BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA

ADJUDICATION ORDER No. Order/SM/RG/2022-23/25245-25256

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 respect of:

Noticee. No.	Noticee	PAN
1	Beeline Broking Limited	AAGCB0134P
2	Sunny Kantilal Solanki	BPPPS5854H
3	Elite Accfin Solutions Pvt. Ltd.	AACCE3201C
4	Madhavi Aditya Dave	ALFPD5918E
5	Poojaben Samirbhai Pandya	BEQPP5432Q
6	Rahul Patel	APBPP3797H
7	Sushila Shukla	AEOPS0182B
8	Pravinbhai Bhailal Doshi	AHIPD1159L
9	Aditya Dave	AIYPD1517D
10	Nadiya Bipinkumar Khodidas	AJSPN2352F
11	Falan Trading Company	AAFFF6316D
12	Ankitkumar Muljibhai Solanki	FSCPS5160L
13	Priyanka Nishit Shah	ANLPD1916A
14	Bijal Mukesh Shah (HUF)	AAIHB4167K

In the matter of Transwind Infrastructure Ltd.

A. FACTS OF THE CASE IN BRIEF

1. Transwind Infrastructure Limited ((hereinafter referred to as “TIL/Transwind/the company”) was originally incorporated as Transwind Communication and Electronics Private Ltd. on May 16, 1997 and was subsequently converted into a public company in the year 2009 with the name changed to Transwind Infrastructure Ltd. Since 2009, the company’s main business is into development of infrastructure projects. The company details are:

CIN No.	L45203GJ1997PLC032347
Company Name	Transwind Infrastructure Ltd.,
Registered Office Address	74 New York Tower-A Opp. Jain Derasar, S G Highway Thaltej Ahmedabad 380054
ROC	ROC, Ahmedabad
Listing date	July 12, 2017
Listed on	NSE’s SME Platform “Emerge”

Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") investigated in the matter of Transwind Infrastructure Limited (listed on NSE Emerge and had a market maker, Beeline Broking Limited, the SEBI Registered Stock Broker, till 12.07.2020), wherein certain "Unsolicited SMSs" were floating in Capital One Channel in messaging app "Telegram" giving buy recommendation for the scrip Transwind. Post circulation of messages, a substantial volume spurt was observed in the scrip and price rose from Rs.4.05 to Rs.12.30 from June 3, 2020 to July 9, 2020. Based on which, a detailed investigation was initiated in the scrip of Transwind for the period from May 1, 2020 to July 20, 2020 (hereinafter referred to as "**Investigation Period**") to ascertain whether there was any violation of the provisions of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act**"), Securities and Exchange Board of India (Stock Brokers) Regulations, 1992 (hereinafter referred to as "**Stock Broker Regulations**") and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**") by Noticee 1; SEBI Act and PFUTP Regulations by Noticees 2-14.

B. APPOINTMENT OF ADJUDICATING OFFICER

2. SEBI had appointed Ms. Geetha G as the Adjudicating Officer under Section 19 read with sub-section (1) of Section 15-I of the SEBI Act and Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as "**SEBI Adjudication Rules**"), vide communique dated May 17, 2022, to enquire into and adjudge under Section 15HA and 15HB of SEBI Act for the alleged violations of SEBI Act and PFUTP Regulations by the Noticees as mentioned above. Upon transfer of Ms. Geetha G, vide communique dated September 19, 2022, Shri Amit Kapoor was appointed as the Adjudicating Officer. Subsequently, the undersigned had been appointed as Adjudicating Officer vide communique dated October 06, 2022.

C. SHOW CAUSE NOTICE

3. A common show cause notice (hereinafter referred to as "**SCN**") with reference no. EAD1/SM/RG/57099/2022, dated November 09, 2022, was served upon the Noticees under Rule 4(1) of the SEBI Adjudication Rules to show cause as to why an inquiry should not be held and penalty not be imposed against the Noticee No. 1 under Section 15HA and 15HB of the SEBI Act and against Noticee No.2 under Section 15HA of SEBI Act, for the alleged violations as mentioned above. The said SCN was served upon the Noticees through Speed Post Acknowledgement Due and digitally signed e-mail.

4. The contents of SCN and the allegations levelled against the Noticees in the SCN are mentioned below:

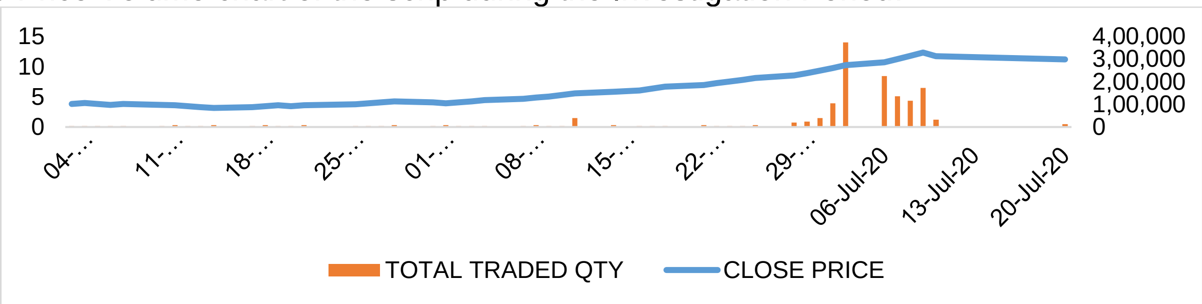
5.1 Price Volume Analysis

Particulars	Period	Price/ Volume	Opening price & vol on first day of the period (Rs.)	Closing price & vol on last day of the period (Rs.)	Low price & vol during the period (Rs.)	High price & vol during the period (Rs.)	Avg. no. of (shares) traded daily during the period
Before Examination period	01/03/2020 to 30/04/2020	Price	3.15	3.65	2.85 (17/03/2020)	3.65 (30/04/2020)	4,526 (38 trade dates)
		Vol.	4,000	4,000	4,000 (17/03/2020)	4,000 (30/04/2020)	
During Examination Period divided into two patches viz. Pre stock recommendation period Patch 1 and stock recommendation period Patch 2	04/05/2020 to 26/06/2020 (Patch 1)	Price	3.8	8.1	3.15 (15/05/2020)	8.10 (26/06/2020)	6,000 (38 trade dates)
		Vol.	4,000	8,000	8,000 (15/05/2020)	8,000 (26/06/2020)	
	29/06/2020 to 20/07/2020 (Patch 2)	Price	8.5	11.15	8.5 (29/06/2020)	12.8 (10/07/2020)	1,13,818 (11 Trade Date)
		Vol.	20,000	12,000	20,000 (29/06/2020)	32,000 (10/07/2020)	
After Examination period	22/07/2020 to 10/02/2021	Price	10.6	7.2	7.2 (10/02/2021)	10.6 (22/07/2020)	12,000 (9 trade dates)
		Vol.	4,000	4,000	4,000 (10/02/2020	4,000 (22/07/2020)	

5.2 Price Volume analysis for the Investigation Period was carried out based on trading data of NSE. It was observed that during the Investigation Period from May 1, 2020 to July 20, 2020, the price of the scrip opened at Rs.3.80 on May 4, 2020 and closed at Rs.11.15 on July 20, 2020, after touching a high of Rs.12.3 on July 9, 2020. The price rise was observed to be 193.42%. During the Investigation Period, the total volume of trades was 14,80,000 shares and volume spurt was also observed i.e. from average of 6,000 shares per day (from 4.5.2020 to 26.6.2020) to average of 1,13,818 shares per day (from 29.6.2020 to 20.7.2020), registering an increase of 1796.97%. The lot size in the scrip of Transwind was 4,000 shares .

5.3 The price-volume chart of Transwind is depicted below:

The Price Volume chart of the scrip during the Investigation Period:



5.4 Brokers Concentration (NSE SME – Emerge)

Details of Top 10 buy brokers and sell brokers concentration during the Investigation period is tabulated below:

Buy Broker Name	Gross Buy	% of Gross Buy to Mkt Volume	Sell Broker Name	Gross Sell	% of Gross Sell to Mkt Volume
RKSV Securities India Private Limited	2,40,000	16.22%	Beeline Broking Ltd	6,12,000	41.35%
HDFC Securities Ltd.	2,24,000	15.14%	Swastika Investmart Limited	1,72,000	11.62%
Beeline Broking Ltd	1,92,000	12.97%	ACML Capital Markets Limited	1,32,000	8.92%
Zerodha Broking Limited	1,44,000	9.73%	Zerodha Broking Limited	88,000	5.95%
Kotak Securities Ltd.	76,000	5.14%	Kotak Securities Ltd.	64,000	4.32%
5paisa Capital Limited	64,000	4.32%	Balance Equity Broking (India) Pvt. Ltd.	40,000	2.70%
Motilal Oswal Financial Services Limited	52,000	3.51%	Edelweiss Broking Limited	40,000	2.70%
Anand Rathi Share And Stock Brokers Limited	48,000	3.24%	RKSV Securities India Private Limited	40,000	2.70%
Balance Equity Broking (India) Pvt. Ltd.	36,000	2.43%	Rajvi Stock Broking Private Limited	36,000	2.43%
K Securities Ltd.	32,000	2.16%	K Securities Ltd.	32,000	2.16%
Top Buy Broker	**11,08,000**	**74.86%**	**Top Sell Brokers**	**12,56,000**	**84.86%**
Remaining Brokers	**3,72,000**	**25.14%**	**Remaining Brokers**	**2,24,000**	**15.14%**
Total Market	**14,80,000**	**100.00%**	**Total Market**	**14,80,000**	**100.00%**

Trading Members Beeline Broking Ltd., Swastika Investmart Ltd., and ACML Capital Markets Ltd., accounted for 61.89% of gross sell of Transwind during the Investigation Period.

