BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

ADJUDICATION ORDER NO. Order/VV/AK/2022-23/18169-18213

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

In the matter of Global Infratech & Finance Ltd

In respect of:

Noticee No.	Entities Name	PAN
1	Raj Kumar Sharma	BMIPS9482B
2	Puspal Chandra	ACRPC1647G
3	Rajendra Kumar Kothari	AFUPK9415J
4	Priti Kothari	AQVPK7342Q
5	Saroj Devi Kothari	ARCPK1018M
6	Dilip Kumar Mandal	BQCPM7585H
7	Nishant Kothari	BJTPK3949M
8	Global Infratech & Finance Ltd	AABCA4255H
9	Pravin Sawant	ANTPS3885K
10	Jagdish Chander Sharma	ARSPS7837E
11	S Krishna Rao	AGWPR3410R
12	Ashok Bothra	AADPB5818Q
13	Surendra B Jiwrajka	AACPJ4316L
14	Ashok B Jiwrajka	AACPJ3610K
15	Dilip B Jiwrajka	AAGPJ8756J
16	Rajan Mittal	AIRPM1329B
17	Kishore Premchand Laharani HUF	AAAHK2645F
18	Kishore Premchand Laharani	AABPL2052J
19	Puneet Kishor Lahrani	ACQPL6691J
20	Reena Kishorre Lahrani	ABIPL5205F
21	Mehr Lokesh Gurnani	ASUPG4897M
22	Suman Anchalia	ABDPA3331Q
23	Sangeeta Nawal Agarwal	AEQPA2693M
24	Nawal Basudeo Agarwal	AABPA1746L

Noticee No.	Entities Name	PAN
25	Lokesh Shankar Gurnani	AFBPG4873R
26	Karishma Deepak Agrawal	AJPPA3795E
27	Dilipkumar Jain Ranulal	AAPPR0742R
28	Nirmala Bai Kochar	ABDPK2910R
29	Debraj Debabrata Shome	AXMPS7375P
30	Sunita Agrawal	ABAPA4737B
31	Rajesh Basudeo Agrawal	AABPA3089N
32	Sanjay Basudeo Agarwal	AABPA1748E
33	Anita Sanjay Agarwal	AADPA5448B
34	Anant Jain	AHHPA9338B
35	Ashish Begwani HUF	AAFHA2776J
36	Deepakkumar Ganeshkumar Agrawal	AGOPA1550H
37	Nitin Babubhai Mehta	AADPM2917M
38	Vivek Kumar Anchalia	AREPA3396C
39	Deepak Ganeshkumar Agarwal HUF	AAFHD8061H
40	Kaushalaya Agarwal	ADDPA1209M
41	Poonam Anchalia	AOXPA8831Q
42	Anoop Jain	AADPJ2136K
43	Anoop Jain (HUF)	AAAHA6321A
44	Ritu Jain	AAMPJ9586C
45	Ammaji Anumolu	ABHPA0658E
46	Anumolu Harshitha	ACAPH3599M

(The aforesaid entities are hereinafter individually referred to by their respective names / Noticee Serial Number and Noticees 1-11 and 13-46 collectively referred to as **"Noticees**.")

(I also note that Adjudication Order dated February 25, 2022 bearing reference no. Order/VV/AK/2021-22/15128 has already passed with respect to Ashok Bothra (Noticee 12)

A. BACKGROUND

1. Global Infratech and Finance Limited (hereinafter referred to as **'GIFL'/ 'Company'**) was incorporated on January 06, 1995. The Company was promoted by Radhe Shyam Poddar & Gopal Poddar to carry out the activities of investment, leasing, bill discounting and operations of Secondary market. GIFL got listed on the Bombay Stock Exchange Limited (hereinafter referred to as **'BSE'**) on February 23, 1996. The scrip was under suspension for 15 years. The suspension was

revoked with effect from November 18, 2011 and trading in the scrip commenced from June 25, 2012 (i.e. subsequent to the preferential allotment). Company has changed its name from Asianlak Capital & Finance Ltd. to Global Infratech & Finance Ltd., in the year 2012.

2. The company has made two preferential allotments in January 19, 2012 and June 12, 2012. The first preferential allotment was made in January 19, 2012 to wherein 1,05,05,000 shares were allotted to 49 entities. Subsequently, the second preferential allotment was made on June 12, 2012 wherein 98,50,000 shares were allotted to further 44 entities. The share allotted in preferential allotment were under lock-in in for one year as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as "**ICDR Regulations"**).

3. The trading in the scrip commenced from June 25, 2012. The price of the scrip opened at Rs.7.99 on June 25, 2012 and increased to Rs.57.20 on December 12, 2012. There was a stock split in the ratio of 10:1 with effect from December 13, 2012. The price of the scrip reached its highest level of Rs.93.15 on November 26, 2013. Thereafter price of the scrip declined and closed at Rs.10.77 on September 4, 2014. For analysis of price rise, period from June 25, 2012 to December 12, 2012 (pre-split) and December 13, 2012 to November 26, 2013 (post-split) has been taken as patch-1 and patch 2 respectively. For analysis of price fall, period from Nov 27, 2013 to Sep 04, 2014 has been taken as patch-3. The same has been mentioned in tabular format below:

Period	Dates		Open (Rs)	Close (Rs.)	Low (Date) (Rs.)	High (Date) (Rs.)	Avg. no. of (shares) traded daily
During Investigation period	Patch 1 (25/06/12-12/12/12)	Price	7.99	57.2	7.99(25 Jun 12)	57.2 (12 Dec 12)	37
		Vol.	200	2	0(26 Jun 12)	1,000 (12 Nov 12)	
	Patch 2 (13/12/12-26/11/13)	Price	5.80	92.20	5.8 (13 Dec 12)	93.15 (26 Nov 13)	384,344
		Vol.	2	723,980	0(19 Dec 12)	1,171,300(05 Aug 13)	
	Patch 3 (27/11/13 – 04/09/14)	Price	92.15	10.77	10.35(04 Sep 14)	93.15(03 Jan 14)	467,159
		Vol.	255,752	377,059	1(18 Jul 14)	3,390,500(24 Mar 14)	
Post investigation period	(05/09/14-05/12/14)	Price	11.30	23.40	10.75(08 Sep 14)	27.75(28 Nov 14)	2,80,776
		Vol.	47,997	10,514	20(27 Oct 14)	1,104797(28 Oct 14)	

4. During the financial year 2013-14 and 2014-15, GIFL had earned revenue of Rs. 24.87 crore and Rs. 38.36 crore respectively and Net Profits of Rs.1.61 crore and Rs.0.76 crore respectively. During the investigation period, no major corporate announcements were made by the company other than the declaration of financial results, split announcement, and meeting of the Board of Directors of the Company. There were no factors that could support the price rise. Despite the poor fundamentals, the price of the scrip has increased manifold and to its highest level on November 26, 2013, when the company market capitalization value stood at over Rs. 2,223 crores. The same has been tabulated below:

Particulars	FY-Year Ended (Rs. in Crore)		
	2013	**2014**	**2015**
Sales	15.05	24.87	38.36
Other Income	0.07	0.01	-
Total Income	15.12	24.87	38.36
Profit /Loss after Tax	1.05	1.61	0.76

B. APPOINTMENT OF ADJUDICATING OFFICER

5. Shri Sahil Malik was appointed as the Adjudicating Officer (hereinafter referred to as "**erstwhile AO**") by a communique dated June 20, 2017 under section 19 read with section 15-I(1) of the SEBI Act, 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as "**Adjudication Rules**") to conduct adjudication proceedings in the manner specified under Rule 4 of Adjudication Rules read with section 15I (1) and (2) of SEBI Act, and if satisfied that the Noticees 1-7 are liable for violation of Regulation 3(a),(b),(c)&(d), 4(1),4(2)(a)&(e) of PFUTP Regulations and Noticees 8-11, 13-46 liable for violation of Regulation 3(a),(b),(c)(d), 4(1) of PFUTP Regulations, then impose such penalty as deemed fit in terms of Rule 5 of Adjudication Rules read with Section 15HA of SEBI Act. Pursuant to the transfer of erstwhile AO, *vide* communication order dated August 13, 2019 the case has been transferred to undersigned. It has been advised that except for the change of the Adjudicating Officer the other terms and conditions of the original orders "*shall remain unchanged and shall be in full force and effect*"' and that the "*Adjudicating Officer shall proceed in accordance with the terms of reference made in the original orders*".

C. <u>SHOW CAUSE NOTICE, REPLY, HEARING</u>

6. A common Show Cause Notice dated January 08, 2018 (hereinafter referred to as "**SCN**") was inter-alia issued to the Noticees under Rule 4 of the Adjudication Rules to show cause as to why an inquiry should not be initiated and penalty be not imposed under section 15HA of the SEBI Act, 1992 for the alleged violations specified in the SCN. SCN has been duly delivered to all the Noticees in terms of rule 7 of Adjudication Rules. Further, in response to SCN Noticees except Noticee 10 filed their reply through various letters/emails. Details of the replies are mentioned below:

Noticee No.	Noticee Name	Reply/Written Submission and Additional Submission (Letter/Email Dated)
1	Raj Kumar Sharma	24/01/2018, 20/02/2019, 26/11/2021, 14/12/2021
2	Puspal Chandra	24/01/2018, 20/02/2019, 17/11/2021, 14/12/2021
3	Rajendra Kumar Kothari	24/01/2018, 20/02/2019, 17/11/2021, 14/12/2021
4	Priti Kothari	24/01/2018, 20/02/2019, 17/11/2021, 14/12/2021
5	Saroj Devi Kothari	24/01/2018, 16/02/2018, 17/11/2021, 14/12/2021
6	Dilip Kumar Mandal	24/01/2018, 20/02/2019
7	Nishant Kothari	24/01/2018, 20/02/2019, 17/11/2021, 14/12/2021
8	Global Infratech & Finance Ltd	05/07/2018, 26/05/2022, 20/05/2022
9	Pravin Sawant (Director)	24/01/2018
10	Jagdish Chander Sharma (Director)	No reply
11	S Krishna Rao	02/02/2018
13	Surendra B Jiwrajka	05/02/2018,13/02/2018
14	Ashok B Jiwrajka	
15	Dilip B Jiwrajka	
16	Rajan Mittal (Noticee 15)	21.03.2018
17	Kishore Premchand Laharani HUF	24/01/2018, 12/02/2018, 14/05/2019, 12/11/2019, 02/02/2020, 12/03/2021, 26/03/2021.
18	Kishore Premchand Laharani	24/01/2018, 12/02/2018, 14/05/2019, 12/11/2019, 02/02/2020, 12/03/2021, 26/03/2021.
19	Puneet Kishor Lahrani	24/01/2018, 12/02/2018, 14/05/2019, 12/11/2019, 02/02/2020, 11/08/2020, 12/03/2021, 26/03/2021.
20	Reena Kishore Lahrani	24/01/2018, 12/02/2018, 14/05/2019, 12/11/2019, 11/08/2020, 12/03/2021, 26/03/2021.
21	Mehr Lokesh Gurnani	24/01/2018, 12/02/2018, 14/05/2019, 12/11/2019, 11/08/2020, 02/02/2020, 12/03/2021, 26/03/2021
22	Suman Anchalia	15/02/2018, 24/03/2018, 15/04/2018, 19/04/2018, 15/06/2018, 05/07/2018, 06/09/2018, 21/12/2019,
23	Sangeeta Nawal Agarwal	05/07/2018
24	Nawal Basudeo Agarwal	20/12/2021
25	Lokesh Shankar Gurnani	14/05/2019, 12/11/2019, 02/02/2020, 11/08/2020, 12/03/2021, 26/03/2021.
26	Karishma Deepak Agrawal	30/11/2018, 26/03/2018, 28/03/2018
27	Dilip kumar Jain Ranulal	31/01/2018, 09/04/2018, 05/07/2018, 06/09/2018, 21/12/2021
28	Nirmala Bai Kochar	31/01/2018,15/04/2018,15/06/2018, 05/07/2018, 21/12/2019, 06/09/2018, 01/07/2019, 22/12/2021

29	Debraj Debabrata Shome	09/01/2018, 15/04/2018, 29/01/2018, 01/06/2018, 25/05/2018, 02/07/2018, 13/07/2018, 03/06/2019
30	Sunita Agrawal	20/12/2021
31	Rajesh Basudeo Agrawal	20/12/2021
32	Sanjay Basudeo Agarwal	20/12/2021
33	Anita Sanjay Agarwal	20/12/2021
34	Anant Jain	31/01/2018, 15/04/2018, 10/06/2018, 05/07/2018, 15/06/2018, 06/09/2018, 21/12/2019, 22/12/2021
35	Ashish Begwani HUF	15/02/2018
36	Deepak kumar Ganeshkumar Agrawal	21/03/2018, 28/03/2018, 30/11/2018
37	Nitin Babubhai Mehta	30/01/2018, 22/02/2018, 20/03/2018, 18/07/2018, 08/10/2018, 15/12/2021.
38	Vivek Kumar Anchalia	15/02/2018, 24/03/2018, 19/04/2018, 02/07/2018, 05/07/2018, 06/09/2018, 01/07/2019, 12/07/2019, 21/12/2019.
39	Deepak Ganeshkumar Agarwal HUF	21/03/2018, 28/03/2018, 30/11/2018.
40	Kaushalaya Agarwal	20/12/2021
41	Poonam Anchalia	15/03/2018, 24/03/2018, 15/04/2018, 19/04/2018, 05/07/2018, 06/09/2018, 01/07/2019, 21/12/2019
42	Anoop Jain	30/01/2018, 10/03/2018, 17/05/2019, 13/12/2021, 18/05/2022,
43	Anoop Jain (HUF)	30/01/2018, 10/03/2018, 17/05/2019, 13/12/2021, 18/05/2022.
44	Ritu Jain	18/05/2022, 17/05/2022, 13/12/2021, 10/03/2018, 30/01/2018
45	Ammaji Anumolu	23/01/2018, 20/12/2021, 23/05/2022, 06/06/2022, 22/12/2021
46	Anumolu Harshitha	23/01/2018, 20/12/2021, 23/05/2022, 06/06/2022, 22/12/2021

7. The allegations levelled in the SCN has been summarized below:

   a) Noticees 1 to 7, who were allegedly connected to GIFL, were major LTP contributors as sellers. From the order log analysis of trades of the Noticee 1 to 7, it has been alleged that they were repeatedly placing sell orders for small quantity (in spite of having sufficient shares in their demat account) of 1 to 4 shares at successively higher price, when large buy order quantity was pending in the scrip, thereby they are responsible for manipulating the price of scrip and artificially inflate the price of the scrip of GIFL. Therefore, it is alleged in the SCN that the Noticee No 1 to 7 had manipulated the price of the scrip of GIFL and violated the provisions of Regulation 3(a),(b),(c),(d) and Regulation 4(1),4(2) (a), (e) of PFUTP Regulations.

   b) GIFL was part of scheme to manipulate the price of the scrip to benefit promoter, promoter related entities and connected preferential allottees. A company cannot act by itself, but only through its directors who are expected to exercise their powers on behalf of the company with utmost care, skill and diligence. Hence, it is alleged in the SCN that GIFL (Noticee 8) and directors of GIFL at time of preferential allotment namely Pravin Sawant, Jagdish Chander Sharma, S Krishna Rao (Noticees 9 to 11) have violated the provisions of Regulation 3 (a), (b), (c) and (d) and Regulation 4(1) of PFUTP Regulations.

c) During the investigation, 24 promoters (Noticees 13 to 36) and 5 promoter related entities (Noticees 37 to 41) sold the shares of GIFL of value of Rs.89.43 crore and Rs.15.54 crore, respectively. Further, the preferential allottees (Noticees 42 to 46), who were connected to GIFL, have also sold allotted shares of GIFL of value of Rs.75.83 crore during the investigation period. Thus, the promoters, promoter related entities and connected preferential allottees (Noticees 13 to 46) are alleged to have sold the shares at inflated price and booked substantial profit. Therefore, Noticee 13 to 46 are alleged to be connected with GIFL and are alleged to be part of the scheme to make preferential allotment, manipulate the price of the scrip and get benefit by selling the shares at artificially inflated price. Hence, it is alleged that the Noticees 13 to 46, have violated the provisions of Regulation 3(a), (b), (c), (d) and Regulation 4(1) of PFUTP Regulations, 2003.

8. **Hearing Opportunity w.r.t. Noticees 1-10**

a) I note that hearing notice has been served on the Noticee 8 in terms of rules 7(3) of adjudication rules. Thereafter, Noticee 8 has given ample opportunity to file his written submission and hearing opportunities vide email dated May 10, 2022, May 26, 2022 and Jun 24, 2022. All the communication has been done through email “asianlakcfl@gmail.com.” However, Noticee 8 has not availed the hearing opportunity given to him and continuously seeking for adjournment. In the view of the aforesaid facts, I am of the view that granting further time to Noticee 8 would have led to a vicious circle of delay without reaching a logical end to the present proceedings. I observed that principles of natural justice require that Noticee must be given sufficient opportunity to represent his case, which has already been provided to Noticee 8, however, he failed to availed the same. Thus, I find that it is appropriate to proceed the matter in terms of 4(7) of Adjudication Rule.

b) I note that a common hearing notice wrt Notice 6, 9, 10 has been served on the Noticee in terms of rules 7(3) of Adjudication Rules i.e. paper publication. None of the Noticee availed the hearing opportunity as scheduled on May 10, 2022. Accordingly, I am of the view that another personal hearing in the matter will not further the cause in the in the present proceedings. Therefore, I am of the view that no further personal hearing qua the Noticees 6, 9, 10 are required in the present proceedings. For the reason mentioned above, I am of the opinion that said Noticees was provided with adequate opportunities of replying to the SCN and of being heard in the matter. Therefore, principles of natural justice are duly complied with.

c) Noticee 1, 2, 3, 4, 5, 7 has been granted a hearing opportunity before me vide hearing Notice dated November 12, 2021. In response to this, said Noticees submitted in a separate but identical letters dated December 14, 2021 and waived off their right of hearing. Accordingly, I find that principles of natural justice have been duly compiled and I can proceed with matter on the basis of replies submitted by the said Noticees and other material available on record.

