such penny stocks to partner with them in the scheme. The operator then asks the beneficiary to buy the stock of such company at a lower price on the stock exchange platform, or the operator makes the penny stock company to make a preferential allotment to the beneficiary or to its affiliate entities in the physical mode at a price lower than the prevailing price on the stock exchange. The price of the scrip is then manipulated and jacked up over a period of one year or so to reach a desired level by the front entities who are directly or indirectly connected to the operator or the promoters/directors of the penny stock company. After the share price of the penny stock has increased to a desired level, the operators through the shell companies/LLP's/firms, they own and control, pose as buyers for the shares at a predetermined price and time on the stock exchange. The beneficiaries then sell the shares to the non-genuine buyers at the agreed price. It is observed that the funds to buy the shares after the prices are artificially inflated by the operator controlled entities i.e. non-genuine buyers, were provided to them by the beneficiaries themselves, in cash. The similar mode of operation is followed in reverse mode to book short term capital loss for the beneficiaries.

29. I Note that trading in the scrip of GSL was suspended by BSE on April 17, 2000 for non-compliance with Clause 16 of the erstwhile Listing Agreement (for providing shorter notice for Book Closure / Record Date) and was subsequently, again suspended on May 02, 2000 for non-payment of Annual listing fees for the period FY 1997-98 to FY 2000-01. However, trading in the scrip of GSL resumed on BSE on July 30, 2010 after BSE revoked suspension of trading in the scrip.

30. In the present matter, the SCN has alleged that Noticee Nos. 2 to 5 were the Directors of the company. Noticee nos. 9 &10 were alleged to be the Operators who were responsible for organizing the fraud in the scrip of

company in association with Noticee nos. 1 to 8. The SCN also alleges that Noticee no. 11 to 20 were the LTP contributors who being connected directly or indirectly to the Operators/Company, were responsible for manipulating the share price of GSL.

31. I Note from records that on October 23, 2010, GSL made preferential allotment of 1,19,50,000 physical shares at Rs. 10/- to nine entities, out of which 8 were non promoter entities and one was promoter entity, thereby increasing the shareholding in the Company to 1,49,53,600 shares. The shares allotted to non-promoter entities were under lock-in upto October 31, 2011 and the shares allotted to promoter entity were under lock-in till, October 31, 2013, respectively. The company in its filing to BSE has stated that the preferential allotment was made to one promoter entity and 8 non-promoter entities, however, as per MCA website, it was observed that all preferential allottees were connected to the Company by way of common address/ common directors (past directors). I note that GSL had issued 55 lakh shares to entities from Sr. No. 2 to 5 in Table below of Rs. 10 each against the unsecured loans granted by these entities to the Company and 64.50 lac shares of Rs. 10 to entities at sr. no.1 and sr. no. 6, 7, 8 & 9, in the Table 1 given below. Details of allotment is reproduced below:

Sr no.	Name	Category	PAN	NO. OF SHARES	LOCK IN UPTO	CERT. NO.	DISTIN. NO
1	Shree Veer Build Care Pvt. Ltd.	Promoter	AAOCS5056R	1000000	31/10/2013	7126	3003601-4003600
2	Nirav Enterprises Pvt. Ltd.	Non-Promoter	AAACN5235F	1000000	31/10/2011	7127	4003601-5003600
3	Laxmi Edifice Pvt. Ltd.	Non-Promoter	AABCL7505K	1500000	31/10/2011	7128	5003601-6503600
4	Lakshya Sec.& Cre. Holding Ltd.	Non-Promoter	AAACL7744D	1500000	31/10/2011	7129	6503601-8003600
5	Tripada Infra Pvt. Ltd.	Non-Promoter	AAACT9922D	1500000	31/10/2011	7130	8003601-9503600
6	Arcadia Mercantile Capital Ltd. (now known as Saumya Capital Ltd.)	Non-Promoter	AAHCA1175A	1500000	31/10/2011	7131	9503601-11003600
7	S J Sec. Ltd.	Non-Promoter	AAICS9627C	1500000	31/10/2011	7132	11003601-12503600

8	Arunima Real Estate Pvt. Ltd.	Non-Promoter	AAECA5836F	1000000	31/10/2011	7133	12503601-13503600
9	Manibhadra Sec. Ser. Pvt. Ltd.	Non-Promoter	AAGCM6009A	1450000	31/10/2011	7134	13503601-14953600

Two allottees viz., Shree Veer Build Care Pvt. Ltd. (10 lakh shares) and Laxmi Edifice Pvt. Ltd. (5 lakh shares), have not traded on market and off market during the Investigation Period.

32. After the completion of mandatory lock-in period on these shares, the allottees made further off-market transfer to the other Connected Entities who then manipulated the price in the scrip of GSL which witnessed as increase from Rs. 11/- per share on March 16, 2012 to Rs. 151.20/- per share on March 01, 2013. Taking into account aforesaid facts, it was observed that the preferential allotment made by GSL on October 23, 2010, was not a genuine capital raising exercise by the Company, but a scheme devised by the company to artificially inflate the price of scrip of GSL through its connected entities. Moreover, it was also alleged that GSL created shortages of shares available for trading by rejecting many demat requests from genuine investors so that Connected Entities could inflate the price by absorbing existing sell orders.