5.5 Client Concentration (NSE SME – Emerge)

Details of top buy clients and sell clients (who are noticees) concentration on the NSE SME – Emerge during the investigation period is tabulated below:

Buy Client Names	Gross Buy	% of Gross Buy to Mkt Volume	Sell Client Names	Gross Sell	% of Gross Sell to Mkt Volume
Beeline Broking Limited	88,000	5.95%	Nadiya Bipinkumar Khodidas	2,24,000	15.14%
Elite Accfin Solutions Private Limited	48,000	3.24%	Falan Trading Co.	1,44,000	9.73%
Others*	1,92,000	12.97%	Ankitkumar Muljibhai Solanki	1,28,000	8.65%
			Beeline Broking Limited	64,000	4.32%
			Elite Accfin Solutions Private Limited	60,000	4.05%
			Others*	1,96,000	13.23%
Top Buy Clients	**3,28,000**	**22.16%**	**Top Sell Clients**	**8,16,000**	**55.14%**
Remaining Clients	**11,52,000**	**77.84%**	**Remaining Clients**	**6,64,000**	**44.86%**
Total Market	**14,80,000**	**100.00%**		**14,80,000**	**100.00%**

*(Not the noticees in the instant SCN)

5.6 The connection among the noticees is depicted in the table below:

Entity Name	Member Broker	Basis of connection
Beeline Broking Limited (Noticee No. 1)	Beeline Broking Limited	Noticee No. 1 was the Market Maker for Transwind Noticee No. 3 was having Trading Account with Noticee No. 1, and observed to be counterparty for 80% of Noticee No. 1's trades in the scrip of Transwind during the six months prior to Investigation Period and counterparty for 50% of trades of Noticee No. 1 during Investigation Period. Khushboo Shah, Director of Noticee No. 1 was holding Directorship in Noticee No. 3 from 16.02.2009 to 27.12.2017 Noticee No. 13, the wife of Nishit Shah, the Director of Noticee No. 3
Elite Accfin Solutions Private Limited (Noticee No. 3)	Beeline Broking Limited	
Priyanka Nishit Shah (Notice No. 13)	Swastika Investmart Limited	
Sunny Kantilal Solanki (Noticee No. 2)	Beeline Broking Limited & Swastika Investmart Limited	Noticee No. 2 is husband of Falguni Sunny Solanki and cousin of Noticee No. 12, who are the promoters of Noticee No. 11 Noticee No. 12 has business relationship with Noticee No. 3 and Nishit Shah, Director of Noticee No. 3 and Noticee No. 10
Falan Trading Company (Noticee No. 11)	Swastika Investmart Limited	
Ankitkumar Muljibhai Solanki (Noticee No. 12)	Beeline Broking Limited	
Aditya Dave (Noticee No. 9)	Beeline Broking Limited	Common Email id and Phone No. is shared by Noticee Nos. 9, 4, 7, 5. They are of same family. Noticee No. 9 and Noticee No. 2's name was found to be in the Facebook friends list of Nikhil M Shah (Ex-Director of Elite Accfin Solutions & husband of Khushboo Nikhilkumar Shah, Director of Beeline). Further, Nishit Shah, Director of Noticee No. 3 vide his email dated 22.1.2022 stated that Noticee No. 9 was his Ex-colleague. Noticee No. 9 vide email dated 7.3.2022 confirmed that he knows Noticee No. 2 and Nishit Shah (Director of Noticee No. 3) professionally and he opened account once Noticee No. 2 joined Beeline Broking Limited. As per Noticee No. 1's Know Your Customer (hereinafter referred to as "**KYC**") documents, it is noted that Noticee No. 2 is the introducer to Noticee No. 9, 4, 7, 5 for opening trading account.
Madhavi Aditya Dave (Noticee No. 4)	Beeline Broking Limited	
Sushila Shukla (Noticee No. 7)	Beeline Broking Limited	
Poojaben Samirbhai Pandya (Noticee No. 5)	Beeline Broking Limited	
Rahul Patel (Noticee No. 6)	Beeline Broking Limited	Noticee No. 6 is son of Bipinchandra Himatlal Patel. As per KYC, Vanesh Panchal (Director of Noticee No. 1) acted as Introducer to Bipinchandra Himatlal Patel (father of Noticee No. 6) and Nikunj Vithlani, an employee of Noticee No. 1 acted as introducer to Noticee No. 6
Pravinbhai Bhailal Doshi (Noticee No. 8)	Beeline Broking Limited	Noticee No. 8 is father-in-law of Ankita Doshi, who is employed in Noticee No. 1 Noticee No. 2 was found to be the witness in Power of Attorney (hereinafter referred to as "**POA**") and introducer in KYC form for Noticee No.8
Nadiya Bipinkumar Khodidas (Noticee No.10)	Beeline Broking Limited	From KYC, it was noted that Noticee No. 2 was the Introducer and witness for Noticee No. 10 to open trading account with Noticee No. 1. From bank statement of Noticee No. 10 (ICICI A/c No. 136705500872), fund

Entity Name	Member Broker	Basis of connection
		transfers could be seen with Noticee No. 3, Nikhil M Shah (Ex-Director of Noticee No. 3 & husband of Khushboo Nikhilkumar Shah, Director of Noticee No. 1) and Noticee No.11
Bijal Mukesh Shah (HUF) (Noticee No. 14)	Swastika Investmart Limited	As per Nikhil M shah (Ex-Director of Noticee No. 3) email dated 21.1.2022, Noticee No. 14 is cousin of Nikhil M Shah (Ex-Director of Noticee No. 3). In Noticee No. 1's KYC, it is noted that Noticee No. 2 (Ex-employee of Noticee No. 1) is the introducer for opening Noticee No. 14's trading account with Noticee No. 1. As per Noticee No. 3's email dated 22.1.2022, Noticee No. 14 had business relations with Noticee No. 3

5.7 During the Investigation Period, the message circulation through Capital One Telegram Channel happened between 29.6.2020 to 7.7.2020. The volumes rose from 8,000 on June 26, 2020 to 1,72,000 on July 09, 2020 i.e. an increase of 2050%. Based on the SMS circulation in the instant case, the Investigation Period was divided into two patches as follows:

i. **Patch-1 (Price Rise Patch): 01/05/2020 to 26/06/2020** ***(Pre-Stock Recommendation Period):*** At SME-Emerge of NSE, during the pre-stock recommendation period, it was noted that with 51 trades, the price of the scrip moved from Rs.3.8 to Rs.8.1 on June 26, 2020, showing 113% increase in the price for 22,800 shares of trade volume i.e. with 1.54% of total trade volume of the Investigation Period. Hence, it was considered as a price rise patch.

ii. **Patch-2 (Price Rise Patch): 27/06/2020 to 20/07/2020** ***(During/Post Stock Recommendation Period):*** During Patch-2 i.e. from 27.6.2020 to 20.7.2020, with 299 trades the price of the scrip opened at Rs.8.5 on 29.6.2020 and touched period high of Rs.12.8 on 10.7.2020 before closing at Rs.11.15 on 20.7.2020 with average volume of 113818 shares. Hence, this patch was taken as price rise patch.

5.8 Trading Analysis during the Investigation Period

5.9 Trading details of the Noticees

Noticee No.	Client Name	Buy Traded Qty	Buy Value	%Buy Traded Qty	Avg Buy Price (Rs.)	Sell Traded Qty	Sell Value (Rs.)	%Sell Traded Qty	Avg Sell Price (Rs.)	Net Sell Qty
1	Beeline Broking Limited	88,000	4,18,400	5.95	4.75	64,000	3,01,600	4.32	4.71	-24,000
3	Elite Accfin Solutions Private Limited	48,000	2,28,400	3.24	4.76	60,000	3,01,000	4.05	5.02	12,000
4	Madhavi Aditya Dave	16,000	1,30200	1.08	8.14	12,000	91,800	0.81	7.65	-4,000
5	Poojaben Samirbhai Pandya	8,000	31,200	0.54	3.90	8,000	42,400	0.54	5.30	0
6	Sushila Shukla	4,000	18,600	0.27	4.65	8,000	37,200	0.54	4.65	4,000
7	Pravinbhai Bhailal Doshi	4,000	31,200	0.27	7.80	4,000	34,000	0.27	8.50	0
8	Aditya P Dave	4,000	30,000	0.27	7.50	4,000	34,000	0.27	8.50	0
9	Rahul Patel	4,000	13,800	0.27	3.45	0	0	0.00	0.00	-4,000
10	Nadiya Bipinkumar Khodidas	0	0	0.00	0.00	2,24,000	22,05,000	15.14	9.84	2,24,000
11	Falan Trading Co.	0	0	0.00	0.00	1,44,000	15,15,200	9.73	10.52	1,44,000
12	Ankitkumar Muljibhai Solanki	0	0	0.00	0.00	1,28,000	13,84,600	8.65	10.82	1,28,000
13	Priyanka Nishit Shah	0	0	0.00	0.00	16,000	1,63,200	1.08	10.20	16,000
14	Bijal Mukesh Shah (Huf)	0	0	0.00	0.00	12,000	1,47,600	0.81	12.30	12,000

5.10 LTP Analysis of Top Contributors among buyers during Patch-1

S No	Buyer Name	All Trades			LTP Diff > 0			LTP Diff < 0			LTP Diff = 0		
		LTP impact in Rs.	QTY traded	No of trades	LTP impact in Rs.	QTY traded	No of trades	LTP impact in Rs.	QTY traded	No of trades	QTY traded	No of trades	% of Positive LTP to Total Market Positive LTP
1	Elite Accfin Solutions Private Limited	1.8	48,000	12	2.25	36,000	9	-0.45	12,000	3	0	0	33.83%
2	Beeline Broking Limited	0.15	80,000	20	1.7	40,000	10	-1.55	32,000	8	8,000	2	25.56%
3	Madhavi Aditya Dave	0.45	8,000	2	0.45	8,000	2	0	0	0	0	0	6.77%
4	Pravinbhai Bhailal Doshi	0.3	4,000	1	0.3	4,000	1	0	0	0	0	0	4.51%
5	Rahul Patel	0.3	4,000	1	0.3	4,000	1	0	0	0	0	0	4.51%
6	Aditya P Dave	0.25	4,000	1	0.25	4,000	1	0	0	0	0	0	3.76%
7	Sushila Shukla	0.2	4,000	1	0.2	4,000	1	0	0	0	0	0	3.01%
8	Poojaben Samirbhai Pandya	-0.05	8,000	2	0.15	4,000	1	-0.2	4,000	1	0	0	2.26%
	Total	**3.4**	**1,60,000**	**40**	**5.6**	**1,04,000**	**26**	**-2.2**	**48,000**	**12**	**8,000**	**2**	**84.21%**
Total Market LTP		**4.45**	**2,28,000**	**51**	**6.65**	**1,24,000**	**31**	**-2.2**	**48,000**	**12**	**56,000**	**8**	**100.00%**

The above mentioned 8 suspected entities (hereinafter referred to as "**group**") made 40 trades during pre-stock recommendation period, with which the group had contributed Rs.3.4 to Net LTP. With 26 trades for 1,04,000 shares, the group had contributed Rs.5.60 to Positive LTP (84.21% of market LTP of Rs.6.65 for Patch-1) during Patch-1 i.e. from 4.5.2020 to 26.6.2020. All group entities traded through Trading Member Beeline Broking Ltd. Of 26 Positive LTP trades, 24 trades for 96,000 shares were executed among themselves with Positive LTP of Rs.5.00 (i.e. 75.19% of total market Positive LTP for Patch-1).