9. **Hearing Opportunity wrt Noticees 11-41**

a) I note that Noticees 11-41 have been granted a hearing opportunity before me vide hearing Notice dated November 12, 2021. Noticee 37 has availed the hearing opportunity as per the schedule. All the other Noticees either sought adjournment or have not attended the hearing as per the schedule mentioned in the aforesaid Hearing Notice. I note that Noticees had already submitted a detailed reply in the instant proceedings through various letters. Considering the material available before me, I am of the view that another personal hearing in the matter will not further the cause in the in the present proceedings. Therefore, I am of the view that no further personal hearing qua the Noticees 11, 13-36, 38-41 are required in the present proceedings. For the reason mentioned above, I am of the opinion that said Noticees was provided with adequate opportunities of replying to the SCN and of being heard in the matter. Therefore, principles of natural justice are duly complied with.

10. **Hearing Opportunity wrt Noticees 42-46**

a) I note that Noticees 42-46 have been granted a hearing opportunity before me vide Hearing Notice dated November 12, 2021. However, Noticees 42-44 has sought for adjournment.

b) Noticees 45 and 46 sought adjournment on the basis that they have moved settlement application before the concerned department of SEBI. Record of the same has been mentioned in the letter dated December 20, 2021. However, the aforesaid settlement application of the Noticees 45 & 46 has been rejected by the concerned department. Accordingly, Noticee 45 & 46 has given another opportunity of hearing before me *vide* hearing Notice dated May 10, 2022. Said Noticees has availed the scheduled hearing through WebEx Video Conferencing on May 24, 2022. Authorised representative of the said Noticees has sought of Investigation Report in the light of Hon'ble Supreme Court judgment in the matter of T. takano vs SEBI (Civil Appeal Nos. 487-488 of 2022). I have acceded the request and sent the Investigation Report through email dated May 30, 2022. (email to: 'saachipurohit@gmail.com').

c) Noticees 42-46 sought adjournments on the basis that they have preferred an Appeal before Securities Appellate Tribunal (hereinafter referred to as "**SAT**") (Appeal No. 515 of 2021) against order dated 16.07.2021 passed by WTM, SEBI on the same subject matter of present proceeding. SAT has *vide* order dated 27.07.2021 has granted a stay on aforesaid WTM order." Said Noticees relied on the SAT vide order dated 27.07.2021 wherein SAT held that *considering the facts that the trades were of the year 2012 but it took more than one year for the respondent to pass an order after conclusion of the hearing we direct the effect and operation of order shall remain stayed during the pendency of the appeal.* I do agree with the fact that in the instant matter, the present adjudication proceedings and aforementioned proceeding before the WTM are based on the same set of facts. However, Considering the aforementioned SAT order, I am of the view that there is no specific stay that has been imposed in the instant Adjudication proceedings, by Hon'ble SAT in the aforementioned order dated 27.07.2021.

d) Accordingly, vide letter (Hearing Notice) dated May 10, 2022 I have clarified that that proceeding before me under section 15 I of the SEBI Act is independent from the proceeding before the member under section 11B of SEBI Act, therefore, any stay over the order passed by the member in the parallel proceeding in the present matter may not have bearing over the present adjudication proceedings with respect to Noticees 42-46. However, Noticees 42-44 again failed to avail the hearing opportunity as schedule on May 24, 2022. I am of the opinion that Noticees 42-44 were provided with adequate opportunities of replying to the SCN and of being heard in the matter. Therefore, principles of natural justice are duly complied with. In view of the above, I am inclined to proceed with the matter on the basis of the material available on record.

D. Relevant submissions of the Noticees summarized below:

11. The submissions made by the Noticees 1-7 vide their replies to the SCN during the instant proceedings *inter alia* are as follows:

a) *They submitted that that they have not violated any of the provisions Regulations 3 (a), (b), (c), (d) and 4(1), (2) (a) and (e) of PFUTP Regulations as alleged in the SCN. They have not indulged in any fraudulent and unfair trade practices relating to the securities so as to warrant any kind of punitive directions.*

b) *They have submitted that they are an individual investor. They have been dealing in the stock market since a considerable period of time and they have never defaulted in meeting their payment or delivery obligations on any occasion. All the transactions in GIFL were in the normal course of trading. While trading in the scrip of GIFL, they were trading independently without acting in concert with anybody. During the relevant time, Noticee No.1 had sold 100 shares, Noticee No.2 had sold 1117 shares, Noticee No.3 had sold 9 shares, Noticee No.4 had sold 11 shares, Noticee No.5 had sold 9 shares and Noticee No.7 had sold 11 shares in the ordinary course of business. All their trades were delivery based wherein they had delivered the shares and received the payouts.*

c) *That the quantity of their alleged trades vis- a-vis the total volume in the scrip of GIFL during the investigation period was exceedingly insignificant to have any kind of* *impact on either the price or volume of the scrip. Such miniscule quantum of trades cannot result in price raise.*

d) *At no point of time, stock exchanges or SEBI, had ever advised the investing public to be cautious in the scrip and therefore, there was no reason for them to doubt any alleged abnormality in the trading pattern. They were not aware of the entities who are buying the shares in the market.*

e) *They denied that they had contributed to positive LTP and increased scrip price. They had no role to play in the preferential allotment made by GIFL. The off-market transactions as alleged in the SCN was in the ordinary course of their business and had nothing to do with their trading in the scrip of GIFL.*

f) *With regard to the allegation that despite holding sufficient shares in their demat account, they were placing sell orders for small quantity, Noticee submitted that no adverse inference can be drawn against them. Nothing prohibits them from selling the shares in limited quantity. A prudent broker / investor would never sell all of his entire holding on one shot, especially if the price of the scrip is on a bullish trend. They denied that they were repeatedly placing sell orders for small order quantity across different days when buy order at prices higher than last traded price. Further, Nothing prohibits them from selling the shares in limited quantity.*

g) *The allegation of contribution to positive LTP can be alleged only against a buyer who has placed order at a price higher than LTP. No allegation has been made against the buyers / counter parties to their sale in the SCN. No proceeding has been initiated against any of the buyers / counterparties by SEBI.*

h) *They denied that there is a connection between various Noticees to inflate the price of the scrip as alleged. They denied that they were a part of a manipulative scheme as alleged. With regard to their connection as alleged in the SCN, they submitted that no adverse inference can be drawn against them.*

i) *With regard to the nature of evidence required to sustain the allegation and test of evidence in civil proceedings, they have quoted number of appellate court judgments namely, Varanasaya Sanskrit Vishwa Vidyalaya & Anr. vs Dr. Rajkishore Tripathi and Anr; Bank of India vs. Degala Surya Narayana (AIR 1999 SC 2407); Nandakishore Prasad vs. State of Bihar [(1978) 3 SCC 366]; Union of India Vs. H.C. Geol (AIR 1964 SC 364); L. D.Jaisinghani Vs. Naraindas N Punjabi [(1976) 1 SCC 354]; Razik Ram vs. J. S. Chauhan (AIR 1975 SC 667); Gulab D Chand vs Kudilal (AIR 1966 SC 1734).*

12. The *Noticee 9 vide letter dated January 21, 2019 and Noticee 11 vide letter dated February 02, 2018 had denied the allegation made in the SCN.*

13. The submissions made by the Noticees 13-23, 25-29, 34-41 vide their replies to the SCN during the instant proceedings *inter alia* are as follows:

a) *They were never promoters or part promoter group of GIFL nor were they connected with the Promoters / Promoter group of GIFL, nor with GIFL itself. They are a public shareholder. They have never ever given any concurrence / consent to GIFL or anybody else to act or get classified as promoter of GIFL. The promoter shareholding patterns submitted by GIFL to BSE wrongly disclosed them as promoters and the same was done without their knowledge.*

b) *As per the definition of promoter and promoter group under Regulations 2(l)(za) and (zb) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as 'ICDR Regulations'), they do not fall in the category of promoter or promoter group and a mere classification made by GIFL for the purpose of submitting shareholding details to BSE does not make them a promoter of GIFL.*

c) *They have never involved in the management or day-to-day affairs of GIFL. They have never been directors of GIFL. They have never exercised control over GIFL.*

d) *Any disclosures that has been made to the BSE shown them as Directors and/or Promoters of GIFL is based on false, untrue and forged information. They have never made any filings with the stock exchange to categorize themselves as the promoter of GIFL. The disclosure available with BSE falsely disclosed them as promoter of GIFL and bears a forged signature.*

e) *Prior to the issuance of SCN they had no information of their connection with GIFL. On coming to know about their classification as promoter of GFIL, they have lodged a police complaint / filed FIR.*

f) *They demanded GIFL through their various letters to make the necessary clarifications to BSE that they are not promoters of GIFL or in any way concerned with GIFL.*

g) *GIFL vide its board meeting held on February 14, 2020, decided to conduct an inquiry into several complaints received from its shareholders on fraudulent inclusion of their names in the "promoter and promoter related" shareholders of GIFL.*

h) *SEBI considered them a promoter on the basis of certain disclosures filed by the company, they request to give them an opportunity of cross examination of GIFL. In this regard, they placed reliance on Hon'ble Supreme Court's decision in the case of Union of India v. TR Varma (AIR 1957 SC 882).*

i) *They attended the inspection proceedings. They have not been provided with any documents (including the Investigation Report) sought by them. Inspection of document is an inalienable part of Principles of Natural Justice. They have placed reliance upon the Hon'be Delhi High Court order dated July 09, 2018 in the matter of Amit Jain (W.P. (C) 8394/2014) and the order on Hon'ble Apex Court in the matter of SEBI Vs. PWC. Denial and failure to provide inspection of documents / records / investigation report /statements etc. is in violation of Principles of Natural Justice.*

j) Some of the Noticees have stated that SEBI has passed an order on issue of Inspection in the matter of New Delhi Television Ltd and in the matter of brokers of National Spot Exchange Ltd. Therefore, the Noticees requests to pass a reasoned order on the issue of inspection.

k) The present SCN is issued after a gap of almost 7 years from the date of transactions in shares of GIFL. However, no reasons have been mentioned in the SCN for belatedly initiating present proceedings.

l) The allegation of 'fraud' cannot be charged on preponderance of probability. In fact, compelling / strict evidence should be brought on record for a person / entity to be held liable for 'fraud'.

m) SEBI has to provide notice of what specific measure SEBI is contemplating against the Noticees. In this regard they have placed reliance on the order passed by the Hon'ble Supreme Court in the matter of Gorkha Security Services v. Govt. of NCT of Delhi & Ors., (decided on 04.08.2014).

n) They placed reliance to Information Memorandum on Enforcement Action Policy in respect of Long Term Capital Gain Cases, Memorandum no. 04/2017 (Hereinafter referred to as "SEBI Information Memorandum"/ "IM"). They are neither an LTP contributor and are not connected to any LTP contributor, nor they connected to the company or its Whole Time directors. They can only be termed to be an alleged tax beneficiary in this case and hence, SEBI should not take any action against them as per its own Board decision.

o) That the orders in GIFL scrip were placed in screen based trading system of stock market and thereby the counterparty was unknown.

p) They have been carrying out investment activities in normal course of business. All their transactions in GIFL were within its financial and risk bearing capacity.

q) They have not disputed their transaction i.e. acquisition and sale of shares of GIFL. The transactions by them in the shares of GIFL were for their benefit alone. Neither any money / funds was received by them from any other entity including GIFL, its promoter / director for purchase of shares, nor transferred by them to any one after sale of shares.

r) On the issue of false / erroneous classification their name as promoter of the Company and their police complaints. They placed reliance on the order passed in the matter of Ambitious Diversified Projects Management Limited in respect of Mr. Rakesh Sharma dated October 01, 2019, wherein WTM has exonerated Mr. Rakesh Sharma of all the charges considering his plea that he was unaware of the fact that his personal information was used to deceptively show him as a director of the company and FIR was filed immediately after this misrepresentation came to the knowledge of Mr. Rakesh Sharma.

s) *They have placed reliance on various SEBI order passed in LTCG matter, wherein SEBI has not taken action against preferential allottees (tax beneficiaries) and have exonerated them.*

t) *Some of the Noticees submitted that they have not sold their entire shareholding and they still continues to hold some shares of GIFL, which leads to the inference of lack of manipulative intent on their part.*

u) *Some of the Noticee submitted that they had purchased shares on the basis of general market information about GIFL from independent third party and not the promoters of GIFL or any of the other Noticees.*

v) *They have never been involved with the preferential allotment of shares of GIFL. They have invested their funds strictly as investors in shares of GIFL.*

w) *Noticee 35 submitted that investment in shares of GIFL was based on advice given by a known person viz. Mr. Nitin Shenoy.*

x) *Noticee 37 submitted that he had received shares of GIFL from Nitin Didwania and Niti Didwania and paid the consideration for the same out of his own funds. SCN not even allege that Nitin Didwania or Niti Didwania were party to any wrongdoing. He is neither a promoter, nor preferential allottee nor related to GIFL or any entities mentioned in the SCN. There is no action taken against the remaining preferential allottees.*

y) *They have not indulged in any kind of manipulative, fraudulent and \ or unfair trade practice in the shares of GIFL. They denied that they had violated Regulations 3(a), (b), (c), (d) and Regulation 4(1) of the PFUTP Regulations as alleged in the SCN.*

14. The submissions made by the Noticees 42-46 vide their replies to the SCN during the instant proceedings *inter alia* are as follows:

a) *Noticees submitted that the SCN is based on surmises, conjectures, probabilities and hypothesis, which is impermissible in law.*

b) *Noticees submitted that sale transaction in GIFL had been executed "on market"; through SEBI registered Broker with whom I am/ was maintaining share trading account for carrying out investment activity in capital market. My both purchase and sale transaction have been carried out in total compliance of all securities market laws as applicable to me as an investor of capital market. I have carried out transaction in GIFL bonafidely and had no knowledge, information or awareness of any wrongdoing happening in GIFL shares at the relevant time. It is only on receipt of the communication from SEBI, I came know about alleged wrong doings of other entities/ persons in GIFL shares.*

c) *Noticees 42-44 submitted that purchase of GIFL shares was based on advice given to me by a known person viz. Mr. Sanjib Khetry. I was told that GIFL was involved in fund* *based services such as PE Funding, Private Placement, QIPs, FCCB, Debt Syndications, Term Loans and Working Capital Limits. Additionally, GIFL was also involved in non-fund based services such as market and technical feasibility study, detailed project reports, valuation and appraisal of projects, due diligence, tax advisory, transaction services, developing business models, structured plans, restructuring of capital in a company, amalgamations & mergers and advisor to IPOs under SME exchange amongst others.*

d) *Noticees submitted that When I understood that the price of GIFL shares had reached reasonable level, they decided to sell my GIFL shares based on my financial requirements. I submit that, I acted as any other prudent businessman would and sold shares on the floor of stock exchange through SEBI registered stock broker. if they were aware of or if they were a party to any manipulation as alleged in the SCN; they would have sold all my shares in the scrip in GIFL and exited from the scrip. This clearly shows that I had no malafide intentions or knowledge of any alleged manipulation in the shares of GIFL.*

e) *Noticees 45 & 46 requested vide letter dated December 22, 2021 requested inspection of crucial and critical documents in respect of the said SCN to enable them to file an effective reply in the instant matter. Said Noticee requested for documents viz a) Copy of order of the Board authorising investigation in the matter (b) Copy of any other reference [including complaints (if any)] based on which SEBI has initiated the investigation in the matter (c) Copy of order of Board/ any other Competent Authority appointing Investigating Authority in the matter, (d) Approved Investigation Report (including all annexures) in this matter (e) Copy of minutes of Committee of Inter Division Chiefs of SEBI that has considered the investigation report (f) Dates on which the Committee of Inter Division Chiefs of SEBI had considered the findings of Investigation g. Copy of all materials placed before the Whole Time Member (WTM)/considered by the WTM while he/she decided to initiate the said adjudication proceedings against the Noticee (h) Confirmation as to the authority who has decided not to provide me with inspection of pending documents and (i) If this decision has been taken by the Hon'ble Quasi-Judicial Authority; kindly provide me with the relevant order or file noting recording the decision taken by Hon'ble Quasi-Judicial Authority. For this purpose, Noticee placed reliance on Hon'ble Supreme Court judgment in the matter of T. Takano vs SEBI & Anr. (C.A. Nos. 487 – 488 of 2022) and Hon'ble SAT order dated 24.3.2022 in the matter of Yatin Pandya HUF.*

f) *Noticee 45, 46 submitted that if AO chooses to decline the request for inspection of documents, the Noticees submit that the same should be communicated by way of a separate reasoned order, as was done by Hon'ble Ms. Madhabi Puri Buch in respect of the brokers in the matter of National Spot Exchange Limited Matter (Order no. Order no. WTM/MPB/EFD-1-DRA-11/37/2018 dated August 30,2018 in respect of Anand Rathi Commodities Limited; Order no. WTM/ MPB/EFD-1-DRA11/35/2018 dated August 30,2018 in respect of India Infoline Commodities Limited ; Order no. WTM/MPB/EFD-1-DRA-11/36/ 2318 dated August 30, 2018 in respect of Geofin*

Conunizade Limited ; Order no. WTM/MPB/EFD-1-DRA-II/17/2018 dated June 06, 2018 in respect of Philips Commodities India Pvt Ltd).