33. I Note from the replies submitted by Noticee Nos. 2, 3, 4 and 5.They have raised a similar contention that they were on board of directors of the company, However they were not associated with the impugned preferential allotment of shares happened on October 23, 2010.The appointment of aforesaid Noticees have taken place after the preferential allotment of the company. It is also noted from records that Noticee no. 7 & 8 is appointed on July 22, 2013 and October 01, 2012 respectively. It is pertinent to note here Noticee No. 3 & 4 were appointed as Non-Executive Independent Director and Noticee No. 5 was appointed as Additional Independent director. Aforesaid Noticees further contended that their role was limited to attending the meetings of the Board of Directors of the Company and they were not involved in day to day affairs or management of GSL. Details of the management (Directors) of GSL during the

investigation period were as follows:

Source: MCA website

DIN	Name	Director	Appointment Date	Cessation Date
3076660	Mr. Rameshchandra Bhaurao Chavan	Director	16-Mar-11	till date
421839	Mr. Dinkar Bhanuprasad Shrimali	Director	21-Mar-11	till date
6684457	Mr. Ruchir Jayantilal Pandya	Director	23-Sep-14	till date
3066639	Mr. Amit Pradipkumar Shah	Additional Director	13-Aug-13	23-Sep-14
175078	Mr. Umesh Kashinath Gawand	Additional Director	22-Jul-13	10-Sep-13
3146099	Mr. Arvind Goyal Babulal	Additional Director	22-Jul-13	10-Sep-13
3154510	Mr. Satish R Mandowara	Additional Director	22-Jul-13	10-Sep-13
5141194	Mr. Kamlesh Kanaiyalal Joshi	Managing Director	01-Oct-12	13-Aug-13

34. In view of the above finding, I note that Noticee No. 2,3,4,5,7 and 8 raised a valid argument regarding their inability to be held responsible for the company's alleged preferential distribution made on October 23, 2010, when they were not even its directors. I find merit in the contention raised by said Noticees. It is also noted that none of the noticees mentioned above are part of connected entities as identified in the SCN. Accordingly, Noticee no. 2, 3,4,5,7 and 8 cannot be held accountable as they were not the directors of GSL at the time of preferential issuance.

35. I Note that the SCN also alleged that GSL rejected the demat requests of genuine investors to reduce supply of its shares in the market to that extent, thus facilitating price manipulation by Connected Entities, However, any evidence has not been presented in the SCN in support of this allegation, including the number of complaints/requests received by the Company in this regard, the number of demat requests rejected, the reasons why such requests were rejected, the dates on which these requests were rejected, and the total number of shares for which such requests were rejected. Accordingly, the charge of rejecting the demat request and creating a shortage of shares cannot be supported in the absence of any supporting evidence and relevant details.

36. I note that during the Investigation Period the price of the scrip opened at Rs.11 on March 16, 2012, increased to Rs. 156.20 on March 01, 2013 and thereafter fell to Rs.3.66 on January 03, 2014 and closed at Rs. 6.34 on April 30, 2014. Therefore, the period of price rise from March 16, 2012 to March 01, 2013 is considered as Patch-1 by the SCN and the period of price fall from March 02, 2013 to April 30, 2014 is considered as Patch-2 by the SCN. I note that during Patch-1 (from March 16, 2012 to March 01, 2013), the price of the scrip of GSL opened at Rs.11/-, reached a high of Rs.156.5 and closed at Rs. 151.20/- i.e., an increase of 1272.72%, with a net LTP of Rs.140.2 and a market positive LTP of Rs. 1657.23. I note that the price rise in GSL was not supported by any fundamental developments in the financials of the Company. The scrip of GSL was a penny stock and there were no significant corporate announcements during this period in the Company. The SCN has identified that, on the buy side, 97 Connected Entities have traded in the scrip of GSL during Patch-1 of the Investigation Period. During the Price Rise Patch, the Connected Entities bought 30.02 lakh shares which is 46.22% of the market volume and contributed 54.60% to market positive LTP in 683 trades. However, I note that in the SCN, out of the 97 Connected Entities on the buy side who traded during Patch-1, only the top 10 LTP contributors i.e. Noticee no. 11 to 20 have been charged with violations of PFUTP Regulations, 2003. I note that Noticee no. 11 to 20 are the entities connected to the Company/Operator. Further, the top 10 Connected Entities i.e. Noticee no. 11 to 20, by their trades collectively contributed Rs.284.1 to net LTP (202.63% of market net LTP) and Rs. 817.47 out of Rs.1657.23 to market positive LTP, during Patch 1 (49.33% of the market positive LTP in 585 trades for a volume of 6,05,397 shares). Analysis of the trades carried out by connected top 10 LTP contributors on the buy side i.e. Noticee no. 11 to 20, and their contribution to Positive and Negative LTP during this period, is as follows:

Name	PAN	Net LTP			Positive LTP			Negative LTP			Zero LTP		% of +ve LTP to market +ve	No of trading days
		Net LTP	Total Traded Qty	No of trades	Positive LTP	Total Traded Qty	No. of trades	Negative LTP	Total Traded Qty	No. of trades	Total Traded Qty	No. of trades		
PANKAJ JAYANTILAL DAVE	AEPPD0118P	62.8	637586	620	253.07	148894	169	-190.27	121161	132	367531	319	15.27	94
MAHADEV ZILU GAWADE	ALBPG9119H	6.15	247092	451	160.05	74506	126	-153.9	23404	98	149182	227	9.66	60
SAGAR KADAM	CLAPK2809N	50.1	128334	307	133.75	29753	88	-83.65	37300	51	61281	168	8.07	47
DHARMENDRA HARILAL BHOJAK	AFAPB7100D	-4.05	46045	165	73.15	6861	44	-77.2	7560	38	31624	83	4.41	50
SORAB WADIA	ABOPW5107F	60.9	608506	240	68.75	187703	78	-7.85	99355	25	321448	137	4.15	29
PENDYALA VINAY BHUSHAN	BXMPP1272K	40.75	379980	147	45.75	128619	45	-5	41295	19	210066	83	2.76	17
FALGUNIBEN MAHAVIRBHAI GOHIL	ABWPG2137P	28.6	11110	35	29	4230	15	-0.4	250	1	6630	19	1.75	7
JESSE TRADING PVT LTD	AACCJ3651K	11	93065	31	25.65	18228	11	-14.65	6017	3	68820	17	1.55	4
ABHAY DATTATRAY JAVLEKAR	ACVPJ4679B	15.25	2281	11	15.7	228	5	-0.45	10	1	2043	5	0.95	2
VINOD BRIJMOHAN BIYANI	AACPB7721R	12.6	15000	10	12.6	6375	4	0	0	0	8625	6	0.76	1
Top ten total		**284.1**	**2168999**	**2017**	**817.47**	**605397**	**585**	**-533.37**	**336352**	**368**	**1227250**	**1064**	**49.33**	
Connected entities		**331.78**	**3002280**	**2404**	**904.85**	**757507**	**683**	**-573.07**	**419079**	**414**	**1825694**	**1307**	**54.60**	**172**
Market		**140.2**	**6495522**	**5173**	**1057.23**	**1163216**	**1209**	**-1517.43**	**974948**	**1843**	**4357358**	**2921**	**100**	**221**

37. From the above table, it is observed that the top ten entities contributed 49.33% to market positive LTP and 90.34% of the positive LTP contribution by the connected entities. Connected entities by trading among themselves were observed to have contributed Rs.247.88 to positive LTP (14.95% of market positive LTP) in 223 trades for a total volume of 6,49,652 shares. It was observed that major contributor viz., Jay Mahavir Gohil as a seller while trading among connected entities contributed Rs. 29.45 to market positive LTP (1.78% of market positive LTP). It was also observed that in 630 trades, sell orders were placed first and connected entities bought at the sell order price and contributed Rs. 837.97 to positive LTP (50.56% of market positive LTP).

38. It can be seen from the order log analysis that top 5 sell trades placed before the buy orders, contributed to positive LTP. These trades were executed between buyers who were connected entities. Details of these trades are as follows:

Exchange – BSE

Date	Seller Name	Connected entities	BUY ORDER_NO	SELL ORDER_NO	Add / update / delete	BUY ORDER TIME	SELL ORDER TIME	TRADE TIME	BUY ORDER QTY	SELL ORDER QTY	BUY ORDER PRICE	LTP AT ORDER ENTRY	BID PRICE RANGE	ASK PRICE RANGE	TOP ASK VOL	TRADE RATE	LTP CONT	LTP %	Low/ high for the day	TRADE QTY
15/11/2012	NANALAL PARSHOTTAM PARIKH	SAGAR KADAM	15000133016704	20000161000207	Add	09:25:08	09:15:02	09:25:08	200	200	62.8	55.55	57.15-62.8	62.8	200	62.8	7.25	13.05	57-62.85	200
3/12/2012	PRANOTI UDAY SHAH	SAGAR KADAM	16000151055139	14000168000290	Add	11:52:53	09:17:17	11:52:53	2	200	58.6	52.05	53.2-58.6	58-58.6	200	58.6	6.55	12.58	53.25-58.6	2
					Add	09:16:16	09:02:33	09:16:16					54.45	54.45-60.15	1112					
2/11/2012	ANAR PRADHYOT KUMAR SHAH	PANKAJ JAYANTILAL DAVE	21000139004659	13000133001836	update		09:16:00		1050	100	60.15	54.45	54.45-60.15	54.45-60.15	1112	60.15	5.7	10.47	50.45-60.15	100
					Add		15:11:19						57 - 60.1	62.85	200					
15/11/2012	NANALAL PARSHOTTAM PARIKH	MAHADEV ZILU GAWADE	15000133211520	20000161173640	update	15:19:32	15:12:42	15:19:32	200	200	62.8	57	57.5-62.8	62.8	200	62.8	5.8	10.18	57-62.85	200
7/8/2012	M VIJAYA LALITHA	PANKAJ JAYANTILAL DAVE	13000042100746	12000046094399	Add	13:55:48	13:54:27	13:55:48	100	100	43.65	39.65	39.65-43.65	43.65	100	43.65	4	10.09	39.6-43.65	100

39. From the above table, it can be observed that the sell orders were coming first at prices higher than LTP, then the connected entities were placing buy orders at such prices thereby absorbing the sell orders. Thus, on the buy side, the connected entities were contributing to the price rise with their buy orders even though the fundamentals of the company were not supporting the price of the scrip and thereby establishing prices higher than the last traded price. The 38 connected entities who had contributed to the price rise with their buy orders are connected to the operator. In view of the repeated nature of such trades by the connected entities, their culpability in increasing the price of the scrip is thus established.

40. During the Price Rise Patch, it was observed that out of 221 trading days, the connected entities traded for 172 days i.e., 77.82% of the total trading days. During this period, the connected entities bought 30.02 lakh shares which is 46.22% of the market volume and contributed 54.60% to market positive LTP in 683 trades, created artificial demand and interest, thereby inducing innocent investors to trade in the scrip.