5.11 New High Price (NHP Analysis) – Patch-1

New High Price (hereinafter referred to as "NHP") contribution to the market by the eight suspected entities who had accounted for LTP contribution during Patch-1 is tabulated below:

Client Name	Sum of NHP Qty.	No. of Trades	NHP contribution (in Rs.)	NHP Contribution to total NHP(in %)	Contribution among Group	Contribution To NHP In Buy Order First Trades With Non Group Entities
Elite Accfin Solutions Private Limited	20,000	5	1.40	32.56%	0.80	0.60
Beeline Broking Limited	16,000	4	0.65	15.12%	0.65	0
Madhavi Aditya Dave	8,000	2	0.45	10.47%	0.45	0
Pravinbhai Bhailal Doshi	4,000	1	0.30	6.98%	0.30	0
Aditya P Dave	4,000	1	0.25	5.81%	0.25	0
Sushila Shukla	4,000	1	0.20	4.65%	0.20	0
Total	**56,000**	**14**	**3.25**	**75.58%**	**2.65**	**0.60**
Market Total	**76,000**	**19**	**4.30**	**100.00%**	**2.65**	**0.60**

Six of the group entities contributed Rs.3.25 to market NHP with 14 trades, which accounted for 75.58% of market NHP. From trades among the connected entities, they had contributed Rs.2.65 to market NHP (61.63%). In remaining trades with non-group entities in which they placed buy order first they contributed Rs.0.60 to NHP (13.95%). This supports and proves that these entities made LTP contribution through manipulative trading pattern.

5.12 First Trade Analysis – Patch-1

First Trade Analysis, during the Investigation Period, was carried out to identify whether the first trade of the day was used to increase or decrease the price of the scrip by the suspected entities. Details of first trades as buyer by suspected entities during the investigation period are given below:

Client Name	Total No. of First Trades	Traded Qty. (First Trades)	Net LTP (Rs.)	No. of First Trades with Positive LTP	Positive LTP (Rs.)	No. of first trades among group	Positive LTP contribution in First Trades among Group
Beeline Broking Limited	16	64,000	0.70	10	1.70	10	1.70
Elite Accfin Solutions Private Limited	11	44,000	1.30	8	1.75	6	1.15
Madhavi Aditya Dave	2	8,000	0.45	2	0.45	2	0.45
Poojaben Samirbhai Pandya	2	8,000	-0.05	1	0.15	1	0.15
Sushila Shukla	1	4,000	0.20	1	0.20	1	0.20
Pravinbhai Bhailal Doshi	1	4,000	0.30	1	0.30	1	0.30
Aditya Dave	1	4,000	0.25	1	0.25	1	0.25
Total	**34**	**1,36,000**	**3.15**	**24**	**4.80**	**22**	**4.20**
Market Total	**38**	**1,52,000**	**4.15**	**28**	5.80		

The above mentioned seven suspected entities contributed Rs.4.80 to market positive LTP out of 34 first trades. Of 34 first trades, in 22 first trades the counterparty was among the above mentioned entities only. In first trades among themselves, above mentioned seven suspected entities contributed Rs.4.20 to positive LTP, which was 63.16% of total Market Positive LTP for Patch-1. In the remaining 2 first trades, suspect entities contributed 0.60 to positive LTP by placing buy order first. This supports and proves that these entities made LTP contribution through manipulative trading pattern.

5.13 The analysis of trade log of suspected entities is mentioned below:

During the period from 1.5.2020 to 21.5.2020, the scrip of Transwind was almost illiquid, in which only one or two trades were found on most of the days. During this period, of the total 17 trades executed in the scrip of Transwind, 12 trades were among Noticee No. 1 and Noticee No. 3 and for three trades Noticee No. 1 was the buyer for an unconnected selling entity. One trade was between two other group entities viz., Noticee No. 6 and Bipinchandra Himatlal Patel (Son and the father) and both the buy and sell orders were placed from same Terminal ID 42110. During this period the price of the scrip opened at 3.65 on 4.5.2020 and touched a high of Rs.3.95 on 5.5.2020 before closing at Rs.3.45 on 21.5. 2020.Subsequently from 22.5.2020 to 26.6.2020 with 34 trades, the price of the scrip moved from Rs.3.45 to Rs.8.1 (i.e. 134.78% increase in the price). Based on LTP analysis, NHP analysis, First Trade analysis and trade log analysis carried out for Patch 1 i.e. for the period from 1.5.2020 to 26.6.2020 (pre-stock recommendation period), it was inferred that the group entities viz., Beeline Broking Ltd., Elite Accfin Solutions Pvt Ltd., Madhavi Aditya Dave, Poojaben Samirbhai Pandya, Rahul Patel, Sushila Shukla, Pravinbhai Bhailal Doshi and Aditya Dave had intentionally manipulated the market and pushed up the price upwards by 113.15% i.e. from Rs.3.8 on 4.5.2020 to Rs.8.1 on 26.6.2020 with Positive LTP contribution of Rs.5.00 through 24 trades among the connected entities, which accounted for 75.19% of total market Positive LTP of Rs.6.65 for Patch-1. As seen from the order log, there were no pending orders in the order book or unmet demand which justifies order placement by Noticee No. 1, Noticee No. 3 and its six other connected entities at increased price.

5.14 Activity analysis during Patch-2

5.15 Net sell analysis of suspected entities during Patch-2

S.No.	Client Name	Buy Traded Qty	Buy Value (Rs.)	%Buy Traded Qty	Avg Buy Price (Rs.)	Sell Traded Qty	Sell Value (Rs)	% Sell Traded Qty	Avg Sell Price (Rs.)
1	Beeline Broking Limited	8,000	90,000	0.64	11.25	4,000	35,600	0.32	8.90
2	Madhavi Aditya Dave	8,000	90,000	0.64	11.25	8,000	74,800	0.64	9.35
3	Pravinbhai Bhailal Doshi	0	0	0.00	0.00	4,000	34,000	0.32	8.50
4	Aditya Dave	0	0	0.00	0.00	4,000	34,000	0.32	8.50
5	Nadiya Bipinkumar Khodidas	0	0	0.00	0.00	2,24,000	22,05,000	17.89	9.84
6	Falan Trading Co.	0	0	0.00	0.00	1,44,000	15,15,200	11.50	10.52
7	Ankitkumar Muljibhai Solanki	0	0	0.00	0.00	1,28,000	13,84,600	10.22	10.82
8	Priyanka Nishit Shah	0	0	0.00	0.00	16,000	1,63,200	1.28	10.20
9	Bijal Mukesh Shah (Huf)	0	0	0.00	0.00	12,000	1,47,600	0.96	12.30

Pravinbhai Bhailal Doshi, Aditya Dave, Madhavi Aditya Dave and Beeline Broking Limited were part of the group, who contributed 75.19% to LTP from trades among the connected entities during Patch-1. Entities Pravinbhai Bhailal Doshi and Aditya Dave had registered a net sell % of 0.32 each (sold 4,000 shares each) during Patch-2.

<u>Noticee No. 1</u>

5.16 Beeline Broking Limited (Noticee No. 1) was the Market Maker of the company till July 12, 2020. During Patch-1, with ten trades for 40,000 shares, Noticee No. 1 contributed 0.15 to Net LTP and Rs.1.7 to Positive LTP (25.56% of total market LTP for Patch-1). For all the ten trades, the counterparties were the connected noticees and all these ten trades were put in through their trading accounts with Noticee No. 1, of which, for seven trades the counterparty was Noticee No. 3 through which Rs.1.10 was contributed to Positive LTP (i.e. 16.54% of market Positive LTP) and the remaining three were with other connected noticees viz., Noticee No. 4 (one trade) and Noticee No. 7 (two trades) through which Rs.0.60 was contributed to Positive LTP (9.02% of market Positive LTP). Also, it was observed that with the help of seven other connected noticees, (Noticee Nos. 3, 4, 5, 6, 7, 8, 9) by trades executed among themselves, the group accounted for 75.19% of Positive LTP.

5.17 As Beeline Broking was engaged as a Market Maker for the scrip Transwind and since Beeline was one among the suspect entities and had contributed Rs.1.70 to Positive LTP (25.56%) during Patch-1 of the Investigation Period, the price movement of the scrip Transwind for six months' period prior to the Investigation Period was analysed from the Price Volume data drawn from NSE website. In this process, it was observed that the price of the scrip moved downwards from Rs.4.75 on 1.11.2019 to Rs.3.65 on 30.4.2020 with 150 trades on 112 trading days. On an average one or two trades were executed on all the days during the said period. It was clear that as a market maker Beeline executed these trades to retain the market for the barely illiquid scrip Transwind. During six months' post investigation period, only seven trades were observed on five trading days upto December 20, 2020 as the Market Making agreement period got expired on July 12, 2020.

5.18 In view of the above, it was alleged that Noticee No. 1, in the capacity of Market Maker has indulged in fraud at the fag-end of its market making period i.e. during

Patch1 (from 4.5.2020 to 26.6.2020) and manipulatively pushed the price up by 113.16% by contributing to LTP with the help of seven other connected entities, with a motive to enable its connected entities to exit from the scrip at the better manipulated price during Patch2 (from 27.6.2020 to 20.7.2020)

5.19 LTP Analysis during Patch-1

S. No.	Buyer Name	All Trades			LTP Diff > 0			LTP Diff < 0			LTP Diff = 0		
		LTP impact in Rs.	Qty traded	No of trades	LTP impact in Rs.	Qty traded	No of trades	LTP impact in Rs.	Qty traded	No of trades	Qty traded	No of trades	% of Positive LTP to Total Market Positive LTP
1	Beeline Broking Limited	0.15	80,000	20	1.7	40,000	10	-1.55	32,000	8	8,000	2	25.56%

5.20 From the KYCs gathered from Noticee No. 1, it was observed that Noticee No. 2, the Ex-Branch Manager of Beeline Broking Limited, acted as introducer while opening trading account with Beeline for Noticee Nos. 4, 5, 7, 8, 9, 10, 14, in the personal capacity, while doing In-Person Verifications in the official capacity. Therefore, it was alleged that Noticee No. 1 failed to exercise due skill, care and diligence while taking in clients by allowing its Directors and employees to act as Introducers.

5.21 Further, Noticee No. 1 had a role to protect the interest of the investors as an intermediary and it had a role to provide liquidity to SME scrip as a market maker. By systematically increasing the price for a SME scrip and getting the shareholders open account with Beeline through its employees and Directors introduction, it facilitated the connected entities to offload their holdings in the scrip of Transwind. In view of this, it was observed that the clients who bought the shares of Transwind during Patch-2 of Investigation Period had been cheated, as they ended up paying more for a low value scrip and got stuck with low value scrip since there were very infrequent trading in the scrip of Transwind for six months' post Investigation Period.