g) *Noticees submit that the decision on whether inspection should be given or not is a Quasi-Judicial decision and cannot be taken by anyone else apart from the Quasi-Judicial Authority who, in this case, is your Honour (the Adjudicating Officer). For this purpose reliance is placed on Adventz Finance Private Limited (Appeal no. 206 of 2016 dated 15th July, 2016).*

h) *Noticees would like to state that the SCN in the present matter has been issued after unexplainable and fatal delay of around 6 years as the trades/transactions pertain to the year 2012. Although the said SCN was issued in 2018, however no decision has been taken till date in the matter and on date there has been a delay of 10 years. Therefore, it is clear that the said matter suffers from extreme delay and laches and on this ground alone, the present SCN is liable to be disposed of as it causes great prejudice to the Noticees, since the Noticees are not in possession of such old records and the law does not mandate that books of account and records for such an old period need to be preserved. It may be appreciated that SEBI has mandated a period of only last 5 financial years and other laws including Income Tax Act have mandated a period of 6 financial years. Noticees submitted that on the ground of delay and laches alone the present SCN is liable to be set aside. For this purpose, reliance has been placed by the various SAT orders viz in the matter of Yatin Pandya HUF vs SEBI (Order dated March 24, 2022, Appeal No 719 of 2021), Ashlesh Gunvantbhai Shah vs SEBI on 31.1.2020, Mr. Rakesh Kathotia & Ors. Vs SEBI on 27.5.2019, Ashok Shivlal Rupani vs SEBI, Sanjay Jethalal Soni & Ors. vs SEBI, Parag Sarda vs SEBI, ICICI Bank Ltd. vs SEBI, H B Stockholdings (SAT Appeal no. 114 of 2012) and WTM order in the matter of Monarch Networth Capital Ltd. on December 30, 2021. Noticees further relied on Supreme Court judgment in the matter of State of Gujarat v/s Patel Raghav Natha (AIR 1969 SC 1297)*

i) *Noticees submitted that the Hon'ble Whole Time Member, Ms. Madbahi Puri Buch had passed order no. WTM/MB/IVD/ID6/ 12613 /2021-22 dated 16th July, 2021, with respect to Show Cause Notice No. EFD/DRA3/OW/NB/6673/2018 dated March 01, 2018. The Noticees would like to point out that the Noticees have filed an Appeal before the Hon'ble Securities Appellate Tribunal challenging this very order of the Hon'ble WTM. Said Noticee requested not to proceed in the present matter until the said Appeal has been decided by the Hon'ble Securities Appellate Tribunal before proceeding in the present matter. Further, Noticee submitted that matter is pending before a superior authority the lower court should halt proceedings until the matter is decided. For this purpose reliance has been placed on MSEB vs. Joint CIT (81 ITD 299) (Mum), the Income Tax Appellate Tribunal, Behari Lal And Anr. vs M.M. Gobardhan Lal And Ors. dated 29 April, 1948, the Madras High Court in Ramanadhan Chetti vs Narayanan Chetti Alias dated 25 February, 1904.*

j) *Noticees placed reliance upon the Enforcement Action Policy in respect of Long Term Capital Gains dated December 29, 2016 (Memo No. 04/2017) which clearly states* *that as per SEBIs own policy, no action is to be taken against beneficiaries. The relevant portion of the same is reproduced as under for your ready reference:*

> *"**4.0 Entities involved in the modus-operandi:***
>
> *The entities involved in the modus operandi can be broadly categorized as under:*
>
> *• Listed Companies/Directors/Promoter Group*
>
> *• Beneficiaries- Preferential allottees etc for whom the scheme was devised to illegitimate gains.*
>
> *• Last Traded Price (LTP) Contributors- entities who allegedly manipulate the scrip price.*
>
> *• Exit providers- entities who provide exit to the beneficiaries through the stock exchange"*
>
> *"**6.2. Applicability of Securities Laws :***
>
> *SEBI is primarily concerned with violation of securities laws. As seen from the references received from DIT and examination carried out by SEBI, it is observed that these cases are mainly resulting in evasion of tax which does not come under the purview of SEBI. However, it is observed that the scrip price is manipulated, SEBI will be required to take enforcement action (onlv) against the entities who are involved in price manipulation."*
>
> *"**7.1. Cases where price manipulation could be established by SEBI:***
>
> *7.1.1. SEBI will initiate enforcement proceedings such as 11B proceedings under Chapter IV and Adjudication proceedings under Chapter VIA of the SEBI Act, 1992, against the following:*
>
> - *entities involved in price manipulation, i.e. LTP contributors*
> - *the listed companies and its Whole Time Directors (during the investigation period) if connection/relationship is establish between the entities involved in price manipulation and company/ Whole Time Director*
>
> *7.1.2 SEBI will refer the findings of the investigation along with the details, if any, of beneficiaries (sellers), exit providers (byers) and their trades to DIT, for necessary action at their end"*

k) *It is submitted that this is a case of alleged evasion of LTCG by certain entities who had received shares by way of a preferential allotment by the company. For the sake of argument, even if it is assumed that the Noticees transactions were non-genuine, the Noticees can only be charged for being tax beneficiaries in this matter, who sold their shareholding to book profit and not for manipulating the scrip of the Company.*

l) *As far as Noticee No. 46 is concerned, it is humbly submitted that Noticee No. 46 has not had a direct financial transaction with the Company or any other entity which has had a direct/indirect transaction with the Company. In this regard your Honour's kind attention is drawn to the order of SEBI's Whole Time Member, Hon'ble Shri SK Mohanty in the matter of Ravindra Kumar Grover and Udyan Grover in the matter of Greencrest Financial Services Ltd., order bearing no. WTM/SM/IVD/ID6/7842/2020-21 dated June 5, 2020. This matter Ravindra Kumar Grover and Udyan Grover were* *both preferential allottees and the former had a fund transaction with Greencrest Financial Services. Ravindra Kumar Grover and Udyan Grover were the promoters/directors in Grover Metalloys Ltd. Ravindra Kumar Grover is the uncle of Udyan Grover and the latter's only connection with Greencrest Financial Services was through Ravindra Kumar Grover's connection, which was on the basis of fund transfers. The Hon'ble WTM in this matter disposed of the proceedings against Udyan Grover because the charge against him could not be established. It is humbly submitted that the facts of Noticee 46's are identical to above-mentioned order and the same is therefore squarely covered by this precedent.*

m) *Noticee 45 is concerned, it is humbly submitted that M/s. ATR Warehousing Pvt. Ltd. was facing a financial crunch during the year 2012-2013 and therefore approached the Company for a loan and on August 27, 2012, the same was provided to M/s ATR Warehousing Pvt. Ltd. It may be noted that the preferential allotment to the Noticees took place on June 12, 2012 prior to the loan being advanced. For this purpose, copy of the statement of accounts between M/s. ATR Warehousing Pvt. Ltd. and the Company has been provided.*

n) *Noticee 45 and 46 submitted that the loan of Rs.1,32,57,770/- in the FY 2012-13 from the Company to M/s. ATR warehousing was at arms-length and in the FY 2013-14 ATR Warehousing Pvt. Ltd. also paid back a part of the principle amount and interest on the loan taken from the Company. For this purpose, statement of accounts with details of interest paid as well as certificate of TDS.*

o) *Similarly, Noticees 42-44 submitted that amount transferred by GIFL to Pneumatic Leasing was purely a business transaction wherein a loan was received and thereafter the loan was repaid along with interest. For this purpose, reliance has been placed on A signed copy of confirmation of accounts dated 01.04.2013, 01.04.2014 and 01.04.2015 and A copy of Form No. 16A.*

p) *It may be noted that the alleged fund transaction between M/s. ATR Warehousing Private Limited and the Company during the Investigation Period was merely towards payment of interest in lieu of the unsecured loan taken by M/s. ATR Warehousing Private Limited from the Company. As stated earlier it just mere loan transaction done in the normal course of business and therefore cannot be a ground for establishing a connection.*

q) *the matter of Umang Dhanuka (Appeal No. 102 of 2020) before the Hon'ble Securities Appellate Tribunal, wherein Mr. Dhanuka and his family members were said to be connected to a company Pine Animation as another company in which they were directors had a loan transaction with Pine animation, the Hon'ble SAT was pleased to hold that even having a business connection is not relevant to establish the role of manipulation.*

r) *Noticee submitted that in a preferential allotment there will always be some connection between the Company and its preferential allottees on some footing. It is submitted that on the basis of SEBI's own decision in the Enforcement Action Policy, in multiple* *other cases SEBI has exonerated many promoter /promoter related entities who have indulged in fund transfers stating no involvement in manipulation has been found or established during investigation Given below are a few such cases : (i) Revocation Order dated October 5, 2017 in the matter of Mishka Finance Trading Ltd., (ii) Revocation Order dated September 21, 2017 in the matter of Moryo Industries Limited (SEBI/WTM/MPB/EFD-1-DRA-IV/32/2017 (iii) Revocation Order dated September 21, 2017 in the matter of Kailash Auto Finance Ltd. (SEBI/WTM/MPB/EFD-1-DRA-I/31/2017.*

s) *Noticee submitted that the Hon'ble Securities Appellate Tribunal has held that in adjudicating proceedings, if a party relies on any adjudication order passed in another case, then judicial discipline demands that the Adjudicating Officer considers that order and thereafter passes an order either to follow or distinguish the earlier order or disagree with the order by recording reasons as to how that ought not to be followed. One such order of Hon'ble SAT was passed on August 7, 2014 in the matter of R.M. Shares Trading Private Limited vs. SEBI (Appeal No. 204 of 2014). Your Honour's attention is also drawn to order dated April 20, 2016 of Hon'ble SAT in the matter of M/s Krishna Enterprises v SEBI (Appeal No. 131 of 2015), wherein it was held that passing conflicting orders would not promote the development of securities market and would not be in the interest of the securities market. In the present matter, SEBI must apply the principle of Judicial discipline, in light of above decisions relied upon.*

t) *Noticee submitted that it is necessary to point out that at the relevant time there was no minimum penalty prescribed for the violation of PFUTP Regulations under the SEBI Act.*

u) *SCN makes no allegation of any loss having being caused to any investors or that of any ill-gotten gains. SCN does not demonstrate any prejudice caused to any investors in this matter, the breach of violation, if any is merely technical and/or venial. It may also appreciate that there are cases where despite there being a minimum penalty prescribed by law, the AO has after considering the facts of the circumstances has chosen not to impose penalty. For this purpose reliance has been placed on* ***Gallops Enterprise Limited dated 22.2.2019 (Order No. EAD8/KS/AA/AO/232/2018-1) and P.G. Electroplast Ltd. & Ors. vs Sebi dated 2 August, 2019, the Hon'ble Securities Appellate Tribunal.***

v) *Noticees submitted that transactions in GIFL were at the then prevailing market price and had no impact on market equilibrium. Therefore, I fail to understand as to how my transactions are termed to be 'fraudulent' in nature.*

w) *Noticees sumitted that Strict Proof along with compelling evidence required for a serious charge of 'fraud'. For this purpose, reliance has been placed on the Hon'ble SAT orders viz R. K. Global v/ s SEBI (Appeal no. 158/2008 decided on 16.09.2010); Narendra Ganatra v/ s SEBI (Appeal No 47 of 2011 _ decided on 29.07.2011); Sterlite Industries (India) Ltd. V. SEBI (2001) 34 SCL 485 (SAT); Parsoli Corporation v/ s SEBI (Appeal No 146/2011 decided on 12.08.2011) and Hon'ble Supreme Court* *judgments viz Ram Sharan Yadav v/ s Thakur Muneshwar Nath Singh [(1984) 4 SCC 649 (AIR 1985 SC 24)]*

E. RELEVANT PROVISION OF LAW

15. **SEBI Act, 1992**

*"**Section 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 recognized stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;"

Penalty for fraudulent and unfair trade practices
Section 15 HA
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.

Factors to be taken into account by the adjudicating officer.
***15J.** While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely:*
(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 of an adjudicating officer 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.

16. ***PFUTP Regulations***

Regulation 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.*

Regulation 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*

17. ***SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Hereinafter referred as "ICDR Regulations")***

2(za) ***promoter*** *includes:*

(i) *the person or persons who are in control of the issuer;*

(ii) *the person or persons who are instrumental in the formulation of a plan or programme pursuant to which specified securities are offered to public; (iii) the person or persons named in the offer document as promoters:*

Provided that a director or officer of the issuer or a person, if acting as such merely in his professional capacity, shall not be deemed as a promoter:
Provided further that a financial institution, scheduled bank, foreign portfolio investor and mutual fund shall not be deemed to be a promoter merely by virtue of the fact that ten per cent or more of the equity share capital of the issuer is held by such person;
Provided further that such financial institution, scheduled bank and foreign portfolio investor shall be treated as promoter for the subsidiaries or companies promoted by them or for the mutual fund sponsored by them:

F. CONSIDERATION OF ISSUES AND FINDINGS

18. I have perused the SCN, replies, written submissions and other materials available on record. On perusal of the same, the following issues arise for consideration:

I. Whether Noticee No. 1 to 7 have violated the provisions of Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a) & 4(2)(e) of PFUTP Regulations as alleged in the SCN?

II. Whether GIFL (Noticee 8) and its directors (Noticee 9 to 11) violated the provisions of Regulation 3 (a),(b),(c) and (d) and regulation 4(1) of PFUTP Regulations as alleged in the SCN?

III. Whether Noticees 13 to 41 have violated the provisions of Regulation 3(a), (b), (c), (d) and Regulation 4(1) of PFUTP Regulations as alleged in the SCN?

IV. Whether Noticees 42 to 46 have violated the provisions of Regulation 3(a), (b), (c), (d) and Regulation 4(1) of PFUTP Regulations as alleged in the SCN?

V. If answer to any of the issues I to IV is determined in the affirmative, whether monetary penalty under Section 15HA of SEBI Act can be imposed. If so, what quantum of monetary penalty should be imposed on the Noticee?

19. Before moving forward in the matter, I first discuss preliminary Issues arising in the present adjudication proceedings. I note that Noticee 8 and Noticee 10 have failed to file any response to the SCN during instant proceedings. In the fact and circumstances of the case, I am of the view that the aforesaid Noticees have defied the regulatory provisions and I, therefore, deem it fit to draw an adverse inference against the aforesaid Noticees. Further, in absence of any response from the said Noticees, it is presumed that they have admitted the charge of violations of provisions as alleged in the case. In this regard, it is pertinent to note that the Hon'ble SAT in the matter of *Classic Credit Ltd. vs. SEBI (Appeal No. 68 of 2003 decided on December 08, 2006)* has, *inter-alia*, observed that, *"............ the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show cause notice were admitted by them".* It is also pertinent to note that the Hon'ble SAT in the matter of *Sanjay Kumar Tayal & 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...”. Therefore, it can reasonably be presumed that the allegations/charges have been admitted by the Noticees 8 and Noticee 10 in this case. However, while deciding the case, I cannot lose sight of settled position of law that the charge should be established with valid reasons and in accordance with law. I, therefore, deem it necessary to examine the charge on the basis of material available on record before me.

20. Noticees contended that SCN is mere based on mere surmises and conjecture. In this regard I note that SCN made the specific allegation with respect to the Noticees based upon the material available on the record which is categorically mentioned on the SCN issued on January 08, 2018. Thus, I am of the view that such contention of the Noticees are breft of any merits.

21. I note that Noticees have raised the preliminary issue with regard to inordinate delay in issue of SCN after a gap of almost 6 years from investigation period and delay in the adjudication proceeding. In this regard I note that the investigation generally is a detailed process involving analysis of various data, gathering of evidences, etc. that shall stand the test of legal scrutiny at various judicial fora. This, generally, consumes considerable time and efforts depending on the number of entities involved, the complexity of the transactions, correspondences with the entities involved etc. As already stated, during the investigation in the matter of Global Infratech and Finance Ltd, information was requisitioned from various entities including but not limited to the stock exchanges, the Company, the directors of the Company, banks, registrar and promoter to the Company. In the present matter investigation initated by Investigation Department based on the reference dated September 04, 2014 from SEBI’s Department of Economic Policy and Action. Further, The Director of Income Tax (Investigation), (hereinafter referred to as "DIT") vide their letters dated Feb 02, 2015 and April 27, 2015, forwarded statement recordings of various accommodation entry providers, his associates, dummy directors etc. alleging these entities through Stock Exchange

mechanism generated bogus Long Term Capital Gain(LTCG) in many scrips and GIFL is one of such scrips mentioned in the aforesaid letter. Further, the matter on GIFL was forwarded by Integrated Surveillance Department (ISD) for suspected violations of SEBI (PFUTP) Regulations, 2003 during January 01, 2013 to September 04, 2014.

22. Investigation has been completed and accordingly, the investigation report was approved and accordingly, proceedings under sections 11(1), 11(4) and 11(B) of the SEBI Act were approved along with adjudication proceedings under section 15HA of the SEBI Act. Erstwhile AO has been appointed as Adjudicating Officer vide communiqué dated June 20, 2017. Accordingly, SCN dated January 08, 2018 has been issued informing the Noticees the charges levelled against them. Thereafter, as already stated above the appointment of undersigned has been communicated to him by communiqué dated August 13, 2019.

23. In the view of the above, facts and circumstances, I am of the view that investigation is an exhaustive and time consuming process, which requires detailed analysis of facts and law especially considering that there are multiple stakeholders involved in the present matter apart from the Noticees. I also note that, initiating a proceeding under the appropriate provisions of SEBI Act is a regulatory prerogative of SEBI depending upon the outcome of the fact finding exercise, which is the investigation done in this case, and just because the alleged violation was committed in a distant past cannot be a ground to vitiate initiation of these proceedings. Moreover, in this case the SCN makes a serious allegation of fraud under the PFUTP Regulations. Further, note that, Hon’ble SAT in past has held that the reasonable period would depend on the facts and circumstances of each case and that no hard and fast rule can be laid down in this regard.

24. I have considered the cases cited by Noticees and in my humble view I am the opinion that cases relied by Noticees *viz Yatin Pandya HUF vs SEBI (Order dated March 24, 2022, Appeal No 719 of 2021), Ashlesh Gunvantbhai Shah vs SEBI on 31.1.2020, Mr. Rakesh Kathotia & Ors. Vs SEBI on 27.5.2019, Ashok Shivlal Rupani vs SEBI, Sanjay Jethalal Soni & Ors. vs SEBI, Parag Sarda vs SEBI, ICICI Bank Ltd. vs SEBI, H B Stockholdings (SAT Appeal no. 114 of 2012) and WTM*

order in the matter of Monarch Networth Capital Ltd. on December 30, 2021, Supreme Court order State of Gujarat v/s Patel Raghav Natha (AIR 1969 SC 1297) can be factually distinguish from the facts and circumstances of the present case.

25. From the above facts and circumstances, I am of the view that present proceedings do not suffer from any infirmity on the ground of delay. I, therefore, hold that there is no protracted delay as contended and hence, the contention of the Noticees in this regard is rejected. In this regard, I also find it relevant to rely on certain orders passed by the Hon'ble SAT:

   (i) *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."

   (ii) *In* ***M/s. Adamina Traders Private Limited vs. SEBI*** *(Appeal No. 331 and 366 of 2020) dated December 15, 2021, the trades concerned in the appeal took place in 2013, and the show cause notice was issued by the adjudicating officer in 2018. The appellants raised an argument of inordinate delay in issuance of the show cause notice. Dismissing the aforesaid contention, the Hon'ble SAT held the following:*
   'We do not find any evidence to hold that there was an inordinate delay in the issuance of the show cause notice. This contention is accordingly rejected. <u>Further, nothing has been shown as to how this delay has prejudiced the appellant. In the absence of any prejudice the delay, if any, cannot be set aside</u>." (emphasis supplied)

   (iii) *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."