41. As stated earlier, 402 entities were observed to be connected to the operators whose primary objective was to inflate the price. It cannot be mere coincidence that the majority of the shares sold were bought by the connected entities, particularly when the price rise was not supported by the fundamentals and financial track record of the company. In any market, supply not matched by similar demand leads to price fall. During the Price Rise Patch, the connected entities created an artificial price rise by absorbing whatever sell orders that were available in the market which was at a price higher than LTP which is evident from net LTP of connected entities that is much higher than net LTP of market. Thus, these entities created misleading appearance of price movement and attracted other investors which resulted in further price rise. The connected entities by increasing the scrip price, created artificial demand and interest, thereby inducing other investors to trade in the scrip. Once the price reached the desired level, the connected entities started exiting at a higher price and thereby booked profits.

42. Patch 2 - Price Fall Patch – 02/03/2013 to 30/04/2014: During this period, the price of the scrip opened at Rs.148.95, reached a low of Rs.3.66 and closed at Rs.6.34 i.e., a fall of 95.74% with a net LTP of Rs.-144.86 and market negative LTP of Rs.-

513.99. During this period, concentration of trades and fall in price of the scrip was particularly observed during the period March 04, 2013 to March 28, 2013. In 18 trading days 4313890 shares were traded in 929 trades and the price of the scrip moved from Rs.148.95 to Rs.79.85 i.e., a fall of 46.4%.On the sell side, 163 connected entities were observed to have contributed Rs.24.12 to net LTP and 72 entities contributed Rs.-144.88 to negative LTP (28.19% of market negative LTP).Top 10 connected entities contributed Rs.-72 to negative LTP (i.e.,14.01% of market negative LTP). Analysis of the trades carried out by the connected top 10 LTP contributors on the sell side and their contribution to Positive and Negative LTP during this period is as follows:

Exchange – BSE

Name	PAN	Net LTP			Positive LTP			Negative LTP			Zero LTP		% of -ve LTP to market -ve	No of trading days
		Net LTP	Total Traded Qty	No of trades	Positive LTP	Total Traded Qty	No. of trades	Negative LTP	Total Traded Qty	No. of trades	Total Traded Qty	No. of trades		
APNE INFRASTRUCTURE PVT LTD	AAHCA0151E	-2.05	121471	311	10.9	8559	7	-12.95	30151	4	82761	300	2.52	11
AMIT JITENDRA THAKKAR	AEBPT6520K	-8	11500	19	0.8	1	1	-8.8	2843	5	8656	13	1.71	5
MADHUBHAI GOHIL HEMABEN	ABWPG2138C	-8.1	15000	16	0	0	0	-8.1	550	2	14450	14	1.58	1
VIJAYARANGAM YOGANAND	AASPY3447R	-7.95	5025	2	0	0	0	-7.95	5025	2	0	0	1.55	1
SUN FLOWER CAPITAL SERVICES PV	AAECS6066K	-6.65	3500	13	0.1	3000	1	-6.75	200	6	300	6	1.31	6
PREETI WADHWANI	ALPPG1338K	-6	56	4	0	0	0	-6	5	1	51	3	1.17	1
AMITA DEVI KOOLWAL	ANWPK6207G	-5.8	52	3	0	0	0	-5.8	44	2	8	1	1.13	2
MUKESH AGARWAL (HUF)	AAMHM1987Q	-5.6	10000	5	0	0	0	-5.6	1377	3	8623	2	1.09	1
KETAN MANHARLAL THAKKAR	AAVPT1199G	-5.25	1000	4	0	0	0	-5.25	25	1	975	3	1.02	1
PATEL KINJALBEN NIRAJBHAI	BZDPP4538B	-4.8	5000	7	0	0	0	-4.8	146	2	4854	5	0.93	2
Top ten total		**-60.2**	**172604**	**384**	**11.8**	**11560**	**9**	**-72**	**40366**	**28**	**120678**	**347**	**14.01**	
Connected entities		**24.12**	**2614864**	**1904**	**169**	**490111**	**152**	**-144.88**	**365455**	**166**	**1759298**	**1586**	**28.19**	**123**
Market		**-144.86**	**4313890**	**4205**	**369.13**	**677934**	**390**	**-513.99**	**538696**	**494**	**3097260**	**3321**	**100.00**	**262**

43. From the above table, it is observed that the top ten entities contributed 49.33% to market positive LTP and 90.34% of the positive LTP contribution by the connected entities. Connected entities by trading among themselves were observed to have contributed Rs.247.88 to positive LTP (14.95% of market positive LTP) in 223 trades for a total volume of 6,49,652 shares. It was observed that major contributor viz., Jay Mahavir Gohil as a seller while trading among connected entities contributed Rs. 29.45 to market positive LTP (1.78% of market positive LTP). It was also observed that in 630 trades, sell orders were placed first and connected entities bought at the sell order price and contributed Rs. 837.97 to positive LTP (50.56% of market positive LTP).

44. Considering the sworn statements of Noticee no. 9 before the Income Tax Dept. (namely statements dated April 13, 2013, June 3, 2013, June 5, 2013, June 11, 2013, November 25, 2013 and January 13, 2014), Noticee no. 10 appears to be running

fraudulent LTCG scheme. Noticee No. 10 has also not refuted or disputed any of the admissions made by him before the Income Tax Dept. He has stated to have owned and controlled around 212 companies and used them as front entities to administer the LTCG Scam. However, I find that GSL does not appear on the list of entities owned and controlled by Noticee No. 9, I also find that Noticee no. 9 does not appear in the list of Connected Entities as alleged in the SCN, to have traded in GSL's stock during the Investigation Period. SCN also points out that the statement dated April 9, 2013, given by Noticee no. 9 to the Income Tax Department, which Noticee no. 9 has called for cross-examination, supports its conclusion that Zen Shaving Ltd. was owned and controlled by Noticee no. 10.I Note that request of cross- examination by Noticee no. 10 cannot be acceded to, because Mr. Madan has expired on October 8, 2016. Other than this, I find there is no other evidence supporting Noticee no. 9's involvement as an Operator in GSL. Thus, I find that allegations made in the SCN, against Noticee no. 9, cannot be sustained in the facts and circumstances.