5.22 In view of the above, it was alleged that Noticee No. 1, a SEBI Registered Stock Broker has indulged in fraudulent and unfair trade practice while dealing in the scrip of Transwind and manipulatively pushed the price up by 113.16% during Patch-1 with the help of seven other connected entities with a motive to enable its connected entities exit the scrip of Transwind during Patch-2. Further it failed to exercise due skill, care and diligence while taking in new clients by allowing its Directors and employees to act as Introducers. In view of this, it was alleged that Beeline Broking Limited has not conducted its business with integrity, dignity, fairness, ethics and professionalism and thereby violated the provisions of the following:

I. Section 12A(a), 12A(b), 12A(c) of SEBI Act read with Regulations 3(a), 3(b), 3(c) and 4(1), 4(2)(e) of PFUTP Regulations;
II. Regulation 9(f) read with Schedule II Part A Clause (1), (2), (3) and (4) of Stock Brokers Regulations

Noticee No. 2

5.23 Sunny Solanki (Noticee No. 2) was Branch Manager of Beeline from May 2015 to July 2019 and was not working with Beeline at the time of Investigation Period, acted as Introducer while opening trading account with Noticee No. 1 for Noticee Nos. 4, 5, 7, 8, 9, 10, 14, in the personal capacity, while doing In-Person Verifications in official capacity.

5.24 From the three level fund trail analysis carried out for the top three net selling entities (Noticee Nos. 10, 11 and 12), fund transfers could be seen from Noticee No. 10 and Noticee No. 12 to Noticee No. 2. From Noticee No. 10, a sum of Rs.5,79,000 was transferred to Sunny Solanki on 29.7.2020 through the ICICI Bank Account of an entity viz., Ansu Investments. From Noticee No. 12, a sum of Rs.4,16,000/- was directly transferred to Noticee No. 2 on 24.7.2020.

5.25 Further, Notice No. 2, vide his email reply dated 6.7.2021 stated that he has assisted Noticee No. 11 and Noticee No. 12 in offloading their holdings in the scrip Transwind. Besides, in his email he has denied any relation with Noticee No. 10, whereas fund transfer could be seen from Noticee No. 10's Bank Account to Noticee No. 2 (relevant bank account statements attached as annexure 7) through Ansu Investment, which is owned by his relative (As per email dt.7.3.2022 of Ankitkumar Muljibhai Solanki, the partners of Ansu Investment and Sufal Investment are cousins of Ankitkumar Muljibhai Solanki, who in turn is related to Sunny Solanki)

5.26 Therefore, Noticee No. 2 was found to be connected to the top three net selling entities (Noticee Nos. 10, 11 and 12) based on fund transfers / relationship and had assisted them in exiting the scrip of Transwind. In view of this, it was alleged that Noticee No. 2 has indulged in fraudulent and unfair trade practice and thereby has allegedly violated Sec 12A(a), 12A(b), 12A(c) of SEBI Act, 1992 read with Regulations 3(a), 3(b), 3(c) and 4(1) of PFUTP Regulations, 2003.

Noticee Nos. 3 to 7

5.27 Noticee No. 3, with nine trades for 36,000 shares contributed Rs.1.8 to Net LTP and Rs.2.25 to Positive LTP (33.83% of total market LTP for Patch-1). Of the nine trades, seven trades for 28,000 shares were among the connected entities through which it contributed Rs.1.65 to Positive LTP (24.81% of total market Positive LTP for Patch-1). Of the nine trades, six trades were with Noticee No. 1, with LTP contribution of Rs.1.15 (17.29%) and one trade was with another connected entity, Noticee No. 5, for Rs.0.50 to Positive LTP (7.52%). It was noted that Noticee No. 3 was connected to Noticee No. 1 through its Director Khushboo Nikhilkumar Shah, Director of Noticee No. 1, who was Ex-Director of Noticee No. 3. Further, Noticee No. 3 was observed to be counterparty to Noticee No. 1, for 80% of its trades in the scrip of Transwind during six months prior to Investigation Period as well. Of the total nine trades, the remaining two trades of Noticee No. 3 were with two unconnected entities through which it contributed Positive LTP of Rs.0.60 (9.02% of total market Positive LTP for Patch-1) by placing buy orders first in the trading platform.

5.28 Noticee Nos. 4, 5, 7 and 9 are observed to be of same family, as per KYC. These four noticees together as buyers had contributed Rs.0.85 to Net LTP and Rs.1.05

to Positive LTP (i.e.15.78% to total market Positive LTP for Patch-1) from five trades with connected entities for 20,000 shares. Out of the five trades, for four trades, Noticee No.1 was the counter party and one trade was with Noticee No. 3

5.29 Noticee No. 6 executed one trade with his father, Bipinchandra Himatlal Patel through which he contributed Rs.0.30 to Positive LTP (4.51% of total Market Positive LTP for Patch-1). Both buy and sell orders were put in by Nikunj Vithlani (an employee of Notice No. 1) from single terminal ID 42110

5.30 LTP Analysis during Patch-1

S. No.	Buyer Name	All Trades			LTP Diff > 0			LTP Diff < 0			LTP Diff = 0		
		LTP impact in Rs.	Qty traded	No of trades	LTP impact in Rs.	Qty traded	No of trades	LTP impact in Rs.	Qty traded	No of trades	Qty traded	No of trades	% of Positive LTP to Total Market Positive LTP
1	Elite Accfin Solutions Private Limited	1.8	48,000	12	2.25	36,000	9	-0.45	1,2000	3	0	0	33.83%
2	Madhavi Aditya Dave	0.45	8,000	2	0.45	8,000	2	0	0	0	0	0	6.77%
3	Poojaben Samirbhai Pandya	-0.05	8,000	2	0.15	4,000	1	-0.2	4,000	1	0	0	2.26%
4	Rahul Patel	0.3	4,000	1	0.3	4,000	1	0	0	0	0	0	4.51%
5	Sushila Shukla	0.2	4,000	1	0.2	4,000	1	0	0	0	0	0	3.01%

<u>Noticee Nos. 8 to 14</u>

Noticee No. 8 and 9

5.31 Two of the eight group noticees (as mentioned in para no. 5.10 of the extant order) viz., (1) Pravinbhai Bhailal Doshi (Noticee No. 8) and (2) Aditya Dave (Noticee No. 9), who were among the LTP contributors and accounted for 4.51% and 3.76%, respectively, to Positive LTP during Patch-1, and had also exited during Patch-2 at the manipulated price that had been pushed up by the LTP Contribution made during Patch-1, and made profit out of it. Thus, it was alleged these two Noticees had violated Section 12A(a), 12A(b), 12A(c) of SEBI Act read with Regulations 3(a), 3(b), 3(c) and 4(1), 4(2)(e) of PFUTP Regulations.

5.32 Noticee No. 8 had contributed Rs.0.30 to Positive LTP (4.51% of total Market Positive LTP for Patch-1) through one trade with Elite Accfin for 4,000 shares.

5.33 Noticee No. 9 alongside Noticee Nos. 4, 5 and 7, together as buyers had contributed Rs.0.85 to Net LTP and Rs.1.05 to Positive LTP (i.e.15.78% to total market Positive LTP for Patch-1) from five trades with connected entities for 20,000 shares. Of the five trades for four trades, Noticee No.1 was the counter party and one trade was with Noticee No. 3.

5.34 LTP Analysis during Patch-1

S.No.	Buyer Name	All Trades			LTP Diff > 0			LTP Diff < 0			LTP Diff = 0		
		LTP impact in Rs.	Qty traded	No of trades	LTP impact in Rs.	Qty traded	No of trades	LTP impact in Rs.	Qty traded	No of trades	Qty traded	No of trades	% of Positive LTP to Total Market Positive LTP
1	Pravinbhai Bhailal Doshi	0.3	4,000	1	0.3	4,000	0	0	0	0	0	0	4.51%
2	Aditya Dave	0.25	4,000	1	0.25	4,000	0	0	0	0	0	0	3.76%

5.35 The details of unlawful gains made by Noticee Nos. 8 and 9 are tabulated below:

S.No.	Net Sellers	Buy Qty	Avg Buy Price (Rs.)	Buy Value (Rs.)	Sold Quantity	% of Net sell Qty	Avg Price (Rs.)	Sale Value (Rs.)	Notional profit (Rs.) (when compared to Open Price of Rs.3.8 on 4.5.2020-First day of Investigation Period)*
1	Pravinbhai Bhailal Doshi	4,000	7.8	31,200	4,000	0.32%	8.5	34,000	2,800.00
2	Aditya Dave	4,000	7.5	30,000	4,000	0.32%	8.5	34,000	4,000.00

Noticee No. 10,11 and 12

5.36 Top three net selling entities viz., (1) Nadiya Bipinkumar Khodidas (Noticee No. 10), (2) Falan Trading Company (Noticee No. 11), and (3) Ankitkumar Muljhibhai Solanki (Noticee No. 12) were 1% shareholders of Transwind as at the end of March 31, 2020. They did not indulge in buying in the scrip during the Investigation Period and only off-loaded their holdings in the scrip of Transwind during Patch-2 and accounted for 39.61% of net sell volume of post stock recommendation period. Noticee Nos. 10, 11 and 12 exited the scrip of Transwind during Patch-2 at the manipulated price that had been pushed up by the LTP Contribution made during Patch-1 by the connected entities and allegedly made unlawful notional gain of Rs.13,53,800/-, Rs.9,68,000/- and Rs.8,98,200/- respectively. Thus, it was alleged these Noticees had violated Section 12A(a), 12A(b), 12A(c) of SEBI Act read with Regulations 3(a), 3(b), 3(c) and 4(1), 4(2)(e) of PFUTP Regulations.

5.37 Noticee No. 10 traded through Beeline Broking, was observed to be the top net seller during stock recommendation period i.e. from 30.6.2020 to 6.7.2020 with net sell quantity of 2,24,000 shares (with 56 trades) for a value of Rs.22,05,000/- (at an average sell price of INR 9.84). He has sold his entire 100% holdings in the scrip, when the price was touching its peak i.e. 159% above the opening price of Rs.3.80 on 4.5.2020 (starting day of Investigation Period). The allegedly notional profit earned by the him was around Rs.13,53,800/- when the average selling price of Rs.9.84 was compared with Rs.3.8 (opening price on the first day of investigation period. Noticee No. 10 withdrew the sale proceeds from client A/c between the period from 15.7.2020 to 22.7.2020 and from the fund trail analysis carried out on the ICICI Bank A/c No.136705500872 of Noticee No. 10, the following fund transfers were observed w.e.f. 15.7.2020:

- Direct transfer of a sum of Rs.8.00 Lakhs to Noticee No. 3, from the sale proceeds between 16.7.2020 and 20.7.2020.
- On 18.7.2020, Rs. 83,750/- transferred to Mr Nikhil Maheshkumar Shah, H/o Khushboo Shah, the Director of Noticee No. 1, through Sufal Investment & Ansu Investment @ Rs. 41,875 each.
- Transfer of a sum of Rs.5.79 Lakhs to Noticee No. 2 (through Ansu Investments ICICI A/c) was observed on 29.7.2020.