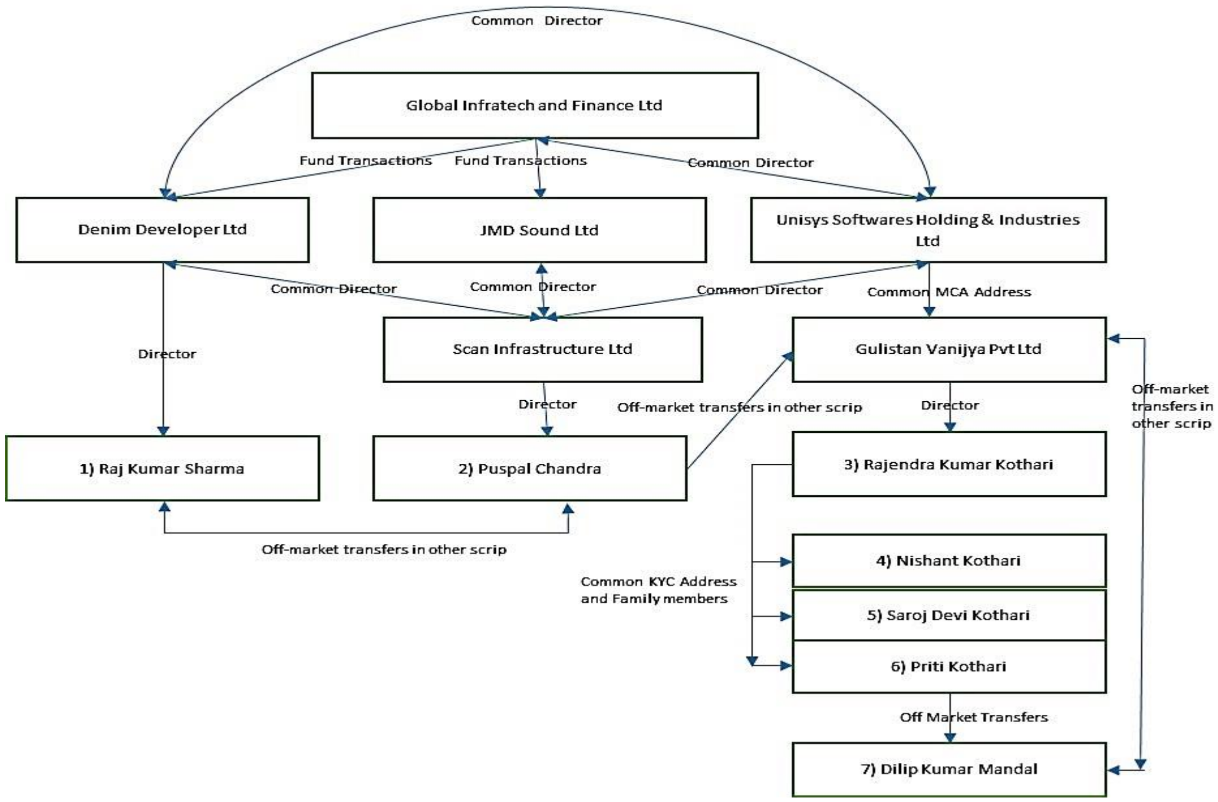
(iv) *In **Girraj Kumar Gupta HUF vs. SEBI** (Misc. Application No. 516 of 2019 and Appeal No. 424 of 2019), dated August 11, 2021, an appeal was filed against an order passed by an adjudicating officer imposing penalties against the appellants for violation of regulation 3 and 4 of the PFUTP Regulations. The appellants inter alia challenged the order on the ground that there was a delay in the issuance of the show cause notice. In this regard, the Hon'ble SAT held the following:*

"13. The contention of the appellants that there was inordinate delay in the initiation of the proceedings is erroneous. We find that the investigation started in the year 2015 which involved examining several entities in the order logs, trade logs, off market transactions and gathering evidence from the Stock Exchange. The show cause notice was issued in the October, 2017 and accordingly we find that there is no inordinate delay in the initiation of the proceedings. The contention raised is, thus, erroneous and cannot be accepted."

(v) *In Appeal No. 482 of 2020 in the matter of **Rajendra Hukumchand Gupta. vs. SEBI (order dated June 8, 2021)** wherein Hon'ble SAT held that: "As regards the issue of delay in issuing the notice we find that the appellant was not at all prejudiced by the issuing of notice on 29th October, 2020, as he could not show any inability to defend the proceeding due to any delay. The respondent SEBI was required to carry investigation and then issue notice in the case and therefore this plea cannot be sustained."*

Issue I Whether Noticee No. 1 to 7 have violated the provisions of Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a) & 4(2)(e) of PFUTP Regulations as alleged in the SCN?

26. Upon analysis of the KYC documents, fund transactions and details obtained from MCA database, it is noted that Noticee 1-7 *viz* Raj Kumar Sharma, Puspal Chandra, Rajendra Kumar Kothari, Nishant Kothari, Saroj Devi Kothari, Priti Kothari and Dilip Kumar Mandal are connected to GIFL. The details of their connection to GIFL are as under:



27. From the above chart, I note that GIFL is connected with Denim and JMD through fund transfer; GIFL is connected to Unisys through common director (Mr. Ashok Bothra) and same is not disputed by either GIFL or its directors. Raj Kumar Sharma (Noticee 1) is the director of Denim and had off-market transaction with Pushpal Chandra (Noticee 2). Pushpal Chandra is the director of Scan Infrastructure Limited (hereinafter referred to as **"Scan"**). Scan is connected with JMD through common director (Mr. Pawan Kumar Purohit). Further, Pushpal Chandra had off-market transaction with Gulistan Vanijya Pvt. Ltd. (hereinafter referred to as **"Gulistan"**). Denim, Scan and Unisys are connected through common director (Mr. Jagdish Prasad Purohit). Unisys is connected with Gulistan through common address. Rajendra Kumar Kothari (Noticee 3) is the director of Gulistan. Rajendra

Kumar Kothari (Noticee 3), Priti Kothari (Noticee 4), Saroj Kumar Kothari (Noticee 5) and Nishant Kothari (Noticee 7) are family members and have common address. Dilip Kumar Mondal (Noticee 6) had off-market transaction with Priti Kothari and Gulistan.

28. I note from the submissions made by Noticee 1-7 that they have not disputed their aforesaid connections. With regard to off-market transaction, they submitted that the same was in the ordinary course of their business and had nothing to do with their trading in the scrip of GIFL. Thus, I find that they had also not denied the off - market transactions. At this juncture it is important to refer the following Hon'ble SAT orders

(i) ***Shri Tarunkumar Brahmbhatt vs SEBI*** *(order dated April 28, 2021) held that "…we affirm that the appellants were connected with promoter related entities as they received the shares through off-market"*

(ii) ***Sanjay Kumar Poddar HUF v. SEBI*** *(Appeal No. 326 of 2020; dated August 24, 2021) "...8. In order to appreciate the arguments of the group, it would be necessary to find out what is meant by the term 'connection'. This term is not a term of art. Respondent SEBI often use this term in order to explain a link between entities. The link can be anything like personal relationship, off-market transaction, financial relationship or even a location proximity etc. In view of the fact that on the stock exchanges platform numerous faceless transactions in large numbers within a fraction of a second take place between the parties across the globe unknown to each-others, any link between a set of entities trading in similar manner or with each other or the company etc. if found, cannot be easily brushed aside as a mere coincidence. The issue therefore will be whether the link would be a factor indicating that there is a high probability of the alleged group working in tandem to achieve a certain goal i.e. to increase the price of the shares in the present appeals."*

(iii) ***Pratik Minerals Pvt. Ltd. vs SEBI*** *dated June 28, 2018 …..Given the connection between erstwhile promoters or directors of PCL, the preferential allotment, cross directorship of various entities, usages of same address and telephone nos. etc. by some of the entities, the financial transactions between some of the entities, the off-market transactions of shares of PCL between some of the promoters and directors of PCL connection between these entities have been conclusively established.*

29. I find the that in the view of aforesaid SAT ruling and above mentioned facts and circumstances I am of the view that that connection can be established on the basis

of factors including the common addresses, common directors/ shareholders, etc. Thus, I find that Noticees 1 to 7 are connected among themselves and each of Noticee 1 to 7 is also connected with GIFL directly or indirectly.

30. I find that Noticees No. 1 to 7, who were connected to GIFL, were major LTP contributors as sellers. The trading details of Noticee No. 1 to 7 during the investigation period are noted as under:

S.No	Entity Name	Buy TQ	Buy TQ % to Market (%)	Sell TQ	Sell TQ % to Market (%)	Buy TQ	Buy TQ % to Market (%)	Sell TQ	Sell TQ % to Market (%)	Buy TQ	Buy TQ % to Market (%)	Sell TQ	Sell TQ % to Market (%)
		Patch-1				Patch-2				Patch-3			
1.	Dilip Kumar Mandal	0	0.00	4	0.09	0	0.00	45	0.00	0	0.00	0	0.00
2.	Raj Kumar Sharma	0	0.00	31	0.72	0	0.00	52	0.00	0	0.00	0	0.00
3.	Puspal Chandra	0	0.00	27	0.63	0	0.00	548	0.00	0	0.00	500	0.00
4.	Priti Kothari	0	0.00	11	0.26	0	0.00	0	0.00	0	0.00	0	0.00
5.	Rajendra Kumar Kothari	0	0.00	9	0.21	0	0.00	0	0.00	0	0.00	0	0.00
6.	Saroj Devi Kothari	0	0.00	9	0.21	0	0.00	0	0.00	0	0.00	0	0.00
7.	Nishant Kothari	0	0.00	4	0.09	0	0.00	0	0.00	0	0.00	0	0.00

31. From the order log analysis of trades of the Noticee 1 to 7 during Patch - 1, I note that they were repeatedly placing sell orders for small quantity of 1 to 4 shares at successively higher price, when large buy order quantity was pending in the scrip. The instances of their order log details are as under:

Order Log Analysis

Trade Date	Seller Name	Sell Order Number	Shareholding of seller	Sell Order Time	Sell Order Qty	Sell Order Price	Best Available Buy Order Price	Pending Quantity at best buy order price	Trade Qty	LTP Diff
17/08/2012	Saroj Devi Kothari	23000048252460	2000	15:16:36	3	12.93	12.93	13300	3	0.61
03/09/2012	Saroj Devi Kothari	17000157175026	1997	14:30:02	2	18.3	18.3	27699	2	0.32
06/09/2012	Saroj Devi Kothari	14000174107393	1995	14:52:15	2	19.35	19.35	22444	2	0.35
13/09/2012	Saroj Devi Kothari	12000139227623	1993	14:54:38	2	21.65	21.65	22997	2	0.4
09/08/2012	Rajendra Kumar Kothari	14000167168101	2000	15:24:50	1	10.16	10.16	17100	1	0.48
10/08/2012	Rajendra Kumar Kothari	19000178058025	1999	15:12:21	1	10.66	10.66	13601	1	0.5

Trade Date	Seller Name	Sell Order Number	Shareholding of seller	Sell Order Time	Sell Order Qty	Sell Order Price	Best Available Buy Order Price	Pending Quantity at best buy order price	Trade Qty	LTP Diff
22/08/2012	Rajendra Kumar Kothari	16000150023100	1998	13:57:27	2	14.24	14.24	14001	2	0.67
24/08/2012	Rajendra Kumar Kothari	12000144318078	1996	15:20:47	2	15.69	15.69	22042	2	0.74
12/09/2012	Rajendra Kumar Kothari	17000158293019	1994	14:50:49	3	21.25	21.25	25548	3	0.4
03/08/2012	Raj Kumar Sharma	12000169129946	100	12:42:01	1	9.22	9.22	15900	1	0.43
08/08/2012	Raj Kumar Sharma	14000165050351	0*	12:45:20	1	9.68	9.68	14700	1	0.46
13/08/2012	Raj Kumar Sharma	18000178104767	0*	15:11:07	2	11.19	11.19	12850	2	0.53
16/08/2012	Raj Kumar Sharma	23000162197444	0*	15:03:21	1	12.32	12.32	10700	1	0.58
21/08/2012	Raj Kumar Sharma	20000157129604	0*	15:28:27	2	13.57	13.57	15461	2	0.64
30/08/2012	Raj Kumar Sharma	14000061137114	0*	15:15:44	3	17.98	17.98	21849	3	0.35
05/09/2012	Raj Kumar Sharma	12000137217043	0*	14:42:17	3	19	19	26497	3	0.35
10/09/2012	Raj Kumar Sharma	11000121457821	0*	14:59:36	2	20.45	20.45	21598	2	0.4
20/09/2012	Raj Kumar Sharma	16000149108770	0*	15:08:38	1	23.3	23.3	24445	1	0.45
28/09/2012	Raj Kumar Sharma	16000041092370	0*	15:10:35	2	26.1	26.1	26794	2	0.5
04/10/2012	Raj Kumar Sharma	12000142351019	0*	15:25:48	2	27.6	27.6	27950	2	0.5
09/10/2012	Raj Kumar Sharma	12000137319004	290	15:27:21	2	29.25	29.25	21450	2	0.55
15/10/2012	Raj Kumar Sharma	22000141095771	290	15:23:15	3	30.95	30.95	22950	3	0.6
17/10/2012	Raj Kumar Sharma	17000157354235	290	15:24:27	2	32.15	32.15	22750	2	0.6
01/11/2012	Raj Kumar Sharma	17000156194676	290	15:29:03	2	36.75	36.75	19100	2	0.7
06/12/2012	Raj Kumar Sharma	15000123120050	290	15:27:30	2	52.9	52.9	14360	2	1
07/09/2012	Puspal Chandra	16000149152940	196	15:11:41	2	19.7	19.7	27749	2	0.35
17/09/2012	Puspal Chandra	17000163169876	189	14:55:49	2	22.45	22.45	23045	2	0.4
24/09/2012	Puspal Chandra	14000185209794	187	15:07:53	2	24.2	24.2	28045	2	0.45
03/10/2012	Puspal Chandra	17000157230252	185	15:18:55	5	27.1	27.1	23150	5	0.5

Trade Date	Seller Name	Sell Order Number	Shareholding of seller	Sell Order Time	Sell Order Qty	Sell Order Price	Best Available Buy Order Price	Pending Quantity at best buy order price	Trade Qty	LTP Diff
08/10/2012	Puspal Chandra	19000043069726	180	15:28:07	3	28.7	28.7	25600	3	0.55
11/10/2012	Puspal Chandra	13000135165720	177	15:28:45	2	30.35	30.35	23352	2	0.55
16/10/2012	Puspal Chandra	13000132422523	170	15:27:36	2	31.55	31.55	22450	2	0.6
19/10/2012	Puspal Chandra	12000140125418	168	15:27:58	3	32.75	32.75	22550	3	0.6
20/11/2012	Puspal Chandra	16000154119600	161	15:24:04	2	44.5	44.5	20051	2	0.85
04/12/2012	Puspal Chandra	14000153126926	155	15:22:18	2	50.9	50.9	14021	2	0.95
12/12/2012	Puspal Chandra	17000147292987	153	15:24:59	2	57.2	57.2	15102	2	1.1
28/08/2012	Priti Kothari	15000049130852	2000	15:14:59	2	17.29	17.29	28250	2	0.82
11/09/2012	Priti Kothari	13000126197161	1998	15:23:05	3	20.85	20.85	23621	3	0.4
14/09/2012	Priti Kothari	14000171139585	1995	14:55:27	2	22.05	22.05	24196	2	0.4
21/09/2012	Priti Kothari	22000141166245	1993	15:07:58	2	23.75	23.75	36595	2	0.45
25/09/2012	Priti Kothari	19000219173442	1991	15:19:53	2	24.65	24.65	27000	2	0.45
14/08/2012	Nishant Kothari	12000137081677	2000	14:42:49	2	11.74	11.74	10050	2	0.55
08/09/2012	Nishant Kothari	20000075008897	1998	11:43:40	2	20.05	20.05	10251	2	0.35
07/12/2012	Dilip Kumar Mandal	18000040273169	100	15:26:43	4	53.95	53.95	13620	4	1.05

*Raj Kumar Sharma transferred 99 shares to broker pool account on August 04, 2012. Delivery of shares for his trades after August 04, 2012, were made from broker pool account.

32. The details of LTP contribution of Noticee No. 1 to 7 during patch -1 are as under:

		All trades			LTP Diff. >0			LTP Diff. < 0			LTP Diff. =0		% of + LTP to market + LTP
S. No	Entity Name	Net LTP	Sum of Quantity	No of trades	LTP impact	QTY traded	No of trades	LTP impact	QTY traded	No of trades	QTY traded	No of trades	
1	Raj Kumar Sharma	8.64	31	16	8.64	31	16	0	0	0	0	0	17.56 %
2	Puspal Chandra	6.90	27	11	6.90	27	11	0	0	0	0	0	14.02 %
3	Rajendra Kumar Kothari	2.79	9	5	2.79	9	5	0	0	0	0	0	5.67%
4	Priti Kothari	2.52	11	5	2.52	11	5	0	0	0	0	0	5.12%
5	Saroj Devi Kothari	1.68	9	4	1.68	9	4	0	0	0	0	0	3.41%
6	Dilip Kumar Mandal	1.05	4	1	1.05	4	1	0	0	0	0	0	2.13%
7	Nishant Kothari	0.90	4	2	0.90	4	2	0	0	0	0	0	1.83%
	Group-1 total	**24.48**	**95**	**44**	**24.48**	**95**	**44**	**0**	**0**	**0**	**0**	**0**	**49.75 %**
	Market Total	**49.21**	**4,307**	**84**	**49.21**	**3,207**	**79**	**0**	**0**	**0**	**1,100**	**5**	**100%**

33. I find that at the time when the price of the share of GIFL was going up, there were no corporate announcements or news in relation to the company which would justify such a steep rise in the prices of the shares. As noted earlier, the trade carried out by the Noticees 1-7 (seller) (during the patch -1) were in the range of 1 to 4 shares per trade. It is also important to highlight that all the trades of the Noticees 1 to 7 contributed to positive LTP on the days when they sold the shares. Further, I note that all the trades of the Noticee 1 to 7 were for smaller quantities (in the range of 1 to 4) and on all the instances noted above, the sum of buy quantity pending at the time of order placement by them, was substantially more than what they sold.