45. With regard to Noticee no. 10’s role as operator. I Note that Noticee No.10 has admitted to the fact in his statements to the Income Tax Department dated January 3, 2014, January 24, 2014, December 30, 2014 and March 2, 2015, that he was involved in the business of providing accommodation entries on Commission basis and that he used to own and control around 125 companies / proprietorship firms. He also admitted to providing dummy directors for shell companies. As noted, SEBI has determined from the statements referred to it by the Income Tax Department that Noticee no. 10 has provided dummy directors for the four connected entities (namely Goodness Trading Pvt. Ltd., Vishal Holdings & Capital Pvt. Ltd., Sun Flower Capital Services Pvt. Ltd. and Ujjwal Holding Pvt. Ltd.) alleged to have traded in GSL shares. In light of the above facts and corroborating evidence that SCN provided, I hold Noticee No. 10 accountable as the operator for GSL.

46. Noticee No.11 submitted that since BSE is the first stage Regulator, and he had not received a single caution letter either from BSE and/or SEBI in the scrip of the Company, thus SCN is bad in law or proceedings should be dropped. I find that the contention of Noticee No. 11 merely evade the allegations pertaining to the impugned

trades carried with a view to manipulate price in the scrip of GSL. Secondly, I note that the charges made in the SCN do not depend on the proceedings initiated against other entities or market intermediaries.

47. Noticee No. 11 contended that Preferential Allottees and counterparties i.e. sellers were not made parties to SCN. Here I note that the contentions of the Noticee no. 11 are an attempt to deflect the blame on other entities while denying the charges made in the SCN. However, as already stated above, the charges made in the SCN were based on the trade log of Noticee. Further it was found during Patch 1, Noticee no. 1 to 20 are all entities connected to the Company/Operator. Furthermore, being the top 10 connected entities, their trades contributed Rs.284.1 to net LTP (202.63% of market net LTP) and Rs.817.47 out of Rs.1657.23 to market positive LTP (49.33% of market positive LTP for 585 trades for a volume of 605397 shares). The Trades by Noticee no. 11 to 20 during Patch-1 resulted in 90.34% of the positive LTP contribution by the Connected Entities. In view of these significant contributions by Noticee no. 11 to 20, only these Noticees, and not the 97 Connected Entities who traded on the buy side during Patch-1, have been made parties to this SCN.

48. Notcee no. 11 contended that investigation conducted by SEBI in the instant matter is incomplete as the investigative authority, SEBI has failed to taken into consideration the following facts and events already in possession of SEBI in another SCN in the matter of EOW Investigation case in Arvind Babulal Goyal and others. In this regard, I note that it is within SEBI's rights to take action against any and all who may have violated any of the securities laws. I also note that in a related matter where SEBI has issued a show cause notice dated September 11, 2017 in the matter of 'EOW investigation case in Arvind Babulal Goyal', Noticees no. 6 and 14 in the present case are also referred to as noticees in said show cause notice.

49. Noticee No. 11 further contended he was not connected to certain entities as shown in the SCN and the allegation of +ve LTP due to its trades is baseless and should be dropped. In this regard, it is noted that Noticee No. 11 was part of the group of Connected Entities of top 10 net LTP contributors (Rs.284.1, or 202.63% of market net LTP) and top ten positive LTP contributors (Rs.284.1 to net LTP i.e. 202.63% of

market net LTP) and top ten positive LTP contributors (Rs. 817.47 out of Rs.1657.23 to market positive LTP) that were on the buy side, during Patch-1, whose collective trades have resulted in contributing to 49.33% to market positive LTP (Rs. 817.47 out of Rs.1657.23 to market positive LTP) during Patch 1. Connected Entities while trading amongst themselves have contributed to positive LTP during Patch-1. Noticee no. 11 was also involved in these trades. During Patch -1, on majority of the occasions (630 trades to be precise), the sell orders were placed by unconnected entities at prices higher than the LTP, before the buy orders and the Connected Entities (including Noticee no. 11) merely punched in the buy orders and absorbed the price set by the sell orders. In view of the aforesaid facts, contentions of Noticee No.11 are liable to be dismissed.

50. Noticee No.12 contended that his trading and demat account was operated by Mr Abhay Javlekar (Noticee No. 18).In this regard I note that even it is assumed that Noticee No. 18 was operating his trading, demat and bank accounts it does not completely exculpate Noticee no. 12 from any risk exuding from such exchanges, as the primary obligation lies with the Noticee no. 12 itself. Further Noticee No.12 was completely mindful around the operation of the said exchanging accounts, bank accounts and demat accounts by Noticee no. 7, It is also noted that Noticee No.12 even consented for such operation by giving over marked clear cheques and marked clear store instruction slip to Noticee no. 18. I too note that Noticee no. 12 has conceded of being guaranteed by Noticee no. 18 to be paid Rs.5,000/-per month as compensation for the opening of exchanging account, bank account. Therefore, contention of Noticee No.12 are devoid of merits, hence liable to be dismissed.