5.38 In addition to the aforesaid fund transfers, frequent fund transfers were also observed between Noticee No. 10 and Noticee No. 3 / Nikhil M Shah (H/o Khushboo Shah, Director of Beeline Broking Limited). As per email dt.7.3.2022 of Ankitkumar Muljibhai Solanki, the partners of Ansu Investment and Sufal Investment, to which fund transfers from Noticee No. 10 was observed, are cousins of Ankitkumar Muljibhai Solanki, who in turn is related to Noticee No. 2. However, Noticee No. 3 and Nikhil M Shah (H/o Khushboo Shah, Director of Beeline Broking Limited) and Noticee No. 2 denied the connection with Nadiya Bipinkumar Khodidas vide their emails dated 22.1.2022 and 21.1.2022 and 6.7.2021 respectively.

5.39 Noticee No. 11, the second top net seller, trading through Swastika Investmart Limited was observed to have offloaded 100% of its holdings of 1,44,000 shares of Transwind (with 30 trades) from 3.7.2020 to 8.7.2020 for a total value of Rs.Rs.15,15,200/- (at an average sell price of INR 10.52) and allegedly made a notional profit of Rs.9,68,000/- when compared to Rs.3.8, the opening price on the first day of the investigation period. Noticee No. 11 has off-loaded its entire 100% holdings during this period when the price was 176.84% higher when compared to Rs.3.8 on 4.5.2020 (starting day of Investigation Period). From the client ledgers gathered from Swastika Investmart Limited, it was observed that Noticee No. 11 has not withdrawn the sale proceeds from the trading Account. However, from the Bank statement of Noticee No. 11 (A/c No. 136705001443) it was observed that a sum of Rs. 41,875/- was transferred to Nikhil M Shah's HDFC Bank A/c No. 50200019655747 on 18.7.2020, who is husband of Khushboo Nikhilkumar Shah, the Director of Noticee No. 1. Noticee No. 2 vide his email reply dated 6.7.2021 has stated that he has assisted Noticee No. 11, in offloading its holdings in the scrip Transwind. Further, Noticee No. 12, the partner of Noticee No. 11, vide his email dt.7.3.2022 stated that he has business relationship with Noticee No. 3, and its Director Nishit Shah and also with Noticee No. 10.

5.40 Noticee No. 12, the third top net seller during Patch-2, is one of the partners of Noticee No. 11, and cousin of Noticee No. 2. He has through his trading account with Noticee No. 1, off-loaded his 100% holdings of 1,28,000 in Transwind (with 32 trades) from 3.7.2020 to 8.7.2020 for a value of Rs.13,84,600/- (at an average sell price of INR 10.82). He sold his entire holdings when the price of the scrip was touching its peak during the investigation period i.e.185% above the opening price of Rs. 3.80 on 4.5.2020 (starting day of Investigation Period). Allegedly the notional profit earned by the client was around Rs. 8,98,200/- when the average selling price of Rs. 10.82 was compared with Rs. 3.8 (opening price on the starting day of the Investigation Period).

5.41 From the client ledger of Noticee No. 1, it was noted that a sum of Rs.13,79,000 was withdrawn by Noticee No. 12 between 23.7.2020 and 24.7.2020 from the client A/c maintained with Noticee No. 1. of Rs.13,79,000, on 23.7.2020 Rs.9,63,000/- was transferred to his client A/c with Swastika Investmart Limited against his dues of Rs.9,62,877.28. Further, on 24.7.2020 a sum of Rs.4,16,000/- was transferred from Noticee No. 12's ICICI Bank account No.084401511866 to Noticee No. 2's ICICI Bank A/c No.136701505445, and said amount was used by Noticee No. 2 to settle his dues of Rs.10,11,068.83 in his Trading A/c maintained with Swastika Investmart. Further, Noticee No. 2, vide his email reply dated 6.7.2021, stated that he has assisted his relative Noticee No. 12 in offloading his holdings in the scrip Transwind and Noticee No. 12 vide his email dt.7.3.2022 stated that he has business relationship with Noticee No. 3, and its Director Nishit Shah and also with Noticee No. 10.

5.42 The details of the alleged unlawful gains made by these three notices (Noticee Nos. 10, 11 and 12) are tabulated below:

S.No.	Net Sellers	Buy Qty	Avg Buy Price (Rs.)	Buy Value (Rs.)	Sold Quantity	% of Net sell Qty	Avg Price (Rs.)	Sale Value (Rs.)	Notional profit (Rs.) (when compared to Open Price of Rs.3.8 on 4.5.2020-First day of Investigation Period)*
1	Nadiya Bipinkumar Khodidas	0	0	0	2,24,000	17.89%	9.84	22,05,000	13,53,800.00
2	Falan Trading Company	0	0	0	1,44,000	11.50%	10.52	15,15,200	9,68,000.00
3	Ankitkumar Muljibhai Solanki	0	0	0	1,28,000	10.22%	10.82	13,84,600	8,98,200.00

<u>Noticee No. 13 and 14</u>

5.43 Two net selling noticees viz., Priyanka Nishit Shah (Noticee No. 13) and Bijal Mukesh Shah (HUF) (Noticee No. 14), who is cousin of Nikhil M Shah (husband of Khushboo Shah, Director of Noticee No. 1) and having business relationship with Nishit Shah (Director of Elite Accfin Solutions Private Limited), exited the scrip of Transwind during Patch-2 at the manipulated price that has been pushed up by the LTP contribution made by its related/connected noticees viz. Noticee No. 1, Noticee No. 3 and others. Thus, it was alleged Noticee Nos. 13 and 14 had violated Section 12A(a), 12A(b), 12A(c) of SEBI Act read with Regulations 3(a), 3(b), 3(c) and 4(1), 4(2)(e) of PFUTP Regulations.

5.44 The details of unlawful gains made by these two noticees (Noticee Nos. 13 and 14) are tabulated below:

S.No.	Net Sellers	Buy Qty	Avg Buy Price (Rs.)	Buy Value (Rs.)	Sold Quantity	% of Net sell Qty	Avg Price (Rs.)	Sale Value (Rs.)	Notional profit (Rs.) (when compared to Open Price of Rs.3.8 on 4.5.2020-First day of Investigation Period)*
1	Priyanka Nishit Shah	0	0	0	16,000	1.28%	10.20	1,63,200	1,02,400.00
2	Bijal Mukesh Shah	0	0	0	12,000	0.96%	12.30	1,47,600	1,02,000.00

6. INSPECTION OF DOCUMENTS, REPLY OF THE NOTICEES AND HEARING

6.1 Notice No. 1

Date	Remark
November 09, 2022	SCN sent through e-mail.
November 16, 2022	Physical delivery of SCN.
November 21, 2022	Vide an email, the Noticee requested extension of 10 days for the submission of reply to the SCN. Vide an e-mail, the Noticee's request was acceded to and the Noticee was allowed to submit the reply by December 01, 2022.
November 29, 2022	Vide its email, the AR of the Noticee No. 1 requested the inspection of documents. Vide an email, SEBI granted the inspection on November 30, 2022. Vide an email, AR expressed its inability to appear for inspection on 30 November, 2022 and asked for inspection to be scheduled either on December 01, 2022 or December 02, 2022.
November 30, 2022	Vide an email, SEBI granted the inspection on December 01, 2022.
December 01, 2022	Inspection was conducted and the AR of the Noticee was provided with the documents relied upon in the SCN and other additional documents requested by the AR of the Noticee.
December 02, 2022	Noticee was served the Hearing Notice scheduled to be conducted on December 16, 2022 and the Noticee was informed to submit its reply to the SCN before the date of hearing.
December 15, 2022	Vide an email, AR of the Noticee had sought additional 2 weeks' time submit the reply to the SCN and had request for extension of hearing proceedings on medical grounds. Vide an email, the hearing was rescheduled to 23 December, 2022 and the Noticee was asked to submit the reply on or before 23 December, 2022.
December 23, 2022	Vide an email, the AR of the Noticee sought additional time to submit the reply to the SCN and had request for extension of hearing proceedings. The Noticee's request was acceded to, and vide an email, the hearing was rescheduled to 03 January, 2023 and the Noticee was asked to submit the reply on or before 03 January, 2023.
January 02, 2023	Vide an email, the AR of the Noticee submitted the reply to the SCN
January 03, 2023	The hearing was conducted and the AR of the Noticee reiterated its submissions made vide email dated January 02, 2023
February 07, 2023	The Noticee had filed Settlement Application with SEBI.
March 28, 2023	The Noticee had informed SEBI about the withdrawal of Settlement Application.

Vide email dated 02 January, 2023, the AR of the Noticee submitted the reply to the SCN as follows:

6.1.1 *The Noticee denies all the allegations contained in the SCN and nothing contained therein should be deemed to be admitted by us for want of specific denial. We deny that we have done any action which violate the provisions of SEBI Act, 1992 or the SEBI Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations 2003 ("PFUTP Regulations") or Stock Brokers Regulations and therefore cannot be held liable for the same.*

6.1.2 *NSE issued a Show Cause Notice dated 05 December 2020 on identical allegation as stated in the SCN, wherein a penalty of Rs. 10,00,000 was levied on the Noticee. In order to avoid heavy litigation cost, the Noticee paid the amount.*

6.1.3 *It is alleged in the SCN that Noticee is connected to Elite Accfin Solutions Pvt. Ltd. (Noticee no.3), Mrs. Khushboo Nikhilkumar Shah, director of Noticee was also a director of Noticee no. 3 from 16 February 2009 to 27 December 2017. The basis of this observation is the MCA website. It is submitted on the basis of clarification the Noticee received from Mrs. Khushboo Shah, that she had sold and transferred her entire holdings in Noticee no. 3 in the year 2017 and she ceased to be director and shareholder in that company from December 27, 2017. As per the verification of MCA website, Noticee no.3 is owned by other person since December 2017 and registered address is also different. It is submitted after 3 years she cannot be said to be related to Noticee no. 3. And further on the established fact of no relation between the Noticee no.3 and Mrs. Khushboo Shah for more than 3 years, to connect the Noticee with Noticee no.3 is unsustainable.*

6.1.4 *It is alleged that Aditya P Dave (Noticee no.9). Madhvi Aditya Dave (Noticee no. 4), Sushila Shukla (Noticee no.7), Poojaben Samirbhai Pandya (Noticee no.5), Nikhilkumar Maheshkumar Shah, Khushboo Nikhilkumar Shah and Noticee are related to each other on the basis that (i) Noticee Nos. 9, 4, 7 and 5 are family members and known to each other and (ii) Noticee No. 2's name is found in friend list of Nikhil Shah former director of Noticee no.3. (iii) Nishit Shah, director of Noticee no.3 on email confirmed that he knew Noticee no.2. It is submitted that mere relationship and connection with each other on facebook does not establish that they have increased the price and volume and traded in connection with each other in the scrip Transwind. The SCN tries to relate different persons with the Noticee based on the relations which are very old and may not currently hold good in most of the cases. It is further submitted that oticee no.2 resigned from the service of the Noticee vide email dated July 22, 2019, w.e.f. July 31. 2019. Thereore, the Noticee does not have any connection with Noticee no.2 and other related persons with Noticee no.2*