34. It is further noted that the Noticees 1 to 7 held sufficient shares in their demat account. However, they were placing sell orders for small quantity at successively higher prices, to achieve increase in traded price of the scrip. For example, Puspal Chandra (Noticee No. 2) had shareholding of 196 shares on September 07, 2012. However, the Noticee no. 2 kept repeatedly executing sell trades at higher than last traded price for small quantities when there was substantial buy order demand at her sell order price. Order placement pattern of other six Noticee was found to be similar.

35. Noticee 1 to 7 submitted that sale of shares in small quantities had no impact either on the price or the volume of the scrip and the same was done in the ordinary course of business. In this regard, I note that when the Noticee 1- 7 traded during the patch-1 the average daily volume in the scrip is meagre (average number of trades done during patch-1 is 37). GIFL had no track record of performance which would justify a steep price rise from Rs. 7.99 to Rs. 931.5 (unadjusted to split and; split adjusted Rs. 93.15). All 7 Noticees have the sold shares in miniscule quantities. I find that during the patch-1 (i.e. June 25, 2012 to December 12, 2012), Noticees 1 to 7 have traded on 44 trading days resulting in 44 trades for a meagre volume of 95 shares in total. On 44 such trading days, only 1 trade per day was carried out by the Noitcee 1 to 7 together. The Noticees 1 to 7 sold their shares turn by turn in the market during patch-1 *i.e.* when these 7 sellers sold their shares,

their sell trades never overlapped. I find that all these trades were executed well after the market opening hours. Noticee 1 to 7 trades were the only sell trades on majority of the trading days, it becomes clear that they placed the sell orders after carefully noticing the pending buy orders, therefore they were able to match the buy order at highest possible price.

36. I note from the trades details of the Noticee 1-7 that every time they had placed sell orders, there were relatively huge number of buy orders seeking huge quantities. A reasonable man, being in the position of the Noticee 1 to 7 holding shares of an illiquid scrip like GIFL, would sell his entire or substantial shareholding when he is getting a price in multiples of his purchase price and there are buyers willing to buy the same. Contrary to that, the Noticee 1 to 7 in the present case, as noted in the above tables, had entered into only single trades for miniscule quantities like 1, 2, 3 & 4 shares on several days with each trade establishing a new high price. Further, if the Noticee 1 to 7 was positive about the bullish trend in the scrip of GIFL, they should have waited for the price of the scrip to attain a level at which selling the shares would fetch them the maximum return. Instead, they chose to sell in miniscule quantities on several dates when the price of the scrip was witnessing an upward trend which was nothing but their own contribution. From the aforesaid 44 trades Noticee 1-7 has contributed Rs. 24.48 to the positive LTP, which is 49.75% of the total market LTP (Patch–1).

37. At this juncture I find it important to refer to the following orders passed by Hon'ble SAT in the matter of:

a) ***Giriraj Kumar Gupta HUF v. SEBI*** (Order dated February 25, 2020) held that:
"*Having heard the learned counsel for the parties, we are of the considered view that the impugned transactions, in the facts and circumstances of the matter, would fall in the realm of violations of PFUTP Regulations. Individual argument that each entity's trade is miniscule and only on a few days alone etc. is not sufficient to rebut the findings in the impugned order. The appellants have not given the details of their off-market transactions with an entity which is also found to be part of the group which manipulated the scrip of RMCL. The unwillingness of the appellants in giving the details of those off-market transactions and in turn placing buy orders above LTP in the market subsequently cannot be viewed in isolation. The argument submitted by the learned counsel for the appellants that*

no further connection has been established therefore has no merit in the totality of the facts and circumstances of the case. In such matters, the preponderance of probability based on the totality of circumstances, as held by the Apex Court in the matter of Kishore R. Ajmera (2016) 6 SCC 368 squarely applies. The orders in Jayprakash Bohra (Supra) and Shri Lakhi Prasad Kheradi (Supra) also apply the same ratio."

b) ***Mrs. Kalpana Dharmesh Chheda v. SEBI*** *(*Order dated February 25, 2020) held that:

"5. The crux of the charge against the appellants is, that the appellants have placed sell orders in single shares or in very small quantities at higher and higher price on 55 days during the relevant period thereby contributed to a total of Rs. 320.45 to market positive LTP through 52 trades. Therefore, it has been held that appellants' trade had been of a market manipulative nature and therefore appellants have violated the stated provisions of the PFUTP Regulations, 2003.

…

9. We do not find much merit in the submissions made by the learned counsel for the appellants though generally it can be stated that selling at a price higher than the LTP particularly when buy orders are available in the system cannot be considered as manipulative in itself. However, looking at the pattern of trading done by the appellants and the fact that the appellants have derived considerable financial benefit through that particular scheme or nature of trading we are of the view that the trading pattern adopted by the appellants is of a manipulative and unfair nature and would squarely fall within the ambit of the PFUTP Regulations. The pattern of trade clearly establishes this as it is on 49 occasions that the appellants sold 1 to 5 shares, mostly one share, when in fact the buy orders available in the system was much higher. This behaviour cannot be justified in terms of normal rational expectations of a seller. It is on record that the appellants were among the top two net sellers during the relevant period. Therefore, when the appellants were holding a large number of shares (Appellant No. 1 – 15045 shares and Appellant No. 2 – 1009 shares), their selling miniscule quantity of one share each on more than four dozen occasions is nothing but a strategy of manipulation and unfairly benefiting by off-loading the entire shareholding after raising the price to considerable levels. The Appellant No. 1 was able to sell off 7000 shares on 17th, 18th, and 19th February, 2014 at prices ranging from 182.45 to 189.75. Similarly, on 21st, 24th and 25th March, 2014 the appellants together sold 10174 shares at prices in the range of 226.05 to 249.20."

c) ***Tanuj Khandelwal v. SEBI*** *(*Order dated January 04, 2021) held that:

"……We find that except on three occasions the appellant only sold one share at a time on a daily basis. This trading pattern created misleading appearance with intention to manipulate the market if not the price. Thus, even if there is no connection with the buyer the trading pattern shows a concerted effort to manipulate the market and therefore we are of the opinion that the appellant was not acting as a genuine seller. We also find that the appellant had no bonafide intention to sell because inspite of sufficient buy orders being placed with abundant quantity being available in the market the appellant was only placing sell orders of one share at a time. This clearly shows his intention of manipulating the market for vested reasons."

d) **Jayprakash *Bohra v. SEBI*** (order dated November 05, 2019) held that: *"… The modus operendi, according to the learned counsel, is to revive, on paper, a dormant listed company with very little share capital; go for a preferential allotment and by trading in very small number of shares at inflated prices or far away prices from LTP between the group entities to show considerable activity of trading in the scrip and thereby induce the retail/other investors and thereby provide an exit route to the group entities, including the preferential allottees. All these symptoms are present in this matter. …*
The submission that all the holdings of the appellant are in normal course of business has no merit as the entire issue in the matter is not normal course of business…. Moreover, out of 1,050 shares of Gromo obtained off-market in an inexplicable way by the appellant more than half of it was sold in small tranches; most of the time placing sell order at far away prices than LTP. The said trading pattern and the other connections as explained above is sufficient enough to prove that the appellant was part of the group that created the artifice/scheme and therefore finding in the impugned order that the appellant has violated the stated provisions of the PFUTP Regulations cannot be faulted."

38. In the light of aforementioned SAT orders and in the view of the above facts and circumstance, I am of the view that Noticees 1-7 had no bon-fide intention to sell when sufficient buy orders were available and despite having adequate holdings in the scrip of GIFL sold only avg one share per transactions which resulted in creation of positive LTP and thus created false misleading appearance of trading in the securities market. I note that trading pattern of the Noticees 1-7 exhibit an intent to increase the price of scrip every day with significantly low volumes. Therefore, on the basis of the principle of preponderance of probability I note that the trades were executed by the Noticee 1 to 7 in a manipulative manner for increasing the price of the scrip of GIFL. For this purpose, reliance has been placed on following judgment of Supreme Court wherein it has been held that the standard of proof in matters of fraud arising out of violation of the *SEBI Act, 1992* or the

provisions of the Regulations framed thereunder, is actually the test of preponderance of probability.

a) **SEBI vs Kishore R. Ajmera** (2016) 6 SCC 368**:** *"......While the screen based trading system keeps the identity of the parties anonymous it will be too naive to rest the final conclusions on said basis which overlooks a meeting of minds elsewhere. Direct proof of such meeting of minds elsewhere would rarely be forthcoming. The test, in our considered view, is one of preponderance of probabilities so far as adjudication of civil liability arising out of violation of the Act or the provisions of the Regulations framed thereunder is concerned. Prosecution under Section 24 of the Act for violation of the provisions of any of the Regulations, of course, has to be on the basis of proof beyond reasonable doubt.* ***The conclusion has to be gathered from various circumstances like the volume of the trade affected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such other relevant factors.*** *The fact that the broker himself has initiated the sale of a particular quantity of the scrip on any particular day and at the end of the day approximately equal number of the same scrip has come back to him; that trading has gone on without settlement of accounts i.e. without any payment and the volume of trading in the illiquid scrips, all, should raise a serious doubt in a reasonable man as to whether the trades are genuine. ...."*

39. Noticees 1-7 have submitted that the orders in GIFL scrip were placed in screen based trading system of stock market and they were not aware of the counter parties to their trades. In this regard, I agree with the submission of the said Noticees that the exchange platform is a Screen Based Trading System where the counter party is not known. However, I note that in the screen based trading, the manipulative or fraudulent intent can be inferred from various factors such as conduct of the party, pattern of transactions, etc. Further, in the absence of direct proof of meeting of minds, the conclusion can be derived from various circumstances like volume of trade, period of persistence of trading, particulars of buy and sell orders, proximity of time and such other relevant factors. I also note that SAT *vide* order dated July 14, 2006, in the matter of ***Ketan Parekh vs. SEBI***, has held that: *"The nature of transactions executed, the frequency with which such transactions are undertaken, the value of the transactions, ..., the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive.*

Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn." Thus, I do not find any merit in the said contention of the Noticees.

40. The submission that no alert was generated by any regulatory body to the public regarding the trading in the scrip is devoid of any merit. Any trading pattern which may not have been thrown up as surveillance alert based on surveillance parameters, does not mean such a trade is not fraudulent. Whether there is any concern with respect to trading pattern in scrip is a subject matter of examination / investigation in that scrip and its outcome. Any direction or measure, if warranted, based on the outcome of such examination/investigation, is a post facto action taken to safeguard the interest of investors in securities market and protect the market from further damage, as done in the instant case. Thus, the time taken to arrive at such decision/action is a subjective matter and depends on the complexity of the matter, its scale and modus operandi involved. Further, the argument of alert is valid in case of a genuine investor. Such an argument is not tenable for persons whose trades are alleged to be fraudulent. I note that Supreme Court in the matter of **SEBI vs Rakhi Trading Private Ltd.** (MANU/SC/0096/2018) held that - "*The platform of the stock exchange has been used for a non-genuine trade. ....The stock market is not a platform for any fraudulent or unfair trade practice. The field is open to all the investors.... It also has an adverse impact on thefairness, integrity and transparency of the stock market*.". Thus, I do not find any merit in the said contention of the Noticees.

41. Noticees have submitted that SEBI has not taken any action against the buyers who placed the buy order above LTP and contributed to positive LTP. Further, SEBI has also not taken action against other preferential allottees. In this regard, I note that in the quasi-judicial proceedings, the decision / findings of the adjudicating officer is limited to the extent of deciding the allegations charged against the Noticees mentioned in the SCN. I have to adjudge the allegations levelled against the respective Noticees as sustainable or not based on the records mentioned in the SCN and submissions by the Noticees. The charge against sellers is that they unilaterally by virtue of fraudulent selling alone, manipulating the

price of a security. Therefore, it is not open to the Noticees to contest their case vis-à-vis the case of buyers, other preferential allottees etc. With regard to the submission that no action has been taken against the buyers and preferential allottees who have not been subjected to the present proceedings. At this juncture it is important to refer the some of the appellate courts:

a) Hon'ble SAT order in matter of ***Systematix Shares & Stocks India Limited v. SEBI*** dated April 23, 2012 in which, the Hon'ble SAT, in somewhat similar context, observed that *"It is true that the Board has taken action selectively against a few entities involved in the alleged wrong doing. According to the appellant the Board should have proceeded against all wrong doers and the action against the appellant and a few entities alone is also discriminatory. We cannot subscribe to this view since the Board has set its own benchmark in selecting cases for action and, in any case, the appellant cannot plead himself innocent or his trades as lawful."*

b) *Hon'ble Supreme Court in the matter of* **Union of India and anr. vs. International Trading Co. and anr.** (AIR 2003 SC 3983) dated May 07, 2003, held that *"……two wrongs do not make one right. A party cannot claim that since something wrong has been done in another case directions should be given for doing another wrong. It would not be setting a wrong right, but would be perpetuating another wrong. In such matters there is no discrimination involved. The concept of equal treatment on the logic of Article 14 of the Constitution of India, 1950 (in short 'the Constitution') cannot be pressed into service in such cases. What the concept of equal treatment presupposes is existence of similar legal foothold. It does not countenance, repetition of a wrong action to bring both wrongs on a par. Even if hypothetically it is accepted that a wrong has been committed in some other case by introducing a concept of negative equality the respondents cannot strengthen their case. They have to establish the strength of their case on some other basis and not by claiming negative equality……"*

c) *Hon'ble Supreme Court in the matter of* **Rajesh Pravinchandra Rajyaguru vs Gujarat Water Supply and Sewerage** (decided on 17 December, 2021) held that as per the settled proposition of law Article 14 of the Constitution embodies concept of positive equality alone and not negative equality.

42. In the view of the above facts and Thus, I am of the view that, the objective of the present proceedings is to examine as to whether in the facts and circumstances as mentioned in the SCN and submissions and evidence available on record, the allegations against the Noticees would sustain or not. Hence, the proceedings would not be vitiated merely by their claim that some of the other people have not been named in the proceedings. Thus, I do not find any merit in the said contention of the Noticees.

43. I note from the above paras that considering the connection of Noticee 1 to 7 between themselves as well as with GIFL, I find that the trading behaviour of the seller Noticee 1-7 was not genuine and appears to be devoid of any economic rationale. Therefore, I am of the view that Noticee 1-7 acted under a premeditated scheme thereunder they placed orders in such a manner so as to artificially raise the LTP of the scrip of GIFL significantly. Thus, I find that Noticee 1-7 are liable for violation of provisions of Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) & 4(2)(e) of PFUTP Regulations.

Issue II: Whether GIFL (Noticee 8) and its directors (Noticee 9-12) violated the provisions of Regulation 3 (a), (b), (c) and (d) and regulation 4(1) of PFUTP Regulations as alleged in the SCN?

44. During the preferential allotments and at the time of stock spilt, the details of the Board of Directors of GIFL (connected to instant adjudication proceeding) were as under:

Noticee No.	Name	Director	Appointment Date	Cessation Date
10	Jagdish Chander Sharma	Executive Director	01-May-01	17-Apr-13
11	S Krishna Rao	Independent Director	7-Feb-11	05-Feb-14
9	Pravin Tukaram Sawant	Executive Director	23-Jun-11	12-Feb-15

45. I note from the records that GIFL (Noticee 8) had received Rs.15.75 crore as allotment proceeds from its first preferential allotment in January 2012. From the bank statement, it is observed that out of the said money, GIFL transferred Rs.3.5 crore to JMD Sounds Ltd (hereinafter referred to as **"JMD"**). Similarly, GIFL had received Rs.14.77 crore as allotment proceeds from its second preferential allotment in June 2012. Out of the said money, GIFL transferred Rs.3 crore to JMD and Rs.2.25 crore to Denim Developer Ltd (hereinafter referred to as **"Denim"**). Thus, I note that Noticee 8 is connected with JMD and Denim. It is also noted that GIFL is connected with Unisys through a common director. I find that, GIFL (Noticee 8) did not make any submission with regard to the two preferential allotments; stock split; fund transfer to JMD and Denim; and its connection with JMD, Denim and Unisys.

46. I note that the position of a 'director' in a public/ listed company comes along with responsibilities and compliances under law associated with such position, which have to be fulfilled by such director or face the consequences for any violation or default thereof. A director who is part of a company's board shall be responsible for all the deeds/ acts of the Company during the period of his directorship.

47. I find that Noticee 11 was independent director of GIFL during the investigation period. Upon perusal documents available on record, I find that no role or evidence of them being involved in the Board process for approval of two preferential allotment or in the allotment of preferential shares or in the fraudulent scheme has been mentioned in the SCN. For this purpose, it is important to refer the following Hon'ble SAT ruling where SAT qualified the requirement and importance of unambiguous and clear evidence for charging an independent director in an adjudication proceeding:

   a. in the matter of **Mr. Babubhai Desai v SEBI** (SAT Order dated 15.02.2016, Appeal No. 81 of 2014) wherein it was held that: - "*There has to be unambiguous and clear evidence in respect of the connection sought to be established among the ten appellants by the learned adjudicating officer in the impugned order. The guilt or culpability of each of the appellants has to be analysed and established separately before holding them guilty of forming an alleged group to manipulate the price or volume in a given case. Mere common lane/line number or that of the accountants of the appellants would not by itself convert certain entities into a group or concert who would have jointly traded in a design. It is a serious charge and hence cogent and convincing evidence is required to be brought on record before the said charge could be proved against the appellants*".

   b. **Sayanti Sen vs SEBI** (decided on August 09, 2019, Appeal No. 163 of 2018) wherein it was held that – "*it is not necessary that every director is required to be penalized merely because he is a director on the ground that he is responsible for the affairs of the company. If the director can explain that he had no role to play in the alleged default or that he did not perform his duties assigned to him under the agreement of his appointment, the presumption of guilt and thereafter penalty cannot be fastened upon him*."

   c. **Prafull Anubhai Shah v. SEBI** (Appeal no. 389/2021) wherein it was held that – "*no liability could be fastened upon the appellant merely because he was present in such meeting. Further, the board resolution, in no way, indicates prior knowledge of the appellant with respect to the fraud. In the absence of any evidence to show the appellant's involvement in the GDR issue, the* *averments that the appellant was the Chairman of the audit committee held no relevance. SAT observed that in consonance with MCA circulars and RBI circular, only such non-executive, nonpromoter, independent director should be booked against whom cogent evidence is available that such director was aware of the fraud involved in the issuance of the GDR, or he was acting in connivance in the issue of GDR*."