51. The Primary Contention of Noticee No. 17, Noticee 18 and Noticee no. 20 is that they are not connected with any other Noticees or persons/ entities. In this regard, I note that Notice nos. 11 to 20 (i.e LTP Contributors) may not necessarily be directly connected, but that the fact they are connected to the Company/Operator, establishes their indirect connection amongst themselves. In my view, it is not a coincidence that the said Noticees were directly/indirectly connected with the operators/the company and that their trades tended to be among the top ten net LTP

contributors and top ten positive LTP contributors during Patch-1. Accordingly, I conclude that Noticee 11 to 20 acted in collusion to increase the price of GSL's scrip. Further, they have not disputed trading in the scrip of GSL.

52. I note that Noticee Nos. 11, 18 and 19 have raised contention regarding multiple enforcement actions initiated against the noticees viz. under section 11(1),11(4), & 11B of SEBI Act, 1992 and Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, show cause notices have been issued by WTM and Adjudicating officer respectively. In this regard it is stated that both the proceedings are distinct independent of each other. A direction issued under Section 11B after due investigation under Section 11C is remedial in nature. on the other hand, Section 15I under Chapter VI-A provides for a mechanism for an AO to impose penalties for various violations required to comply with the Act or Regulation.

53. I find it pertinent to refer Hon'ble Securities Appellate Tribunal order in the matter of ***Ms. Sunita Gupta vs Sebi dated 21 April, 2017***

"6. Where a person violates the provisions contained in the SEBI Act and the regulations made thereunder, then, SEBI is empowered to initiate penalty proceedings against that person under Chapter VIA of SEBI Act and also issue directions in the interests of investors or securities market as it deems fit under Chapter IV of SEBI Act. Thus, the powers conferred on the Board under Chapter IV are independent from the powers to impose penalty under Chapter VIA of SEBI Act. Accordingly, in the present case, since the appellant had indulged in synchronized/ circular trades in gross violation of SEBI Act/ PFUTP Regulations and the same was detrimental to the interests of the investors and securities market, the Board deemed it fit to issue direction under Chapter IV in addition to the penalty imposed under Chapter VIA of SEBI Act. Therefore, in the facts of present case, initiation of proceedings under Chapter IV even after initiating proceedings under Chapter VIA cannot be faulted."

54. Noticee no. 18 has contended that the impugned trades he executed constituted only a fraction of 0.95% of the market positive LTP of GSL during Patch-1. Noticee no. 17 has on the other hand argued that her trades constituted only 1.7% of the market positive LTP during Patch-1. I note that although individually the trades by each noticee may seem insignificant, the SCN alleges that Noticee no. 11 to 20 are

part of the Connected Entities. Noticees 11 to 20 comprised the top 10 market positive LTP contributors in Patch 1, contributing a total of Rs. 284.1 to market positive LTP (202.63% of market positive LTP in 585 trades for a volume of 605397 shares) and Rs. 817.47 to market negative LTP (1753.5% of market negative LTP in 585 trades for a volume of 605397 shares). I note that the collective contribution to market positive and net LTP, is by no means insignificant, especially when they have been found to be directly or indirectly related to the Operators or the Company. The charge brought forward by the SCN concerns the practice of collective trading by Noticee no. 11 - 20 which resulted in the manipulation of the price of GSL's scrip. Furthermore, it is no coincidence that Noticee nos. 17 and 18 are considered to be directly or indirectly connected with the relevant Operators / Company while at the same time their allegedly manipulated trades are among the top ten LTP contributors during Patch-1.

55. Noticee No. 18 further contended he received the shares of GSL which was operated and controlled by Mr. Arvind Goyal. The KYC clearly shows that the e-mail id in the said account was of Arvind Goyal i.e. *agoyal143@yahoo.com*. I Note that, even if Noticee no. 6 acted on Noticee no. 18's behalf, that does not absolve them from any liability stemming from such transactions as the primary obligation lies with the Noticee no. 18 itself. Thus, the contention of Noticee No. 18 liable to be dismissed.

56. I Note that Noticee's has placed reliance on Nishith M. Shah HUF Versus SEBI (SAT Order dated 16.01.2020, Appeal No. 97 of 2019), and Manish Suresh Joshi Versus SEBI (SAT Order dated 13.01 .2020, Appeal No.2 of 2020).

57. I note that Hon'ble SAT in the Nishit M Shah case has observed that "Allegation that the appellant has contributed to the LTP cannot be upheld in the absence of any collusion with the buyer or promoter / director of the Company." I note in the instant case that although no collusion is alleged by the SCN between the sellers and buyers (except for some trades carried out between the Connected Entities themselves), sufficient evidence has been put on record insofar as establishing how the buyers are directly or indirectly connected with the Operators / Company. For

instance Connection details of Noticee No.11 is among many other connection linkages, Noticee no. 11 was director of one entity M/s. Arrow Asia Stock Broking Ltd. further he also shares common email id with Noticee no.6.With respect to Noticee no. 20, he has received physical shares from promoters/ preferential allottees of GSL and Noticee no. 20 also shares common email id with GSL.