6.1.5 *The SCN also seeks to establish relationship between Ankit Solanki (Noticee no. 12), Falan Trading Co (Noticee no.11) and the Noticee. The basis of this link is the merely common address, Email-ID & Mobile no. and a common person, M.r. Sunny Solanki (Noticee no.2) who was branch manager with the Noticee. lt is reiterated that Noticee no.2 resigned from the service of the Noticee vide email dated July 22.2019, w.e.f. July 31, 2019. Therefore, the Noticee does not have any connection with Sunny Solanki and other related persons with Mr. Sunny Solanki. Moreover, Noticee no.11 is not registered with them as its client. Noticee no. 11 and the Noticee therefore cannot be held to be connected entities.*

Trades executed in accordance with Market Maker Agreement

6.1.6 *It is alleged that the Noticee executed trade amongst allegedly connected entities and contributed to LTP through manipulative trading pattern. It is submitted that as per market making agreement, market maker has to provide two way quotes for the 75% of the market hours to provide liquidity in the scrip. Thus, the Noticee in accordance with the agreement traded in the scrip. The Noticee executed 4 buy orders and 4 sell orders from June 03, 2020 to June 25, 2020. The price movement in the scrip was from Rs. 4.05 on 3 June 2020 to Rs. 6.35 on 18 June 2020, on which the Noticee traded in the scrip the last time. The trading and price movement is purely as per the requirement of market making activities. Therefore, the same is not manipulation. With respect to trades of other entities, the Noticee is not connected with either of the entities, therefore cannot be held liable for trades of other entities.*

6.1.7 *It is submitted that as per the trade data provided by SEBI to Noticee, the trading in scrip was for total 72 trading days, from 1 April 2020 to 18 August 2020, and no trades were observed thereafter. It is evident from the data that out of total 72 trade days, only 4 trades on buy side and 4 trades on sale side were observed to be with the so called related parties where price rise is observed and that too from Rs.4.05 on 3 June 2020 to Rs. 6.35 on 18 June 2020.*

6.1.8 *It is submitted that the trades were carried out as per Market making agreement. The trade was carried out in the lot size of 4000 shares, as the lot size of the company was of 4000 shares and the same was* *followed since beginning of market making activity for the said scrip. Further, all the orders were placed at the start of the market as both side quotes are required to be given as a market maker.*

No Synchronisation in trades

6.1.9 *It is also submitted that the traders on the other side (buyer/seller) have done most of the trades through IBT trading terminal in the eight days of trading. Therefore, the change in the price from Rs. 4.05 on 3 June 2020 to Rs. 6.35 on 18 June 2020 (Noticee's last trade) cannot be construed to be contributed on account of any manipulative trading activity of Noticee.*

Loss incurred by Noticee in trades executed

6.1.10 *It is submitted that the Noticee in the trades carried out as per market making rules incurred huge loss in the scrip of Transwind. There are no gains made by it in the scrip.*

Legal submissions*:*

6.1.11 *It is submitted that Hon'ble Supreme Court in SEBI v. Kanaiyalal Baldevbhai Patel and Ors. (Civil Appeal no. 2595 of 2013) has held that for the allegation of fraud, inducement is a necessary ingredient. The SCN does not allege inducement against the Noticee. Therefore, the allegation of fraud against the Noticee does not sustain.*

6.1.12 *It is submitted that in the case of SEBI v. Kishore Ajrnera (Civil Appeal no. 2818 of 2008), the Court held that circular and trading per se is not prohibited. The court stated that it is a cardinal rule of law that proof of an allegation levelled against a person may be in the form of direct evidence or circumstantial evidence. In relation to the violations committed by the brokers/sub- brokers, the court stated that the evidence has to be gathered from various circumstances such as the volume of the trade effected: the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders; the proximity of time between the two etc. The Supreme Court noted in this case noted that the only proven facts were - Both the clients are known to each other and were related entities; This fact was also known to the sub- broker and the respondent- broker; The clients through the sub-broker had engaged in mutual buy and sell trades in the scrip in question, volume of which trade was significant, keeping in mind that the scrip was an illiquid scrip.*

It further noted that apart from the above there was no other material to hold either lack of vigilance or bona fides on the part of the sub-broker. The above facts are not sufficient to hold the respondent-broker liable under the Code of Conduct Regulations.

6.1.13 *Without prejudice to the fact that Noticee is not a related entity with other Noticees, it is submitted that in view of findings of Hon'ble Supreme Court in the Kishore Ajmera case (supra) in the present case also, the SCN does not establish lack of bonafides on the part of the Noticee. The Noticee's bonafides are infact proved from the Market Maker Agreement and Noticee's trades made in accordance with the Agreement.*

6.1.14 *Without prejudice to the aforesaid submissions, it is submitted that Section 15 of SEBI Act provides for factors to be taken into account by the adjudicating officer for imposing penalty. The factors to be given due regard are (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.*

6.1.15 *In the present case it is submitted that the Noticee has not made any gains and has infact incurred losses. The SCN does not establish any amount of loss caused to any investors. It is further submitted that this is the first time the Noticee is being alleged to have committed violations as stated in the SCN. In view thereof, it is submitted that the Hon'ble Adjudicating Officer consider the said mitigating circumstances for any imposition of penalty.*

6.1.16 *Moreover, the Noticee has already complied with the Order of NSE which adjudicated upon identical issues and allegations arising in the present SCN. 1t is trite law that no person can be tried for the same offence twice. The present SCN is on the same set of facts and the nature of allegations is also identical. The present SCN seeks to penalise the Noticee again for offence already adjudicated upon. The SCN thus cannot sustain qua the Noticee. Without prejudice to the same, it is submitted that the fact that the Noticee has already paid the penalty in a similar matter before SE may be considered as a mitigating factor while deciding the penalty under the SCN.*

6.2 Noticee No. 2

Date	Remark
November 09, 2022	SCN sent through e-mail.
November 16, 2022	Physical delivery of SCN.
November 24, 2022	Vide an email, the Noticee was informed to submit the reply latest by December 01, 2022.
December 02, 2022	Noticee was served the Hearing Notice scheduled to be conducted on December 16, 2022 and the Noticee was informed to submit its reply to the SCN before the date of hearing.
December 14, 2022	Vide an email, the Noticee said that he is proceeding with Settlement proceedings.
December 15, 2022	The Noticee was informed that the filing of settlement application shall not affect the continuance of proceedings as per Regulation 8(1) of Settlement Regulations. Hence, the Noticee was informed to attend the personal hearing as per schedule.
December 16, 2022	The Noticee was provided another extension and was given a final opportunity of being heard on December 23, 2022
December 23, 2022	The Noticee did not appear for hearing

No reply to the SCN was received from Noticee 2. However, the Noticee informed that he will be applying for settlement and I have not received any intimation from Settlement Division in regards to the settlement application of the Noticee till the time of passing this order.

6.3 Reply of Noticee No. 3, 4, 5, 7, 9, 13

Date	Remark
November 09, 2022	SCN sent through e-mail.
November 17, 2022	Physical delivery of SCN to Noticee No. 4, 5, 7 and 9
November 21, 2022	Vide an email, the Noticees 4,5,7,9 requested extension of 14 days for the submission of reply to the SCN. Vide an email, the Noticees No. 3 requested extension of 14 days for the submission of reply to the SCN.
November 22, 2022	Vide an e-mail, the Noticees’ 4, 5, 7 and 9 request was acceded to and the Noticee was allowed to submit the reply by December 01, 2022. Vide an e-mail, the Noticee No. 3 request was acceded to and the Noticee was asked to submit the reply by December 01, 2022 on its behalf and on behalf of Noticee No. 13
December 02, 2022	Vide an email, the AR of the Noticees 3, 4, 5, 7, 9 and 13, sought inspection of documents relied upon in the SCN. Noticees were served the Hearing Notice scheduled to be conducted on December 16, 2022 and the Noticee was informed to submit its reply to the SCN before the date of hearing.

December 05, 2022	Vide an email, the Noticees were provided the opportunity of inspection on December 06, 2022 and the inspection was successfully concluded.
December 06, 2022	The inspection was conducted as per schedule. Vide an email, the AR of the Noticees sought additional documents, even after the successful completion of inspection.
December 07, 2022	The AR was provided the additional documents, as sought vide an email dated December 06, 2022.
December 15, 2022	Vide an email, the AR of the Noticee yet again sought additional documents and sought two weeks' additional time submit the reply to the SCN and had request for extension of hearing proceedings. The documents sought were provided to the AR of the Noticees and the request for extension was acceded to. Vide an email, the hearing was rescheduled to 23 December, 2022 and the Noticee was asked to submit the reply on or before the date of hearing.
December 23, 2022	Vide an email, the AR of the Noticee sought additional time to submit the reply to the SCN and had request for extension of hearing proceedings. The Noticee's request for further extension was acceded to, and vide an email, the hearing was rescheduled to 03 January, 2023 and Noticee was asked to submit the reply on or before 03 January, 2023.
January 03, 2023	The AR of the Noticee appeared for hearing and sought additional time to submit the reply to the SCN citing December end holiday season as an excuse for the delay in filing the reply to the SCN. The request for further extension was acceded to and the Noticee was provided one last opportunity to submit the reply by January 06, 2023.