48. Thus, on the basis of current evidence available on record, it cannot be said that Noticee 11, being an independent director of GIFL were involved in the Board process for approval of two preferential allotment or in the allotment of preferential shares or involved in the fraudulent scheme. Thus, the allegation of violation of provisions of Regulation 3(a), (b), (c) & (d) and Regulation 4(1) of PFUTP Regulations against Noticee 11 does not stand established.

49. I note that A Company though a legal entity cannot act by itself, it can act only through its directors. Directors of the company are expected to exercise their power on behalf of the company with utmost care, skill and diligence. Noticee 9 and 10 were Executive Directors and by virtue of this Noticee 9 &10 is responsible for the acts and omissions of the Company. For this purpose, reliance has placed on following appellate court orders:

   a. Further, reliance is also placed on the order of Hon'ble High Court of Madras in the matter of ***Madhavan Nambiar* vs *Registrar of Companies*** [2002 108 Comp Cas 1 Mad] wherein it was observed that:

   "13. It may be that the petitioner may not be a whole-time director, but that does not mean he is exonerated of the statutory obligations which are imposed under the Act and the rules and he cannot contend that he is an ex officio director and, therefore, he cannot be held responsible. There is substance in the contention advanced by Mr. Sridhar, learned counsel since the petitioner a member of the Indian Administrative Service and in the cadre of Secretary to Government when appointed as a director on the orders of the Government to a Government company or a joint venture company, he is expected not only to discharge his usual functions, but also take such diligent care as a director of the company as it is expected of him not only to take care of the interest of the Government, but also to see that the company complies with the provisions of the Companies Act and the rules framed thereunder. Therefore, the second contention that the petitioner cannot be proceeded against at all as he is only a nominee or appointed director by the State Government, cannot be sustained in law. A director either full time or part time, either elected or

appointed or nominated is bound to discharge the functions of a director and should have taken all the diligent steps and taken care in the affairs of the company.

14. *In the matter of proceedings for negligence, default, breach of duty, misfeasance or breach of trust or violation of the statutory provisions of the Act and the rules, there is no difference or distinction between the whole-time or part time director or nominated or co-opted director and the liability for such acts or commission or omission is equal. So also the treatment for such violations as stipulated in the Companies Act, 1956.*
16. *Section 29 of the Companies Act provides the general power of the board and ………….. Therefore, it follows there cannot be a blanket direction or a blanket indemnity in favour of the petitioner or other directors who have been nominated by the Government either ex officio or otherwise. Hence the second point deserves to be answered against the petitioner. As regards the first contention, it is contended by Mr. Arvind P. Datar, learned senior counsel appearing for the petitioner that the company or its board had resolved that Thiagaraj S. Chettiar shall be the director in charge of the company of all its day-to-day affairs and, therefore, the petitioner, an ex officio chairman and director, cannot be expected to attend to the affairs on a day-to-day basis. This contention though attractive cannot be sustained as a whole. There may be a delegation, but ultimately it comes before the board and it is the board and the general body of the company which are responsible."*

b. The Hon'ble Supreme Court, while describing what is the duty of a director of a company, held in ***Official Liquidator vs P. A. Tendolkar*** *(1973) 1 SCC 602* that: *"...a Director may be shown to be placed and to have been so closely and so long associated personally with the management of the company that he will be deemed to be not merely cognizant of but liable for fraud in the conduct of business of the company even though no specific act of dishonesty is provide against him personally. He cannot shut his eyes to what must be obvious to everyone who examines the affairs of the company even superficially..."*

c. Hon'ble SAT in the matter of ***Mr. N. Narayanan vs SEBI*** (order dated October 05, 2012) held that: *"With the changing scenario in the corporate world the concept of corporate responsibilities is also rapidly changing day by day. The director of a company cannot confine himself to lending his name to the company but taking light responsibility for its day to day management. While functions may be delegated to professionals, the duty of care, diligence, verification of critical points by directors cannot be abdicated. The directors* *are expected to have a hands on approach in the running of the company and take up responsibility not only for the achievements of the company but also the failings thereto."*

50. In the view of the above, I find that the directors of GIFL, *viz* Noticee 9 & 10 cannot escape from the obligation of the board of directors with regard to their fiduciary duties towards GIFL and its shareholders. Thus, I find that Noticee 8 had made two preferential allotments on January 19, 2012 and June 12, 2012; stock split in the ratio of 1:10 with effect from December 13, 2012 and GIFL transferred part of the preferential allotment proceeds to JMD and Denim. Noticee 9 & 10 by virtue of being Executive Directors of GIFL during the period, played role in two preferential allotments, stock split and transfer of part of preferential proceeds to JMD and Denim. Thus, GIFL along with its directors Noticee 9 & 10 were responsible for the said two preferential allotments, stock split and transfer of preferential proceeds to JMD and Denim. GIFL is connected to JMD, Denim and Unisys.

Issue III. Whether Noticees 13 to 41 have violated the provisions of Regulation 3(a), (b), (c), (d) and Regulation 4(1) of PFUTP Regulations as alleged in the SCN?

51. SCN alleged that as per the shareholding patterns of GIFL for quarter ending December 2011 and September 2012 filed with BSE, Noticee 13- 36 (24 entities) are promoters of GIFL, and Noticee 37- 41(5 entities) are promoter related entities thereby, Noticee No. 13 to 41 were / are connected to GIFL. Further, Said Noticees (Noticees 13-41) are connected to entities allegedly involved in price manipulation i.e. LTP contributors (Noticees 1 to 7) through GIFL (Noticee 8) and thereby involved in a fraudulent scheme, selling the shares of GIFL at artificially inflated prices.

52. I note from the promoter definition as mentioned under ICDR Regulation (refer para 17 of this order) that promoter includes (i) the person or persons who are in control of the issuer; (ii) the person or persons who are instrumental in the formulation of a plan or programme pursuant to which specified securities are offered to public; and (iii) the person or persons named in the offer document as promoters. In the

present case, I find that the allegation against Noticee No. 13 to 36 is on the basis of the Noticee 8 version that they are promoters as mentioned in the shareholding pattern. From the perusal of records, I find that documents which suggest that Noticee 13 to 36 are promoters of GIFL are: (i) The disclosures of promoter shareholding patterns of GIFL for quarters ending December 2011 to September 2012 filed by GFIL with BSE (ii)The disclosures of some Noticees as promoters regarding their acquisition / sale of shares of GIFL in the December 2011 – January 2012 and in the year 2014 under PIT Regulations and SAST Regulations available with BSE and (iii) Noticees 23, 24, 27 to 34 letters submitted to SEBI in December 2014 and January 2015, stating / accepting that they were categorized as promoters of GIFL since December 2011.

53. As per the disclosures regarding shareholding pattern of GIFL available on BSE website, the details of shareholding of promoters as on December 31, 2011 are as under:

Sr. No.	Name of the Promoter	No. of shares held	Percentage of total shareholding
1	Radhe Shyam Poddar & Sons (HUF)	4,90,000	14
2	Moongipa Development & Infrastructure Ltd	1,00,000	2.86
3	Shivshakti Enclaves Pvt Ltd	1,00,000	2.86
4	Mehar Lokesh Gurnani	1,00,000	2.86
5	Kishor Premchand Laharani	1,00,000	2.86
6	Kishor Premchand Laharani (HUF)	1,00,000	2.86
7	Punit Kishor Laharani	1,00,000	2.86
8	Reena Kishor Laharani	1,00,000	2.86
9	Lokesh Shankar Gurnani	1,00,000	2.86
10	K L Venture Capital Pvt Ltd	1,00,000	2.86
11	Dilip B Jivrajka	1,00,000	2.86
12	Ashok B Jivrajka	1,00,000	2.86
13	Surendra B Jivrajka	1,00,000	2.86
14	Nitin Kr. Dindayal Didwania	1,00,000	2.86
15	Niti Nitin Kumar Didwania	1,00,000	2.86
16	Ashish Begwani (HUF)	80,000	2.29
17	Deepak Kumar G Agarwal	50,000	1.43
18	Karishma Deepak Agarwal	50,000	1.43
19	Sangeeta N Agarwal	20,000	0.57
20	Nawal Basudeo Agarwal	20,000	0.57

Sr. No.	Name of the Promoter	No. of shares held	Percentage of total shareholding
21	Faiz Mohammad Salim Khan	20,000	0.57
22	Sunita Agarwal	20,000	0.57
23	Rajesh B Agarwal	20,000	0.57
24	Anita S Agarwal	20,000	0.57
25	Rajan Mittal	20,000	0.57
26	Sanjay Basudeo Agarwal	18,000	0.51
27	Debraj Shome	7,500	0.21
28	Suman Anchalia	4,000	0.11
29	Dilip Kr. Jain Ranulal	3,000	0.09
30	Anant Jain	3,000	0.09
31	Nirmala Bai Kochar	2,500	0.07
32	Jagdish Sharma	2,000	0.06
	Total	**22,50,000**	**64.28**

54. I note that Noticees 13-36 have denied that they were the promoters of GIFL and were unaware of the fact that they were being classified as promoters of GIFL. They further contended that with respect to aforesaid fact, SCN has completely relied upon the disclosures made by GIFL from time to time, in which they were being classified as promoter of GIFL. Accordingly, the said Noticees have sought cross-examining of GIFL on the aforesaid fact. In this regard, I find that in the parallel proceeding before the Ld. Whole Time Member of SEBI, (hereinafter referred to as “WTM”), these Noticees have been granted the opportunity of cross-examination in terms of principle of natural justice and fair proceedings. However, I note that GIFL had not appeared for aforesaid cross examination before the Ld. WTM. I further note that, in the present proceeding before me, GIFL has failed to make any representation w.r.t. allegation mentioned in the SCN (refer para 8(a) of this order). As per the facts and circumstances of the present case, I am of the view that again calling the GIFL for the purpose of cross examination would be a futile exercise and therefore, I note that disclosure of GIFL to BSE for categorization of Noticees 13 to 36 as promoters of GIFL cannot be relied upon in the present proceedings.

55. I note that to declare Noticees as promoter reliance has been placed on the disclosures of some Noticees as promoters regarding their acquisition / sale of

shares of GIFL in the December 2011 – January 2012 and in the year 2014 under PIT Regulations and SAST Regulations available with BSE. In this regard, I note that some of the Noticees contended that false disclosures were made to BSE, which classify them as promoters by using their forged signatures. With regard to forgery, some Noticees have lodged a police complaint as well as an FIR with Police Station. Upon perusal of the SCN, it is noted that disclosures of these Noticees under SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as **"PIT Regulations"**) and SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 (hereinafter referred to as **"SAST Regulations"**) available on BSE website does not form the basis of allegation in the SCN. Further, upon perusal of GIFL's investigation report dated July 01, 2021 conducted by CS Ketan S Dand on the matter of *'inclusion of the names of some individuals as the promoters of the company'*, it is noted that the said investigation report has given its finding *inter alia* on the basis of disclosures available with BSE under PIT Regulations and SAST Regulations purportedly signed either by the person named therein as Promoter or by a Director of GIFL. The finding as mentioned in the said investigation report on these disclosures are *inter alia* as under:

> *"…….*
>
> - *From my perusal of all the aforementioned documents, I can state that no document has come to my notice which conclusively satisfies me that such individuals were promoters of the company. The available documentation is not sufficient to come to the conclusion and the veracity of signatures on some of the documents available is also questionable, even for a casual observer. Also, in view of the lockdown, sufficient documentation is not available to investigate for the same. <u>Therefore, I can state that, basis the documents mentioned in this certificate, it cannot be concluded that the 24 persons so named above in point no. 2 above were promoters of the Company, unless further incontrovertible evidence, on either side, comes to record….</u>"* ***(emphasise supplied)***

56. It is noted that during the course of investigation *vide* letters dated December 05, 2014 to Noticees 13 to 36 had informed them that they were holding shares of GIFL under category of promoter for quarter ended December 2011 and had requested them to clarify that since when they were categorized as promoter. In response to aforementioned letter dated Noticee No. 23, 24, 30, 31, 32 & 33 vide identical but

separate letters dated January 05, 2015; Noticee No. 29 vide letter dated December 19, 2014 and Noticee No. 27, 28 & 34 vide identical but separate letters dated January 01, 2015, had stated that they were categorized as promoters of Global Infratech & Finance Limited since December 2011. In this regard, I note that some letters are on GIFL letter head. I failed to understand how the response of the individual Noticee have come in the GIFL letter head, further apart from name and signature, no other details of Noticees are mentioned in these letters, like address of the Noticees, phone number, email id, profession of Noticees. Further, the said letters did not also constitute as an evidence to suggest that these Noticees falls within the definition promoters under Regulation 2(za) of ICDR Regulations i.e. the said letters did not states that they are (i) in control of the issuer i.e. GIFL; (ii) instrumental in the formulation of a plan or programme pursuant to which specified securities are offered to public; or (iii) are named in the offer document as promoters. Thus, I note that it is difficult to reasonably conclude that these Noticees were promoters of GIFL on the basis of letter dated December 05, 2014.

57. In the view of the above, I note that in view of (i) findings of GIFL investigation report dated July 01, 2021 (conducted by CS Ketan S Dand), (ii) submission made by Noticees that they were never involved in the affairs of GIFL in any manner and did not know the directors of GIFL,) (iii) no documentary evidence is available on record of involvement of these Noticees in managing the affairs of GIFL or their awareness of knowing directors of GIFL, (iv) Non-appearance of GIFL for cross examination, I find that it is not possible to conclusive determine the connection of Noticees 13-36 to the Company on the basis of document available on record. I find that that it is difficult to reasonably conclude that Noticees 13 to 36 were promoters of GIFL. Thus, the allegation that Noticees 13 to 36 were connected to GIFL by virtue of their being promoters of GIFL does not stand established. At this juncture, I refer the order passed by Ld. WTM order dated July 16, 2021 in the parallel proceedings held that, in fairness of the proceeding and in the view of the disputed version of GIFL and the failure of GIFL to present for cross examination, I am of the view that the version of disclosure of GIFL to BSE for categorization of

Noticees 13 to 36 as promoters of GIFL cannot be relied upon in the present proceedings.

58. With regard to the allegation that Noticee No. 37 to 41 are promoter related entities, following connection with the alleged promoters have been alleged in the SCN:

S.No.	**Noticee No.**	**Noticee Name**	**Details of Connection**
1	37	Nitin Babubhai Mehta	Received shares in physical transfer from Nitin Kumar Dindayal didwania and Niti Nitinkumar Didwania who were promoters of the company
2	38	Vivek Kumar Anchalia	Share common kyc address with promoter Suman Anchalia (Noticee 22)
3	39	Deepak Ganeshkumar Agarwal HUF	Share common kyc address with promoter Deepakkumar Ganeshkumar Agrawal ((Noticee 36)
3	40	Kaushalaya Agarwal	Share common kyc email address with promoter Nawal Basudev Agarwal (Noitcee No. 24) and promoter Sangeeta Nawal Agarwal (Noticee 23)
4	41	Poonam Anchalia	Share common kyc address with promoter Suman Anchalia (Noticee 22)

59. I note that connections mentioned in the above table, have not been denied by the Noticees 38-41. I note that Noticee 36 is the karta of Noticee 39 and the same has been accepted by them. Noticee 24 and Noticee 23 have accepted that Noticee 40 is their family member. Further, it is observed that Noticee 38 and 41 are the family member of Noticee 22 and the same has also not been denied by Noticee 22. However, in the forgoing paragraphs, it has already been established that the allegation of connection w.r.t. Noticees 22, 23, 24 and 36 as promoters of the GIFL does not established. Thus, I am of the view that Noticee 38, 39, 40 & 41 were not promoter related entity and thereby the connection of Noticees 38, 39, 40 & 41 that they are connected to GIFL through the said promoter also fails.

60. Noticee No. 37 has been alleged as a promoter related entities on the ground that Noticee No. 37 had received or purchased shares of GIFL from erstwhile promoters of GIFL namely Nitin Kumar Dindayal Didwania and Niti Nitinkumar Didwania and hence Noticee No. 37 was a promoter related entity. In this regard, from the submission of the Noticee No. 37, it is noted that he accepted that he had received shares in physical transfer from Nitin Kumar Dindayal Didwania and Niti Nitinkumar Didwania. With regard to the status of Nitin Kumar Dindayal Didwania and Niti Nitinkumar Didwania as erstwhile promoters of GIFL, I note that Nitin Kumar Dindayal Didwania and Niti Nitinkumar Didwania were shown as promoters of GIFL

in shareholding pattern of GIFL for quarter ending December 2011 filed with BSE. I also note that apart from shareholding pattern of GIFL for quarter ending December 2011 filed with BSE, no other documents that has been brought on record which indicates that Nitin Kumar Dindayal Didwania and Niti Nitinkumar Didwania were promoters of GIFL.

61. In the view of the facts and circumstances of present case, I am of the view that the documents/disclosures submitted by Noticee 8 to BSE for categorization of Nitin Kumar Dindayal Didwania and Niti Nitinkumar Didwania as promoters of GIFL for quarter ending December 2011 also cannot be relied upon in the present proceedings (refer para 57 of this order). Further, there is no other documentary evidence available on record which suggests that Nitin Kumar Dindayal Didwania and Niti Nitinkumar Didwania are erstwhile promoters. Therefore, I am of the view, that the current evidence available on record, does not suggest that Nitin Kumar Dindayal Didwania and Niti Nitinkumar Didwania were promoters of GIFL in December 2011. Therefore, the allegation that Noticee 37 who bought shares of GIFL from erstwhile promoters, Nitin Kumar Dindayal Didwania and Niti Nitinkumar Didwania cannot be said to be a promoter related entity or connected to GIFL.

62. In the preceding paragraphs, it has been established that on the basis of current evidence Noticees 13- 36 cannot be said to be promoters of GIFL and thus Noticee No. 37- 41 cannot be said to be promoter related entities and thus they cannot be said to be connected to the GIFL. Thus, I am of the view that they also cannot be said to be connected to the entities allegedly involved in price manipulation i.e. LTP contributors – Noticee 1 to 7, through GIFL, during the investigation period. Thus, I find that the allegation that Noticee 13 to 41 are connected to Noticee 1 to 7 through GIFL fails.