58. Noticee No. 18 has relied upon the decision of the Hon'ble SAT in the matter of Manish Suresh Joshi v. SEBI (SAT order dated 13/01/2020, Appeal no. 2 of 2020). I note that in the said case Hon'ble SAT observed that if the connections establishing the linkage between the 'price manipulator' with the Company/ Operator/ directors/ promoters / preferential allottees is weak or broken, then the charge of artificial price increase by manipulation, is not sustainable. It is noteworthy that in this case, Noticee no. 21 has been shown to have direct and indirect connections with the Operators and the Company, in a variety of different ways. In addition, Noticee no. 18 has not specifically denied or disputed any of the connections drawn between Noticee no. 18 and Operators or Company. Hence, the contention of the Noticee no. 18 based on the Manish Suresh Joshi case (supra) is not sustainable.

59. Noticee No. 18 submitted that its Buy & Sell trades carried out have not matched any of the co-noticees hence there is no element of mens- rea and also submitted its trade log & order log analysis. Here, I note that Noticee was part of connected entities that traded in the scrip of GSL.I note from the trade analysis of Noticee No. 11-20, they have collectively contributed Rs.284.1 to net LTP (202.63% of market net LTP) and Rs. 817.47 out of Rs.1657.23 to market positive LTP during Patch 1 (49.33% of the market positive LTP in 585 trades for a volume of 605397 shares). During the course of acting in concert as part of a group, some members' trading may have negatively impacted the LTP on a net basis while others may have positively impacted the LTP. It is important to examine the aggregate net LTP contribution made by the trades of members of the group to understand the overall impact of the trading by the members.

60. Noticee No. 19 contended that he has wrongly been classified as a connected entity and thus the allegation of the Connected Entities contribution to price rise in Patch-1 does not sustain. According to SCN Noticee No. 19 has bought shares in off-market from another connected entity namely Nandlal M. Bhimani – HUF. Here, I note from material available on record, that SCN fails to mention how Nandlal M. Bhimani-HUF is connected to any of the Operators / the Company / its directors / its promoters / allottees of preferential allocations. Therefore, in the absence of proof as to how Nandlal M Bhimani-HUF is a part of the Connected Entities, I find that Noticee no. 19 cannot be deemed as a LTP contributor. So, it can be seen that SCN fails to establish that Noticee no. 19 is part of the group of Connected Entities, on both fronts namely that he has not purchased shares in off-market, nor is Nandlal M. Bhimani - HUF part of the group of Connected Entities. Hence, the charges levelled against him on the basis of his being part of the group of Connected Entities are not established.

61. I note from material available on record that preferential allottees were connected with each other or the Company or the Connected Entities by way of common address/common directors. As per SCN, a total volume of 1,08,09,412 shares were traded by 1,351 entities. Out of 1351 entities who traded during the Investigation Period, 353 entities net sold 52,16,094 shares (48.25% of the market volume) on market. Out of these, 201 entities were observed to be entities who dematerialized shares that were originally issued to the preferential allottees and then sold 38,78,469 shares on market for a total value of Rs. 43,36,81,542.70. Thus, I find that around 74.36 % of the shares that were net sold on market during the Investigation Period, actually originated from the shares that were issued to the preferential allottees. Taking into account the facts above, it clearly indicates that in the preferential allotment made by GSL, the Company's primary objective was not to raise capital for an economic activity but to connive with Operators and Connected Entities in implementing their broad scheme of LTCG Scam by way of a sham preferential allotment exercise and further manipulation of price in its shares.

62. In view of the above analysis, I find that Noticee no. 1 by employing the preferential allotment as a device to ultimately defraud the investors dealing in securities has violated Regulation 3(c) and Regulation 4(1) of SEBI (PFUTP) Regulations, 2003. As noted above, the Directors of GSL cannot be held responsible as they were not Directors of GSL at the time of GSL's preferential issue of GSL. I hold that Noticee No. 6,10 and 11 were operating the trading and demat accounts of co noticees. I also note that Noticee no. 6, 10 and 11 by acting as the Operators have engaged into a practice which would operate as fraud or deceit upon gullible investors in connection with dealing in securities, has violated SEBI (PFUTP) Regulations, 2003. I also find that Noticee no. 12, 13, 14, 15, 16, 17, 18 and 20, by indulging into acts of commission and omission, amounting to manipulation of the price of the scrip of GSL have violated Regulations 3(a), 4(1), 4(2)(a) and 4(2)(e) of SEBI (PFUTP) Regulations, 2003.With respect to Noticee No. 2,3,4,5,7,8,9 and 19 as mentioned in detail in foregoing paras, the charges brought forth in the SCN do not stand established.

Issue II. If yes, whether the violation, on the part of the Noticee would attract monetary penalty under section 15HA of the SEBI Act?

63. I note that the Apex Court in the case of **SEBI Vs Shri Ram Mutual Fund** (Appeal Civil 9523-9524 of 2003) dated May 23, 2006 has held that *“In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established.”*

64. Further, vide order dated April 26, 2013 the **Hon’ble Supreme Court of India in the matter of N Narayanan vs. SEBI** (Appeal Nos. 4112-4113 of 2013) held as under:-

“SEBI, the market regulator, has to deal sternly with companies and their Directors indulging in manipulative and deceptive devices, insider trading etc. or else they will be failing in their duty to promote orderly and healthy growth of the Securities market. Economic offence, people of this country should know, is a serious crime which, if not properly dealt with, as it should be, will affect not only country’s economic growth, but also slow the inflow of foreign investment by genuine investors and also casts a slur on India's securities market. Message should go that our country will not tolerate market abuse and that we are governed by the Rule of Law. Fraud, deceit, artificiality, SEBI should ensure, have no place in the securities market of this country and market security is our motto."