The AR vide letter dated January 06, 2023 on behalf of Noticee 3, submitted the following reply to the SCN:

Noticee is not connected to any of the Noticees to the SCN

6.3.1 *It is alleged in the SCN that Noticee is connected to Beeline Broking Limited (Noticee no.1) on the basis that Noticee no. 1 is the stock broker of the Noticee and Mrs. Khushboo Nikhilkumar Shah, director of Noticee No.1 was also a director of the Noticee from16 February 2009 to 27 December 2017. The basis of this observation is the MCA website. It is submitted that Mrs. Khushboo Shah sold and transferred her entire holdings in the Noticee in the year 2017 and she ceased to be director and shareholder in the Noticee from 27 December 2017. After 3 years, she cannot be said to be related to the Noticee. And further on this basis to connect the Noticee with Noticee no.1 make allegations against the Noticee is perverse and unsustainable.*

6.3.2 *Without prejudice to the aforesaid contention, it is submitted that mere connection by itself cannot be the basis for alleging collusion and manipulation of trades. The SCN ought to establish how the entities used such connection connected to carry out trades and manipulate the price. The SCN on the basis of surmises and conjectures merely states that Noticee manipulated the price of the trade along with other connected entities without establishing such charge.*

6.3.3 *It is alleged that Aditya P Dave (Noticee no.9), Madhvi Aditya Dave (Noticee no. 4), Sushila Shukla (Noticee no.7), Poojaben Samirbhai Pandya (Noticee no.5), Nikhilkumar Maheshkumar Shah,* *Khushboo Nikhilkumar Shah and Noticee are related to each other on the basis that (i) Noticee nos. 9, 4, 7 and 5 are family members and known to each other and (ii) Noticee no. 2's name is found on facebook in friend list of Nikhil Shah who is a former director of Noticee (iii) Nishit Shah, director of Noticee on email confirmed that he knew Noticee no.2. It is submitted that mere relationship and connection with each other on face book does not establish a connection. The SCN tries to relate different persons with the Noticee based on the relations which are old and may not currently hold good in most of the cases.*

6.3.4 *The SCN alleges fund transfers between Noticee and Noticee no.10 and on this basis seeks to establish connection between them. Loan of Rs.1,57,71,000 was granted to Noticee no.10 in 2017 -2018, Therefore, as on 31 March 2018, a sum of Rs. 1,57,71,000 was repayable by Noticee no.10 to the Noticee. Noticee no. 10 repaid the Noticee the entire outstanding amount by October 2020. Therefore, the fund transfers between Noticee no.10 and Noticee were towards loan repayment by Noticee no.10 to the Noticee. At the time of issue of Show Cause Notice, there was no transaction between Noticee and Noticee no.10.*

Trades executed in ordinary course of business

6.3.5 *The Noticee is a regular investor in the stock market. The Noticee in the ordinary course invested and traded in the scrip of Transwind. It is submitted that since Transwind is a SME scrip, it is bound to have less liquidity. Therefore, it is not uncommon that the few parties trading in the scrip may unintentionally become counter parties to each other's trades.*

SCN does not establish charge against the Noticee

6.3.6 *It is alleged that the Noticee executed trade amongst allegedly connected entities and contributed to LTP through manipulative trading pattern. It is reiterated that it is not uncommon for entities to unintentionally become counter-party to other entities' transactions in SME scrips as they do not have lot of liquidity. Moreover, the SCN does not establish how manipulative trade practice was adopted by the Noticee. It only alleges manipulation without any evidence. Therefore, it cannot be said that the Noticee adopted manipulative trade practice.*

No synchronisation in trades

6.3.7 *It is also submitted that the Noticee has carried out most of the trades through IBT trading terminal. Therefore, the change in the price i.e. LTP or NHP cannot be construed to be contributed on account of any manipulative trading activity of Noticee.*

Legal Submissions-

6.3.8 *It is submitted that Hon'ble Supreme Court in SEBI v. Kanaiyalal Baldevbhai Patel and Ors. (Civil Appeal no. 2595 of 2013) has held that for the allegation of fraud, inducement is a necessary ingredient. The SCN does not allege inducement against the Noticee. Therefore, the allegation of fraud against the Noticee does not sustain.*

6.3.9 *It is submitted that in the case of SEBI v. Kishore Ajmera (Civil Appeal no. 2818 of 2008), the Court held that circular and trading per se is not prohibited. The court stated that it is a cardinal rule of law that proof of an allegation levelled against a person may be in the form of direct evidence or circumstantial evidence. In relation to the violations committed by the brokers/sub-brokers, the court stated that the evidence has to be gathered from various circumstances such as the volume of the trade effected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders; the proximity of time between the two etc. The Supreme Court noted in this case noted that the only proven facts were - Both the clients are known to each other and were related entities; This fact was also known to the sub-broker and the respondent – broker; The clients through the sub-broker had engaged in mutual buy and sell trades in the scrip in question, volume of which trade was significant, keeping in mind that the scrip was an illiquid scrip.*

It further noted that apart from the above there was no other material to hold either lack of vigilance or bona fides on the part of the sub-broker. The above facts are not sufficient to hold the respondent-broker liable under the Code of Conduct Regulations.

Without prejudice to the fact that Noticee is not a related entity with other Noticees, it is submitted that in view of findings of Hon'ble Supreme Court in the Kishore Ajmera case (supra) in the present case also, the SCN does not establish lack of bona fides on the part of the Noticee.

6.3.10 *Without prejudice to the aforesaid submissions, it is submitted that Section 15J of SEBI Act provides for factors to be taken into account by the adjudicating officer for imposing penalty. The factors to be given due regard are - (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.*

6.3.11 *In the present case it is submitted that the SCN does not allege that trade by the Noticee caused loss to any investors. It is further submitted that this is the first time the Noticee is being alleged to have committed violations as stated in the SCN. In view thereof, it is submitted that the Hon'ble Adjudicating Officer consider the said mitigating circumstances for any imposition of penalty.*

The AR vide letter dated January 06, 2023 on behalf of Noticees 4, 5, 7 and 9 submitted the following reply to the SCN:

Noticees are not connected to any of the other entities to whom the SCN is addressed

6.3.12 *It is alleged in the SCN that Noticees are connected to Noticee no.2, as Noticee No. 9 and Noticee no.2's names are in the friend list of Nikhil Shah who is the husband of Mrs. Khushboo Nikhil Shah, who is the director of Beeline and was a director of Noticee no. 3 to the SCN. It is submitted that SCN does not establish a direct connection among all the entities to whom the SCN is addressed. It seeks to establish an indirect connection on the basis of a connection of facebook. It is submitted that mere relationship and connection with each other on facebook does not establish that they have increased the price and volume and traded in connection with each other in the scrip of Transwind. The SCN tries to relate different persons with the Noticees based on the relations which are very old and may not currently hold good in most of the cases.*

6.3.13 *With respect to the connection of the Noticees with Sunny Solanki who is the Noticee no.2 in the SCN, the relationship between the Noticee no.9 and Sunny Solanki was a professional one. Noticee nos. 4, 5 and 7 however did not have any connection with Sunny Solanki and only knew him as an employee of Noticee no.1 to the SCN. It is submitted that mere knowledge of existence of a person does not establish connection between people.*

6.3.14 *It is not in dispute that the Noticees are family members. However, merely because the Noticees are connected to each other does not establish the allegation that the Noticee with other entities stated in the SCN manipulated the price of the scrip of Transwind by carrying out trades amongst each other. Without prejudice to the aforesaid contention, it is submitted that mere connection by itself cannot be the basis for alleging collusion and manipulation of trades. The SCN ought to establish how the entities used such connection connected to carry out trades and manipulate the price. The SCN on the basis of surmises and conjectures merely states that Noticee manipulated the price of the trade along with other connected entities without establishing such charge.*

Trades executed in the ordinary course

6.3.15 *The Noticees are regular investors in the stock market. The Noticees in the ordinary course invested and traded in the scrip of Transwind. It is submitted that since Transwind is a SME scrip, it is bound to have less liquidity. Therefore, it is not uncommon that the few parties trading in the scrip may unintentionally become counter parties to each other's trades.*

SCN does not establish charge against the Noticees

6.3.16 *It is alleged that the Noticees and other connected entities stated in the SCN executed trades amongst each other and contributed to LTP through manipulative trading pattern. It is reiterated that it is not uncommon for entities to unintentionally become counter-party to other entities' transactions in SME scrips as they do not have lot of liquidity. Moreover, the SCN does not establish how manipulative trade practice was adopted by the Noticees. It only alleges manipulation without any evidence. Therefore, it cannot be said that the Noticees adopted manipulative trade practice.*

Legal Submissions-

6.3.17 *It is submitted that Hon'ble Supreme Court in SEBI v. Kanaiyalal Baldevbhai Patel and Ors. (Civil Appeal no. 2595 of 2013) has held that for the allegation of fraud, inducement is a necessary ingredient. The SCN does not allege inducement against the Noticees. There is no basis for allegation of fraud against the Noticees. Therefore, the allegation of fraud against the Noticee does not sustain.*

6.3.18 *Without prejudice to the aforesaid submissions, it is submitted that Section 15J of SEBI Act provides for factors to be taken into account by the adjudicating officer for imposing penalty. The factors to be given due regard are - (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.*

6.3.19 *In the present case it is submitted that the Noticee nos. 4,5 and 7 have not made any gains. The Noticee no. 9 has made gains of only Rs. 4,000/-. The SCN does not establish any amount of loss caused to any investors. It is further submitted that this is the first time the Noticee is being alleged to have committed violations as stated in the SCN. In view thereof, it is submitted that the Hon'ble Adjudicating Officer consider the said mitigating circumstances for any imposition of penalty.*

Therefore, in view of the aforesaid facts and circumstances, the Noticees cannot be held to be in violation of Sections 12A (a), (b), (c) of SEBI Act read with Regulations 3(a), 3(b), 3(c) and 4(1), 4(2)(e) of PFUTP Regulation.

6.4 Noticee No. 6

Date	Remark
November 09, 2022	SCN sent through e-mail.
November 16, 2022	Physical delivery of SCN.
November 24, 2022	Vide an email, the Noticee was informed to submit the reply latest by December 01, 2022.
December 01, 2022	Vide an email, the Noticee submitted the reply to the SCN
December 02, 2022	Noticee was served the Hearing Notice scheduled to be conducted on December 16, 2022.
December 16, 2022	The Noticee was provided another extension and was given a final opportunity of being heard on December 23, 2022.
December 23, 2022	The Noticee did not appear for hearing.

Noticee no. 6 submitted its reply to the SCN as follows:

Transwind Infrastructure Ltd, shares that my father Mr.Bipinchandra Patel got in IPO, July 2017 , as his health was not running well, He took gradually exit from his Investment in stock market , since Transwind was down from offer price so he (Mr. Bipinchandra Patel - passed away in August 2020) decided to shift trade into my account (Mr. Rahul Patel), since stock belongs to SME and low in liquidity we did internal trades and our trading account was with Beeline, so trade was done in Beeline Broking Ltd. Even today for your reference I am holding same shares with same quantity in my account (Mr. Rahul Patel) and you can check the holding too as on today's date.

For your reference, except IPO holding we have not done any trades in Transwind.

6.5 Noticee No. 8

Date	Remark
November 09, 2022	SCN sent through e-mail.
November 16, 2022	Physical delivery of SCN.
November 24, 2022	Vide an email, the Noticee was informed to submit the reply latest by December 01, 2022.
December 01, 2022	Vide an email, the Noticee submitted the reply to the SCN.
December 02, 2022	Noticee was served the Hearing Notice scheduled to be conducted on December 16, 2022.
December 15, 2022	The Noticee requested flexible timing to appear for appearing citing that he was not present in India.

December 16, 2022	The Noticee was provided another extension and was given a final opportunity of being heard on December 23, 2022.
December 19, 2022	Vide an email, the Noticee was given the option to appear for hearing either at 9am or 3pm on 23 December, 2022. There was no further communication from the Noticee.

The Noticee No. 8 submitted the reply to the SCN as follows:

I am a retired senior citizen; I am not able to understand your purpose of notice. I am a small type investor unable to understand your notice. I am sharing some facts here. My daughter in law Mrs Ankita Doshi has been working with Beeline Broking since June-2016 and as she was working I got comfort to get better services so i opened my trading account with beeline broking in 2017. Before that i did small trade which you can find from my record, in lock down some of my friends told to start investment in same for better profit. So I was finding a small amount to invest in transwind as the amount was below 50000 and got minor return as compared to bank FD so I sold.