63. I also find that there is no allegation in the SCN against Noticee 13 to 41 that the trades of Noticee 13 to 41 had resulted into LTP contribution, price manipulation, volume manipulation, circular trades, reversal trades, synchronized trades, etc. The only allegation in the SCN against Noticee No. 13 to 41 is that they are connected to GFIL and LTP contributors and sold shares at artificially inflated prices and thereby involved in fraudulent scheme. As determined in preceding

paragraphs, that Noticee 13 to 36 cannot be said to be promoters of GIFL and Noticee 37 to 41 cannot be said to be promoter related entities and thereby cannot be said to be connected to GIFL or connected to entities involved in price manipulation i.e. LTP contributor – Noticee 1 to 7, therefore, the question of dealing with other submissions of Noticee 13 to 41 does not arise.

64. In the view of the above facts and circumstances I am of the view that the Noticees 13 to 41 cannot be said to be connected to Noticee 8 (GIFL) or Noticee 1 to 7(connected to entities involved in price manipulation *i.e.* LTP contributor). Thus, I find that the allegation of violation of Regulation 3(a), (b), (c), (d) and 4(1) of PFUTP Regulations against Noticees 13 to 41 does not stand established.

Issue IV Whether Noticees 42 to 46 have violated the provisions of Regulation 3(a), (b), (c), (d) and Regulation 4(1) of PFUTP Regulations as alleged in the SCN?

65. Before moving forward, it is necessary to deal with preliminary objections raised by the Noticees 42-46. I note that Noticee 45 and 46 submitted that they have not provided the inspection of documents. In this regard, I note that all the documents relevant to the Noticee has already been provided to the said Noticee. Further, in the light of T Takano judgment(supra) copy of IR is also given to the Noticee. However, vide letter dated December 22, 2021 Noticee requested for various documents *viz* a) Copy of order of the Board authorising investigation in the matter (b) Copy of any other reference [including complaints (if any)] based on which SEBI has initiated the investigation in the matter (c) Copy of order of Board/ any other Competent Authority appointing Investigating Authority in the matter, (d) Approved Investigation Report (including all annexures) in this matter (e) Copy of minutes of Committee of Inter Division Chiefs of SEBI that has considered the investigation report (f) Dates on which the Committee of Inter Division Chiefs of SEBI had considered the findings of Investigation (g) Copy of all materials placed before the Whole Time Member (WTM)/considered by the WTM while he/she decided to initiate the said adjudication proceedings against the Noticee (h) Confirmation as to the authority who has decided not to provide me with inspection of pending documents and (i) If this decision has been taken by the Hon'ble Quasi-Judicial

Authority. In this regard I note that said Noticees requesting for internal noting which is neither relevant to the said Noticee and nor relied upon. Thus, I am of the view that no prejudice has been caused to the Noticee by not giving them abovementioned documents. In this regard, I placed reliance on Hon'ble Supreme Court Judgment T Takano(supra) wherein court held that "*the requirement of compliance with the principles of natural justice cannot therefore be read to encompass the right to a roving disclosure on matters unconnected or as regards the dealings of third parties. The investigating authority may acquire information of sensitive nature bearing upon the orderly functioning of the securities market. The right of the noticee to disclosure must be balanced with a need to preserve any other third party rights that may be affected.*"

66. Noticee 45, 46 submitted that if AO chooses to decline the request for inspection of documents, it should be communicated by way of a separate reasoned order. In this regard I note that the said contention with respect to the Noticees has already been dealt in detail (refer para 65 of this order). Thus, I am of the view that there is no need for separate order and issue can be sufficiently dealt in the present order. Further, I note that cases cited by the Noticees 45, 46 *viz* Hon'ble Ms. Madhabi Puri Buch in respect of the brokers in the matter of National Spot Exchange Limited Matter (Order no. Order no. WTM/MPB/EFD-1-DRA-11/37/2018 dated August 30,2018 in respect of Anand Rathi Commodities Limited; Order no. WTM/ MPB/EFD-1-DRA11/35/2018 dated August 30,2018 in respect of India Infoline Commodities Limited ; Order no. WTM/MPB/EFD-1-DRA-11/36/ 2318 dated August 30, 2018 in respect of Geofin Conunizade Limited ; Order no. WTM/MPB/EFD-1-DRA-II/17/2018 dated June 06, 2018 in respect of Philips Commodities India Pvt Ltd) can be factually distinguish from the present adjudication.

67. Noticees 42-46 submitted that cross examination has not been given to them. In this regard, I note that the charges against the Noticees are based on documentary evidence and facts established from the record. They are not alleged to be a promoter of GIFL nor the charges against the Appellants are based on statements of any other Noticess.

68. Noticees contended that that at investigation stage itself, SEBI cannot take action against preferential allottees in LTCG cases, as per SEBI's Information Memorandum. In this regard, it is relevant to refer to the Hon'ble SAT order dated December 15, 2017 in Appeal no. 326 of 2016 in the matter **Mayank Dhanuka vs SEBI**, wherein it is held that: *"…….Fact that Clause 7.1 of the Information Memorandum dated 29.12.2016 records that SEBI would proceed against the entities involved in price manipulation i.e. LTP contributors and the listed companies and its Whole Time Directors (if connection between them is established) cannot be construed to mean that other entities who are also found to be connected with the entities committing fraud are liable to be exonerated. Clause 7.1 of the Information Memorandum has to be read harmoniously so as to hold that all entities including the beneficiaries who are found to be connected with the entities committing fraud would be proceeded against……."*

69. Hence, in view of the Hon'ble SAT order and upon perusal of said Information Memorandum, I note that if it is observed by SEBI that the scrip of a company is manipulated, then SEBI has the power to take action against the entities who are involved in the price manipulation. Thus, I am of the view that if the entities are connected to the entities who are involved in price manipulation, SEBI has the power to take action against such entities. In the present case, upon perusal of Information memorandum and SCN dated March 01, 2018, it is observed that SEBI had taken action against Noticee 42 to 46 because during the investigation SEBI found that Noticee 42 to 46 were preferential allottees connected to GIFL through fund transactions and GIFL is connected to the entities who were involved in price manipulation i.e. LTP Contributor (Noticee 1 to 7) and Noticee 42 to 46 have sold the shares at artificially inflated price. Thus, during the investigation, action was taken against Noticee 42 to 46 on the basis of SEBI's observation that Noticee 42 to 46 were connected to LTP contributor through GIFL and they have sold the shares at artificially inflated price. Thus, I am of the view that SEBI had rightly initiated enforcement action against Noticee 42 to 46 for the alleged violation of PFUTP Regulations on the basis of (a) their connection with GIFL through fund transactions and thereby with entities involved in price manipulation; and (b) their

selling shares during price rise period at artificially inflated / manipulated price. Thus, I do not find any merit in the contention of Noticees that as per Information Memorandum, SEBI cannot take action against preferential allottees in LTCG cases.

70. Noticees submitted that present adjudication proceedings would be put into abeyance on the basis that they have preferred an Appeal before SAT (Appeal No. 515 of 2021) against order dated 16.07.2021 passed by WTM, SEBI on the same subject matter of present proceeding. SAT has *vide* order dated 27.07.2021 has granted a stay on aforesaid WTM order." Said Noticees relied on the SAT vide order dated 27.07.2021 wherein SAT held that *considering the facts that the trades were of the year 2012 but it took more than one year for the respondent to pass an order after conclusion of the hearing we direct the effect and operation of order shall remain stayed during the pendency of the appeal.* I do agree with the fact that in the instant matter, the present adjudication proceedings and aforementioned proceeding before the WTM are based on the same set of facts. However, Considering the aforementioned SAT order, I am of the view that there is no specific stay that has been imposed in the instant Adjudication proceedings, by Hon'ble SAT in the aforementioned order dated 27.07.2021. Further, I also note the proceedings initiated by the WTM under Section 11B is independent and distinct from adjudicating proceedings which is initiated under Section 15I of the SEBI Act. Thus, I am of the view that order of the Income Tax Appellate Tribunal *viz* In the matter of MSEB vs. Joint CIT (81 ITD 299) (Mum); Allahabad High Court order in the matter of Behari Lal And Anr. vs M.M. Gobardhan Lal dated 29 April 1948, Madras High Court judgment in Ramanadhan Chetti vs Narayanan Chetti Alias dated 25 February, 1904, can be factually distinguishable from the present proceedings. For this purpose, reliance has been placed on SAT order dated June 08, 2021 in the matter of **Nirmal N Kotech vs SEBI** wherein it has been held *"No doubt, the provisions of Sections 11B and 15I are different and distinct. The powers exercised by the Board under Chapter IV under Sections 11 and 11B are powers prescribed under the Act. The directions issued under Section 11B after due investigation under Section 11C are remedial in nature. On the other hand, under Section 15I under Chapter VI-A, a mechanism has been provided to an AO to*

impose penalties for various violations if committed under the Act or Regulations framed therein."

71. Now I proceed to deal with the matter on merits. SCN alleged that Noticees 42-46 are connected to the entities involved in price manipulation *i.e.* LTP Contributors and are part of the scheme to manipulate the price of the scrip and get benefit by selling the shares at artificially inflated price and received substantial benefit. Herein I note that SCN has made allegation with respect to connection apart from them as preferential allotment.

72. The connection of Noticee No. 42 to 46 with GIFL are as under:

S.No.	**Noticee No.**	**Noticee Name**	**Details of Connection**
1	42	Anoop Jain	Anoop Jain was director of Gulshan Investment Co. Ltd. and Pneumatic Leasing Services Pvt. Ltd. with which GIFL had fund transactions. Anoop jain and Ritu Jain were common director in Aloft Estates LLP and share common kyc address.
2	43	Anoop Jain HUF	
3	44	Ritu Jain	
4	45	Ammaji Anumolu	Ammaji was director of ATR Warehousing Pvt. Ltd. with which Global Infratech and Finance Ltd had fund transactions. Ammaji, Anumolo and Anumolo Harshitha were common directors in Raychand Automobiles Pvt. Ltd.
4	46	Anumolu Harshitha	

73. I note that it is admitted position that Noticees 42 to 46 are preferential allottees. Further, I note that apart from the connection as preferential allottees with GFIL, said Noticees are also connected to GIFL through fund transactions. Noticees 42-46 have not denied their connection with GIFL through aforesaid fund transaction.

74. I note that Noticee 42 was director Gulshan Investment Co. Ltd. (hereinafter referred to as "**Gulshan**") and Pneumatic Leasing Services Pvt. Ltd. (hereinafter referred to as "**Pneumatic**") during the Investigation period with which GIFL had fund transactions. I note that it is admitted position that both Gulshan and Pneumatic had fund transactions with GIFL other than the preferential allotment transaction. Thus, I note that said Noticee 42 is admittedly connected to GIFL. I note from the submission made by the Noticees 42-44 that Noticee 42 is the Karta of Noticee 43 and Noticee 44 is the wife of Anoop Jain. Thus, the Noticees 42-44 cannot deny their relation amongst themselves and the same has also not been

denied by them. Further, it is noted that they have accepted that Noticee 42 and 43 are director/partner in Aloft Estates LLP. Thus, Hence, I am of the view that Noticee No. 42, 43 and 44 are connected to GIFL and thereby connected to the entities involved in price manipulation i.e. LTP Contibutors (Noticee 1 to 7).

75. I note that Noticee 45 is director of M/s. ATR Ware Housing private limited (hereinafter referred to as "**ATR**") and the same has been not denied. Noticee 45 & 46 were common directors in Raychand Automobiles Pvt. Ltd. Further, from the submission of Noticee 45 and 46, shares family relation between them. Thus, I find that Noticee 45 and 46 are connected to each other and same is not denied by the Noticees. Further, in their submission, Noticee 45 and 46 have accepted that ATR had fund transaction with GIFL. Thus, I note that Noticee 45 and 46 have not denied the aforesaid factors of their connection with GIFL. Thus, I am of the view that Noticee 45 and 46 are connected to GIFL and thereby connected to the entities involved in price manipulation i.e. LTP Contributors (Noticee 1 to 7).

76. From the preceding paras (Para 74 & 75 of this order) it is noted that Noticee 42 to 46 are preferential allottees who are connected to GIFL and thereby connected to the entities involved in price manipulation i.e. LTP Contibutors (Noticee 1 to 7). It is further noted that the said Noticee 42 to 46 have sold the shares of GIFL during the investigation period (i.e. during patch - 2 &3) at an artificially inflated price. The trading details of Noticee No. 42 to 46 during the investigation period are as under:

S.No	Entity Name	Buy TQ	Buy TQ % to Market (%)	Sell TQ	Sell TQ % to Market (%)	Buy TQ	Buy TQ % to Market (%)	Sell TQ	Sell TQ % to Market (%)	Buy TQ	Buy TQ % to Market (%)	Sell TQ	Sell TQ % to Market(%)
		Patch-1				Patch-2				Patch-3			
1.	Anoop Jain	0	0.00	0	0.00	0	0.00	3903800	4.27	0	0.00	0	0.00
2.	Anoop Jain (HUF)	0	0.00	0	0.00	0	0.00	4025222	4.40	0	0.00	0	0.00
3.	Ritu Jain	0	0.00	0	0.00	0	0.00	1770345	1.94	0	0.00	0	0.00
4.	Ammaji Anumolu	0	0.00	0	0.00	0	0.00	376500	0.41	0	0.00	623500	0.72
5.	Anumolu Harshita	0	0.00	0	0.00	0	0.00	119500	0.13	0	0.00	588858	0.68

77. I note from the above table that Noticee 42 to 46 has traded in the scrip of GIFL during patch 2 and 3 i.e. during the price rise and price fall (after reaching at its peak around Rs. 900 considering stock spilt). I note that during the patch 2 and 3,

Noticee 42 to 46 has only sold their shares at an inflated price. The details of shares sold by Noticees 42 to 46 and their sell value are as under:

Noticee No.	Noticee Name	Sell Quantity	Sell Value
42	Anoop Jain	39,03,800	24,60,21,365
43	Anoop Jain HUF	40,25,222	25,73,72,054
44	Ritu Jain	17,70,345	12,80,60,498
45	Ammaji Anumolu	10,00,000	7,80,46,190
46	Anumolu Harshitha	7,08,358	4,87,62,106
	Total	**1,14,07,725**	**75,82,62,213**

78. From the submission of the Noticees 42 to 46, I note that they have not denied their aforesaid trading in the scrip of GIFL. However, the Noticees have stated they are regular investor and have done trading in the ordinary course of business. The Noticees have stated that they have not sold their entire shareholding; they further stated had they been part of the manipulative scheme, they would have sold their entire shareholding. In this regard, I note that their trading in the scrip of GFIL defies any reasonable business prudence. There was no trading in the scrip of GIFL for last 15 years prior to the investigation period. There was also no corporate announcement or material development in the affairs of the Company during the investigation period. Prior to investigation period, there was hardly any trading history in the scrip of GIFL nor did GIFL have any business or financial standing in the securities market. The Noticees 42 to 46 had got the shares during the preferential allotment at a very nominal price of Rs. 15 per share. I note that none of the said Noitcees have bought the shares through regular / normal trading through stock exchange during any patch. None of the Noitcee 42 to 46 has submitted any plausible reason or rationale of investing / trading in such illiquid scrip of GIFL. Further, none of the Noitcee 42 to 46 have submitted their trading history to substantiate their claim.

79. Noticees 42-46 have contended that they have not sold their entire shareholding. In this regard, I note that by selling more than 50% (on a conservative side) of their shareholding at an artificially inflated price, that too after their shareholding were increased to 10 fold, the said Noticees had already made the exorbitant profits. Thus, not selling their entire holding will not affect them as they have already

obtained substantial benefit. Thus, their submission that they have not sold the entire shareholding does not hold any merit.

80. Noticee 42-44 have submitted that they were approached by a person namely Mr. Sanjib Khetry with a presentation and were asked to make investment in the preferential allotment. In this regard, I note that, they have failed to give any plausible explanation as to how GIFL could make allotment to them if they were not known to it or its promoters/directors and if they had no connectivity with them. They have also failed to explain as to how they were selected for making individual presentation. I note that the Noticee 42, 43 and 44 have not been able to furnish any satisfactory documentary evidence, to explain how they were approached by GIFL for the preferential allotment; and other details of communication between them and GIFL in that regard.

81. Noticees 42-44 submitted that they have participated in the preferential allotment since they are impressed by the presentation made to them. In this regard, I note that the said presentation does not bear any financial results, major corporate announcement or any such generally relevant parameter considered while making investments. Noticee 42 was director of Gulshan Investment Co. Ltd. and Pneumatic Leasing Services Pvt ltd. These companies are specifically involved in the financial sector. Noticee 42 is a director in several other companies as well. It would be extremely naïve to consider that said Noticees were influenced by the presentation of Mr. Sajib Khetry when in fact, there was no trading in the scrip of GIFL for last 15 years prior to the investigation period. The scrip of GIFL was a highly illiquid scrip with no corporate announcement or material development on the affairs of the Company prior to the preferential allotment. Thus, I am unable to accept the explanation of the Noticee No 42, 43 and 44 that they invested in the shares of GIFL on the advice/tips of some random public sources.

82. Noticees 42-46 submitted that the funds received from GIFL were not utilized for the allotment of preferential shares of GIFL. In this regard, it is submitted that there is no allegation that the Appellants have utilized the funds received from GIFL for the allotment of preferential shares of GIFL.