65. In view of the above, I am convinced that it is a fit case to impose monetary penalty on the Noticee under the provisions of Section 15HA of the SEBI Act, 1992, which reads as under

SEBI Act, 1992

15HA. *If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty of twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.*

Issue III. If yes, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act read with Rule 5 (2) of the SEBI Adjudication Rules?

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

SEBI Act, 1992

15J While adjudging quantum of penalty under [110][15-I or section 11 or section 11B, the Board or the adjudicating officer] shall have due regard to the following factors, namely :—

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

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

(c) the repetitive nature of the default.

[Explanation.—For the removal of doubts, it is clarified that the power […] to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.]

67. In the instant case, from the material available on record, any quantifiable gain or unfair advantage accrued to the Noticee or the extent of loss suffered by the investors as a result of the aforesaid violations by the Noticee is not available. Further, with respect to the repetitive nature of the default, the orders that have been passed against few of the Noticees has been tabulated below:

Noticee	SEBI Order and Date
Noticee No.6	Penalty of Rs. 1 Lakh vide AO dated August 31, 2010 in the matter of Alpha Hi Tech Fuel Ltd.
	Penalty of Rs. 1 Lakh vide AO dated October 28, 2010 in the matter of Birla Leasing & Infrastructure.
Noticee No.9	WTM order dated February 22, 2007 restrained from accessing the securities market and prohibiting, buying, selling or dealing in securities, directly or indirectly for a period of 2 years.
	WTM order dated July 19, 2010 restrained from accessing the securities market and prohibiting, buying, selling or dealing in securities, directly or indirectly for a period of 2 years.
	WTM order dated August 18, 2010 to make public announcement for making open offer and pay interest of 10% P.A. to shareholders or loss of intrest caused to shareholders foer the period of delay.
	WTM order dated January 14, 2009 restrained from accessing the securities market and prohibiting, buying, selling or dealing in securities, directly or indirectly for a period of 2 years.
	Penalty of Rs. 3 Lakh vide AO dated September 01, 2009 in the matter of Fast Track Entertainment.
Noticee No.18	Administrative warning dated May 12, 2011 in the matter of Crazy Infotech Ltd.

68. I am aware of the fact that the default in question pertains to the year 2012-14, and since then considerable amount of time has passed. Further, the Hon'ble SAT in ***P.G Electroplast Ltd. vs. SEBI*** (Appeal No. 281 of 2017), dated August 02, 2019, has held that an order passed in corresponding proceedings before the whole time member should be factored in while fixing the quantum of penalty. In this regard, I note that, a separate and parallel proceeding was initiated against the Noticees under the provisions of sections 11(1), 11(4) and 11B (1) of the SEBI Act under the same facts pursuant to

which Hon'ble WTM has passed the order dated September 08, 2020. *Vide* the September 08, 2020 order, the whole time member has *inter alia* passed the following directions with respect to the Noticees in the present matter:

a. Noticee no. 1 and 10 are hereby restrained from accessing the securities market in any manner whatsoever and are further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of one (1) year from the date of coming into force of this order;

b. Noticee no. 6, 12, 13, 15, 16, 17, 18 and 20 are hereby restrained from accessing the securities market in any manner whatsoever and are further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of six (6) months from the date of coming into force of this order;

c. Noticee no. 11 and 14 are hereby restrained from accessing the securities market in any manner whatsoever and are further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of three (3) months from the date of coming into force of this order;

d. Proceedings against Noticee no. 2, 3, 4, 5, 7, 8, 9 and 19, stands disposed off.

E. ORDER

69. After taking into consideration the nature and gravity of the violations established in the preceding paragraphs and in exercise of the powers conferred upon me under section 15-I of the SEBI Act read with rule 5 of the SEBI Adjudication Rules and SCRA Adjudication Rules, I hereby impose penalty on the Noticee as follows:

Noticee No.	**Noticee**	**Violation**	**Penal provisions**	**Penalty (in Rs.)**
1.	Global Securities Limited	Regulations 3(a), (b), (c), (d), and 4(1), 4(2) (a) and 4(2) (e) of the PFUTP Regulations	Section 15HA of SEBI Act	10,00,000
6.	Arvind Goyal Babulal			5,00,000

Noticee No.	Noticee	Violation	Penal provisions	Penalty (in Rs.)
10.	Devesh Upadhyay			5,00,000
11.	Pankaj Jayantilal Dave			1,00,000
12.	Mahadev Zilu Gawade			2,00,000
13.	Sagar Kadam			2,00,000
14.	Dharmendra Harilal Bhojak			1,00,000
15.	Sorab Wadia			2,00,000
16.	Pendyala Vinay Bhushan			2,00,000
17.	Falguniben Mahavirbhai Gohil			2,00,000
18.	Abhay Dattatray Javlekar			2,00,000
20.	Jay Mahavir Gohil			2,00,000

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

ENFORCEMENT → ORDERS → ORDERS OF AO → PAY NOW

71. The Noticees shall forward the said demand draft or the details/ confirmation of penalty so paid through e-payment to the Division Chief, Enforcement Department-I, SEBI, in the format given in table below:

Case name	
Name of payee	
Date of payment	
Amount paid	
Transaction no	
Bank details in which payment is made	
Payment is made for	Penalty

72. In terms of rule 6 of the SEBI Adjudication Rules and SCRA Adjudication Rules, copies of this order are sent to the Noticees and SEBI.

Place: Mumbai **PRASANTA MAHAPATRA**

Date: May 31, 2022 **ADJUDICATING OFFICER**