83. With regard to the connection through fund transaction, Noticee 45 and 46 had placed reliance to the order of the Hon'ble SAT in Appeal no. 102 of 2020, in which the Appellant, Umang Dhanuka and his family members were said to be connected to Pine Animation Limited, through the company (Biharji Constructions (India) Limited) in which they were directors had a loan transaction with Pine Animation Limited. The Hon'ble SAT in this order has held a business connection does not mean that they were part of the scheme of manipulating the price or they were part of some collusion. In this regard, I find that role of the Dhanuka family in the pine Animation Limited case is not identical to the role of the Noticee 45 and 46 in the present case. Firstly, in Pine Animation Limited matter, Dhanuka Family members are off market transferees i.e. they purchase shares in off-market, whereas in the present matter Noticee 45 and 46 are preferential allottes and bought shares in preferential allotment dated June 12, 2012. Secondly some members of Dhanuka family are directors of Biharji Construction (India) Limited, a Non-Banking Financial Company who took loans from Pine Animation Limited on a high rate of interest during its usual course of business, whereas in the present case Noticee 45 and 46 are directors of ATR Warehousing Private Limited (ATR), who took fund / loan from GIFL. However, it is noted that, Noticee 45 and 46 have not submitted any evidence that ATR is an NBFC company and Loan has been taken by ATR as usual business transaction. Thus, I am of the view that facts in respect of Dhanuka family in Pine Animation Limited matter and Noticee No. 45 and 46 is different i.e. Noticee No. 45 and 46 is neither an off-market transferee nor their company ATR is an NBFC, hence, the finding of Hon'ble SAT in Appeal no. 102 of 2020 in respect of fund transaction connection cannot be applicable to Noticee No. 45 and 46 in the present case. Therefore, I do not find merit in the said contention of the Noticee No 45 and 46.

84. With regard to the fund transaction between GIFL and Pneumatic, Noticee 42, 43 & 44 had placed reliance in the Order dated June 05, 2020 passed by Ld. Whole Time Member, SEBI, ("WTM") in the case of Greencrest Financial Service Ltd ("Greencrest") wherein a fund transaction had been alleged and proceeding against Anoop Jain HUF had been disposed off without any direction. In this regard, upon perusal of order dated June 05, 2020 in the matter of Greencrest it is

noted that with respect to the fund transaction between GIFL and Pneumatic, the allegation against Anoop Jain HUF, as mentioned at paragraph 72 of the aforementioned order is that Anoop Jain HUF was refunded back its share application money by Greencrest indirectly through other connected entities of Greencrest. Further, at paragraph 88 of said order, it is mentioned that *"....Anoop Jain HUF is also one of the 43 preferential shareholders, however, because of the alleged fund transfers made by Greencrest to Pneumatic through GIFL, Anoop Jain HUF has been alleged to have received back its share application money from Greencrest and therefore has been alleged to have colluded with Greencrest and its connected entities in the scheme of market manipulation of the price of the scrip of Greencrest thereby violating provisions of SEBI Act and regulations made thereunder as have been alleged in the SCN...".*

85. Thus, I find that with respect to the fact that there has been fund transaction between GIFL and Pneumatic (wherein Anoop Jain is the director of Pneumatic), the allegation against Anoop Jain HUF referred in order dated June 05, 2020 in the matter of Greencrest is that Anoop Jain HUF has been alleged to have received back its share application money from Greencrest. Whereas in the present matter with respect to the said fund transaction between GIFL and Pneumatic (wherein Anoop Jain is the director of Pneumatic), the allegation against Anoop Jain is that he has been connected to GIFL other than as preferential allottees through the fund transaction. Thus, I am of the view that aforementioned WTM order can be factually distinguish. Therefore, the decision rendered in the above said SEBI order does not have bearing in the present matter.

86. With regard to the connection of Noticee 43 & 44 with Noticee 42, they had placed reliance in the Order dated June 05, 2020 passed by Ld. Whole Time Member, SEBI, ("WTM") in the case of Greencrest wherein Mr. Udayan Grover was related to Mr. Ravindra Grover and he was made co-noticee on the ground that he is related to Mr. Ravindra Grover who had alleged to have funds transaction with GIFL. Pertinently, vide said order proceedings initiated against Mr. Udayan Grover were disposed of without issuing any directions. On consideration of similarly of facts, it was argued that the present SCN issued to Noticee 43 & 44 be disposed

of and charges levelled against Noticee 43 & 44 be dropped. In this regard, upon perusal of order dated June 05, 2020 in the matter of Greencrest it is noted the allegations against Mr. Ravindra Grover (Noticee 18 in the Greencrest matter) and Mr. Udayan Grover (Noticee 19 in the Greencrest matter) are that they are connected with each other being Directors of Grover Metalloys and there was a fund transfer from Greencrest to GIFL to Mr. Ravindra Grover and they were refunded back their share application money by Greencrest indirectly through other connected entities of Greencrest. In the said order dated June 05, 2020 Ld. WTM at paragraph 87 held that *“......I find that neither the SCN nor the materials available on record reveal any monetary transactions or fund transfers between Noticee no. 18 and Noticee no. 19, either directly or even through the company in which Noticee no. 19 shared directorship with Noticee no.18. Therefore, it would be factually erroneous to state that the money which Noticee no.18 received from Global was either passed on to Noticee no.19 or was meant to refund the preferential application money paid by Noticee no.19 to Greencrest....Since in the light of the facts of the present case, it cannot be established that Noticee no.19 has actually received any money either directly or indirectly from Global or Noticee no.18, the allegation of refund of share application money attributed to Noticee no.19 becomes infructuous.......”.*

87. Thus, I find that the allegation against Mr. Udayan Grover referred in order dated June 05, 2020 in the matter of Greencrest is that Mr. Udayan Grover has been alleged to have received back his share application money from Greencrest and therefore, in this context, the Ld WTM had held that it cannot be established that Mr. Udayan Grover has actually received any money either directly or indirectly from GIFL or Mr. Ravindra Grover, the allegation of refund of share application money attributed to Mr. Udayan Grover becomes infructuous and therefore, proceedings against Mr. Udyan Grover is disposed off without any direction. Whereas, I note that in the present matter there is no allegation against Noticee 43 & 44 they have received back their share application money from GIFL. However, the allegation against Noticee 43 & 44 in the present matter is that they are alleged to be connected with GIFL and are alleged to be part of the scheme to make preferential allotment, manipulate the price of the scrip and get benefit by selling

the shares at artificially inflated price. Therefore, in this context, in the present matter, the connection of Noticee 44 with Noticee 42 on the ground of common directorship in Aloft Estate LLP & common KYC address and connection of Noticee 42 being the karta of Noticee 43 is to demonstrate that Noticee 42, 43 & 44 are connected to each other which they had not denied. Therefore, the order dated June 5, 2020 passed by SEBI does not have a bearing on the point as contented. Further, I note that during the investigation period Noticee 42 was the director of Pneumatic and Gulshan and these two companies had fund transaction with GIFL and the same has not being denied.

88. Noticees 42-46 submitted that the funds received from GIFL were not utilized for the allotment of preferential shares of GIFL. In this regard, upon perusal of the SCN, I note that the there is no allegation in the SCN that Noticee 42 to 46 have utilized the funds received from GIFL for the allotment of preferential shares of GIFL. However, the allegation is that apart from them as preferential alloteee, they are also connected to GIFL through the aforesaid fund transaction. Thus, in view of the fact that there is no allegation in the SCN against Noticee 42 to 46 that they have utilized the funds received from GIFL for the allotment of preferential shares, there arises no occasion for rendering any finding on whether such funds have been utilized for allotment of preferential shares of GIFL or not. My findings in the present proceedings in the present issue, is limited to the extent that Noticee 42 to 46 is preferential allottee and connected to GIFL through fund transactions.

89. I note that Noticees have contended that the fund transactions with the Noticee 8 was executed in the ordinary course of business and therefore no adverse inference can be drawn against the Noticees relying on such transactions. The contention of the Noticees may appear satisfactory on its face value, however, none of the Noticees has submitted any supporting evidence or justification to substantiate the claim that the said fund transactions were carried out in the course of ordinary business transactions. Further, with regard to submission made by some of the Noticees relating to their fund transfers supposedly towards loans / borrowings, I note that none of these *Noticees* has submitted any documents pertaining to those loans in the form of a loan agreement, or loan confirmation certificate, evidence of payment of interest, or towards re-payment of loan, etc. to

further their argument. I highlight that Noticee tried to prove that the alleged non-secured loans are genuine in nature by giving the ledger account but failed to provide any evidence/document (loan agreement, detailed bank statement) that is substantial to support his contention. Considering the foregoing, I reject this contention of the *Noticees* and do not find it necessary to further deal with the same.

90. Noticees contended that no warning preferential allotment was made there were no warnings given to the public from the regulatory authority. In this regard, I note that any trading pattern which may not have been thrown up as surveillance alert based on surveillance parameters, does not mean such a trade is not fraudulent. Whether there is any concern with respect to trading pattern in scrip is a subject matter of examination / investigation in that scrip and its outcome. Any direction or measure, if warranted, based on the outcome of such examination/investigation, is a post facto action taken to safeguard the interest of investors in securities market and protect the market from further damage, as done in the instant case. Thus, the time taken to arrive at such decision/action is a subjective matter and depends on the complexity of the matter, its scale and modus operandi involved.

91. Noticee 45 and 46 submitted that SEBI's own decision in the Enforcement Action Policy, in multiple other cases SEBI has exonerated many promoters /promoter related entities who have indulged in fund transfers stating no involvement in manipulation has been found or established during investigation. For this purpose, reliance has been placed on (i) Revocation Order dated October 5, 2017 in the matter of Mishka Finance Trading Ltd. (SEBI/WTM/MPB/EFD-1-DRA-III/50/2017; (ii) Revocation Order dated September 21, 2017 in the matter of Moryo Industries Limited (SEBI/WTM/MPB/EFD-1-DRA-IV/32/2017; (iii) Revocation Order dated September 21, 2017 in the matter of Kailash Auto Finance Ltd. (SEBI/WTM/MPB/EFD-1-DRA-I/31/2017. In this regard, on the perusal of aforesaid orders I note entities are let off since no adverse finding has been made against the entities after detailed investigation. Thus, I note that instant proceedings can be factually distinguishable from the aforementioned orders submitted by the Noticees.

92. Noticees sumitted that Strict Proof along with compelling evidence required for a serious charge of 'fraud'. For this purpose, reliance has been placed on the Hon’ble SAT orders viz R. K. Global v/ s SEBI (Appeal no. 158/2008 decided on 16.09.2010); Narendra Ganatra v/ s SEBI (Appeal No 47 of 2011 _ decided on 29.07.2011); Sterlite Industries (India) Ltd. V. SEBI (2001) 34 SCL 485 (SAT); Parsoli Corporation v/ s SEBI (Appeal No 146/2011 decided on 12.08.2011) and Hon’ble Supreme Court judgments viz Ram Sharan Yadav v/ s Thakur Muneshwar Nath Singh (AIR 1985 SC 24). In this regard, I note that aforementioned orders of appellate court can be distinguishable an of no use to the Noticee since the instant adjudication proceedings are civil in nature and charges can be proved on the basis of preponderance of probabilities. In this regard, I have placed reliance on following judgments of Hon’ble Supreme Court:

a) ***SEBI vs Rakhi Trading Private Ltd.*** *(supra), wherein the Apex Court held that “the entities were engaged in a fraudulent and unfair trade practice while dealing in Options and hence were liable for violation of SEBI (PFUTP) Regulations”. The Hon’ble Apex Court has also held that in the absence of direct proof of meeting of minds, the test should be one of preponderance of probability and also stated that the conclusion has to be gathered from various circumstances like volume of trade, period of persistence of trading, particulars of buy and sell orders, proximity of time between the two and such other relevant factors.*

b) ***SEBI vs Kishore R Ajmera*** *(AIR 2016 SC 1079), wherein it was held that: “" ... According to us, knowledge of who the 2nd party/ client or the broker is, is not relevant at all. While the screen-based trading system keeps the identity of the parties anonymous it will be too naive to rest the final 9 conclusions on said basis which overlooks a meeting of minds elsewhere. Direct proof of such meeting of minds elsewhere would rarely be forthcoming. The test, in our considered view, is one of preponderance of probabilities so far as adjudication of civil liability arising out of violation of the Act or the provisions of the Regulations framed there under is concerned…The conclusion has to be gathered from various circumstances like that volume of the trade effected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such other relevant factors. The illustrations are not exhaustive...”*

c) ***Kanaiyalal Baldev Bhai Patel v. SEBI*** *[(2017) 143 SCL 124 (SC)} have observed that: " ... To attract the rigor of Regulations 3 and 4 of the 2003 Regulations, mens rea is not an indispensable requirement and the correct test is one of preponderance of probabilities ... " ". .. The inferential conclusion from the proved and admitted facts, so* *long the same are reasonable and can be legitimately arrived at on a consideration of the totality of the materials, would be permissible and legally justified ... "*

93. Thus, in view of above, I find that the connected preferential allottees (Noticees 42 to 46) have sold the shares at inflated price and received substantial benefit. The Noticee No. 42 to 46 are connected with GIFL and thereby connected to the entities involved in price manipulation i.e. LTP Contibutors and are part of the scheme to manipulate the price of the scrip and get benefit by selling the shares at artificially inflated price. Thus, the allegation of violation of provisions of Regulation 3(a), (b), (c), (d) and Regulation 4(1) of PFUTP Regulations against Noticee No. 42 to 46 stands established.

G. ORDER

Issue V: *If answer to any of the issues I to Issue IV is determined in the affirmative, whether* monetary penalty under 15HA of SEBI Act can be imposed. If so, what quantum of monetary penalty should be imposed on the Noticee?

94. I note that, in the present issue, it is pertinent to refer to the decision of the Apex Court in the matter of ***SEBI vs Shri Ram Mutual Fund*** (Appeal Civil 9523-9524 of 2003) dated May 23, 2006, wherein it is 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*".

95. In the view of the aforementioned judgment of Supreme court I find that, during the patch -1, Noticee 1 to 7 who are connected among themselves as well as with GIFL, had placed orders in small quantity in such a manner as to raise the LTP significantly, thereby manipulating the price of the scrip as part of the entire scheme. Noticee 1 to 7 have violated the provisions of Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) & 4(2)(e) of PFUTP Regulations. Noticees 8, 9, 10 were part of scheme to manipulate the price of the scrip to benefit connected preferential allottees. Thus, Noticees 8, 9, 10 have violated the provisions of Regulation 3 (a), (b), (c) and (d) and Regulation 4(1) of PFUTP Regulations. Further, the connected preferential allottees (Noticees 42 to 46) have sold their shares at the artificially manipulated high price. Therefore, Noticee 42 to 46, who are connected with the company and thereby connected to the entities involved in price manipulation i.e. LTP

Contributors (Noitcee 1 to 7), are part of the scheme to manipulate the price of the scrip and get benefit by selling the shares at an artificially inflated price and have violated the provisions of Regulation 3(a), (b), (c), (d) and Regulation 4(1) of PFUTP Regulations.

96. I note that having regard to the factors listed in section 15J of SEBI Act read with Rule 5(2) of the SEBI Adjudication Rules, which provides that factors while adjudging quantum of penalty, and in the light of Supreme Court's judgment in the matter of **SEBI vs Bhavesh Pabari** (2019) 18 SCC 246, it is noted that from the material available on record, any quantifiable gain or unfair advantage accrued to Noticee or the extent of loss suffered by the investors as a result of the default in this case cannot be computed. Further, as per the records, following past action has been recorded against the Noticees 3, 8, and 9.

Sl. No.	**Name of the entity**	**SEBI Order & date**
1	Rajendra Kumar Kothari	Vide application dated July 30, 2008 applied for consent proceedings in the matter of Prime Capital Markets Ltd
2	Global Infratech and Finance Ltd	Vide Interim Order dated December 19, 2014 in the matter of First Financial Services Ltd restrained from accessing the securities market and buying, selling or dealing in securities, either directly or indirectly, in any manner whatsoever, till further directions
3	Pravin Sawant	Vide two orders dated June 21, 2007, Adjudicating officer levied total penalty of Rs.2 Lakh in the matter of Prime Capital Markets Ltd.
		Prosecution proceedings initiated on March 22, 2011 in the matter of Prime Capital Markets Ltd.

97. I am aware of the fact that the default in question pertains to the year of June 25, 2012 to September 04, 2014, and from then considerable amount of time has passed which has been considered as a mitigating factor. Further, I have also considered order of Hon'ble SAT in ***P.G Electroplast Ltd. vs. SEBI*** (Appeal No. 281 of 2017), dated August 02, 2019, in which SAT 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, I am also taking into an account order dated July 16, 2021 was passed by WTM (Whole Time Member), SEBI in the separate and parallel proceeding under the provisions of sections 11(1), 11(4), and 11B of the SEBI Act under the same facts.

98. After taking into consideration the nature and gravity of the violations established in the preceding paragraphs, the factors mentioned under 15J of SEBI Act, and the

principle pronounced under the judgement of Bhavesh Pabari (Supra) and in exercise of the powers conferred upon me under section 15-I of the SEBI Act read with rule 5 of the Adjudication Rules, I hereby impose following penalty under Section 15HA of the SEBI Act, 1992 on the following Noticees:

Sr.N.	Noticee No.	Noticee Name	PAN	Penalty(Rs)
1	1	Raj Kumar Sharma	BMIPS9482B	Joint & Several liability 7,00,000/- (Seven lakh Only lakh)
2	2	Puspal Chandra	ACRPC1647G	
3	3	Rajendra Kumar Kothari	AFUPK9415J	
4	4	Priti Kothari	AQVPK7342Q	
5	5	Saroj Devi Kothari	ARCPK1018M	
6	6	Dilip Kumar Mandal	BQCPM7585H	
7	7	Nishant Kothari	BJTPK3949M	
8	8	Global Infratech & Finance Ltd	AABCA4255H	3,00,000/-(Three lakh Only lakh)
9	9	Pravin Sawant (Director)	ANTPS3885K	3,00,000/-(Three lakh Only lakh)
10	10	Jagdish Chander Sharma (Director)	ARSPS7837E	3,00,000/-(Three lakh Only lakh)
11	42	Anoop Jain	AADPJ2136K	Joint & Several liability 3,00,000/- (Seven lakh Only lakh)
12	43	Anoop Jain (HUF)	AAAHA6321A	
13	44	Ritu Jain	AAMPJ9586C	
14	45	Ammaji Anumolu	ABHPA0658E	Joint & Several liability 2,00,000/- (Seven lakh Only lakh)
15	46	Anumolu Harshitha	ACAPH3599M	

99. SCN dated January 08, 2018 alleging the violation of the provisions of Regulations 3(a), 3(b), 3(c), 3(d), and 4(1) of PFUTP Regulations by the Noticees 11, 13- 41 is disposed of without imposition of penalty.

100. 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

101. 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, DRA-II, 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

102. In terms of rule 6 of the Adjudication Rules copies of this order are sent to the Noticees and also to SEBI.

Date: July 29, 2022
Place: Mumbai

VIJAYANT KUMAR VERMA
ADJUDICATING OFFICER