6.6 Noticee No. 10

Date	**Remark**
November 10, 2022	SCN sent through e-mail.
November 19, 2022	Physical delivery of SCN couldn't be done and the SCNs were received back by SEBI.
November 24, 2022	Vide an email, the Noticee was informed to submit the reply latest by December 01, 2022.
November 29, 2022	Physical delivery of the SCN.
December 02, 2022	Noticee was served the Hearing Notice scheduled to be conducted on December 16, 2022.
December 04, 2022	Vide an email, the Noticee informed that he is proceeding with the settlement proceedings.
December 05, 2022	The Noticee was informed that the since Adjudicating Officer had not received any intimation of settlement application from the settlement division, he should attend the hearing as per schedule.

The Noticee has not replied to the SCN on merit, however vide email dated December 04, 2022 the Noticee has informed that he will be applying for settlement proceedings and I have not received any intimation from Settlement Division in regards to the settlement application of the Noticee till the time of passing this order.

6.7 Noticee No. 11 and 12

Date	**Remark**
November 09, 2022	SCN sent through e-mail.
November 16, 2022	Physical delivery of SCN to Noticee No. 12.
November 19, 2022	Physical delivery of SCN to Noticee No. 11.
November 24, 2022	Vide an email, the Noticee was informed to submit the reply latest by December 01, 2022.
December 02, 2022	Noticee was served the Hearing Notice scheduled to be conducted on December 16, 2022 and the Noticee was informed to submit its reply to the SCN before the date of hearing.

December 14, 2022	Vide an email, Noticee No. 12 said on behalf of himself and Noticee No. 11 that he is proceeding with Settlement proceedings.
December 15, 2022	The Noticee was informed that the filing of settlement application shall not affect the continuance of proceedings as per Regulation 8(1) of Settlement Regulations. Hence, the Noticee was informed to attend the personal hearing as per schedule.
December 16, 2022	The Noticee was provided another extension and was given a final opportunity of being heard on December 23, 2022

The Noticee has not replied to the SCN on merit, however vide email dated December 14, 2022, the Noticee had informed that he will be applying for settlement proceedings, but I have not received any intimation from Settlement Division in regards to the settlement application of the Noticee till the time of passing this order.

6.8 Noticee No. 13

The AR vide letter dated January 06, 2023 on behalf of Noticee 13 submitted the following reply to the SCN:

Notice is not a connected person to any other notice

6.8.1 *It is alleged in the SCN that the Noticee is connected to Noticee No.3 and others by virtue of being the wife of the director of Noticee No. 3 (Nishit Shah) of the SCN.*

6.8.2 *Noticee is connected to Beeline Broking Limited ("Noticee no.1") only on the basis that Noticee no. 1 is the stock broker of Noticee no.3 and is allegedly connected to it. It is a fact that the Noticee does not have any direct connection with Noticee no. 1. Therefore, to indirectly connect the Noticee with Noticee no.1 through Noticee no.3 is perverse, unsustainable and farfetched.*

6.8.3 *It is submitted that the SCN indirectly and vaguely seeks to connect the Noticee with others without giving any basis for such connection. The SCN fails to establish or even make a specific allegation of connection of the Noticee with other Noticees. It seeks to perversely connect the Noticee with other entities alleged to be involved in price manipulation only because the Noticee is related to the director of Noticee no.3.*

No allegation of manipulation against the Noticee

6.8.4 *It is submitted that there is no allegation of manipulation against the Noticee. It is only alleged that the Noticee exited the scrip at a manipulated price. Thus, the Noticee did not have any role in manipulating the price of the scrip. Therefore, the allegation of violation of PFUTP Regulations does not sustain against the Noticee as it is clear from the SCN that the Noticee is not involved in the manipulation of the price of the scrip.*

SCN does not establish any charge against the Noticee

6.8.5 *Without prejudice to the aforesaid contentions, it is submitted that mere connection by itself cannot be the basis for alleging collusion and manipulation of trades. The SCN ought to establish how the entities used such connection connected to carry out trades and manipulate the price. The SCN simply states that the Noticee exited at the manipulated price but does not establish any connection with the entities alleged to have manipulated the price.*

6.8.6 *The Noticee is connected only to the director of Noticee no.3 and has no relation to any other noticee/entity in the SCN. It is pertinent to note that the connections of director of Noticee no. 3 is also based on his Facebook friend-list and therefore cannot be considered as legitimate connections. The SCN tries to relate different persons with the Noticee based on the relations which are old and may not currently hold good in most of the cases.*

No unlawful gains made by the Noticee

6.8.7 *The SCN fails to establish the charge of unlawful gains made by the Noticee. The allegation is mere ipse dixit and cannot sustain against the Noticee. It is reiterated that the SCN does not allege manipulation by the Noticee. The SCN also does not allege that the Noticee had any trades with any of the alleged connected Noticees. Therefore, Noticee is not involved in any alleged fraudulent activity and as such cannot be said to have made any unlawful gains.*

Legal Submissions: -

6.8.8 *It is submitted that Hon'ble Supreme Court in SEBI v. Kanaiyalal Baldevbhai Patel and Ors. (Civil Appeal no. 2595 of 2013) has held that for the allegation of fraud, inducement is a necessary ingredient. The SCN does not allege inducement against the Noticee. There SCN also does not allege involvement of the Noticee in manipulation of the price of the scrip. Therefore, the allegation of fraud against the Noticee does not sustain.*

6.8.9 *In the matter of Praveen Kurele v. SEBI (Appeal No. 319 of 2020, 29.04.22), the preferential allottees having no connection with counter parties had reaped in huge profits by selling shares of a Company where the Company and some of its promoters were alleged to have fraudulently manipulated the scrip price. The Hon'ble SAT in the matter held "merely because the appellants reaped in huge profits by selling the shares cannot make them part and parcel of the fraudulent scheme hatched by the Company and the new promoters including Subodh Agarwal."*

In the present case, gains were made by the Noticee. The Noticee is not a connected party to any of the Noticees. The only connection the Noticee has is with the director of Noticee no.3 who is not a noticee/entity in the SCN.

Further, there is no charge of involvement of the Noticee in the manipulation of the price of the scrip. Therefore, in view of the Praveen Kurele case (supra), the gains made by the Noticee cannot make the Noticee part and parcel of any fraudulent scheme that may be hatched by other entities.

6.8.10 *Without prejudice to the aforesaid submissions, it is submitted that Section 15J of SEBI Act provides for factors to be taken into account by the adjudicating officer for imposing penalty. The factors to be given due regard are - (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.*

6.8.11 *In the present case it is submitted that this is the first time the Noticee is being alleged to have committed violations as stated in the SCN. In view thereof, it is submitted that the Hon'ble Adjudicating Officer consider the said mitigating circumstances for any imposition of penalty.*

6.8.12 *Therefore, in view of the aforesaid facts and circumstances, the Noticee cannot be held to be in violation of Sections 12A (a), (b), (c) of SEBI Act read with Regulations 3(a), 3(b), 3(c) and 4(1), 4(2)(e) of PFUTP Regulation.*

6.9 Reply of Noticee No. 14

Date	Remark
November 09, 2022	SCN sent through e-mail.
November 16, 2022	Physical delivery of SCN.
November 23, 2022	The Noticee submitted the reply to the SCN.
December 02, 2022	Noticee was served the Hearing Notice scheduled to be conducted on December 16, 2022 and the Noticee was informed to submit its reply to the SCN before the date of hearing.
December 08, 2022	Vide an email, the Noticee confirmed his presence for the hearing through videoconferencing.
December 13, 2022	The Zoom link for hearing was shared with the Noticee.
December 16, 2022	The hearing was conducted as per schedule and the noticee was asked submit the track record by December

	23, 2022, as he claimed that he is a usual player in the IPO market at the time of hearing.
December 21, 2022	The Noticee made additional submissions as decided during the hearing proceedings.
December 23, 2022	The notice was asked to provide the demat account statements with respect to his IPO holdings.
December 24, 2022	The Noticee provided the demat account statements as required.

The Noticee submitted reply to the SCN as follows:

a) *I Bijal Shah karta of Bijal Mukesh Shah (HuF) notice no. 14 of captioned notice would like to inform that I had received the notice on November 10, 2022. I would like to inform that your good offices have not analysed my transaction and holding in the SCRIP Transwind Infrastructure Limited (“TRANSWIND”) in which I did “GROSS LOSS”.*

b) *Let me draw your attention to the point no. 10.1 table of notice appearing on page no. 22 of notice in which it mere reflects that Bijal Mukesh Shah (HUF) has sold 12000 quantities at an average price of 12.30. I would request to also punch the buy quantity and buy price instead of mere sell quantity and sell price. You would be surprised to know our Bijal Mukesh Shah (HuF) is holding the shares since allotment in IPO at a price of Rs. 27/- , therefore I did gross loss of Rs. 1,76,400/- i.e. Rs. 14.70 per share and on the contrary which I am getting a notice that I made notional profit of Rs. 1,02,000/-. Requested to explain my notional profit considering getting allotment of Shares in IPO at 27/- and selling at Rs. 12.30 contract note.*

c) *Requested to drop the baseless notice against us as we had made huge loss of Rs. 176000/-.*

D. CONSIDERATION OF ISSUES AND EVIDENCE

7. I have considered the allegations levelled in the SCN, the relevant material brought on record, and replies/ submissions of the Noticee made during the instant proceedings before the undersigned. In the light of the aforesaid factual position, I proceed to adjudicate the matter, and find that essentially, the following issues arise for determination in the instant matter:

Issue 1 : Whether Noticee No. 1 has violated Section Sec 12A(a), 12A(b), 12A(c) of SEBI Act read with regulation 3(a), 3 (b), 3(c) and 4(1), 4(2)(e) of PFUTP Regulations & Regulation 9(f) read with Schedule II Part A Clause (1), (2), (3) and (4) of Stock Brokers Regulations.

Issue 2: Whether the Noticee No. 2 has violated Sec 12A(a), 12A(b), 12A(c) of SEBI Act read with regulation 3(a), 3 (b), 3(c) and 4(1) of PFUTP Regulations?

Issue 3: Whether the Noticee No. 3 to 14 have violated Sec 12A(a), 12A(b), 12A(c) of SEBI Act read with regulation 3(a), 3 (b), 3(c) and 4(1), 4(2)(e) of PFUTP Regulations

Issue 4: Do the violations, if any, attract penalty under Sections 15HA and 15HB of SEBI Act?

Issue 5: If answer to the aforesaid question is in affirmative, what should be the quantum of the monetary penalty?

8. Before proceeding further, I would like to refer to the relevant provisions of the SEBI Act, PFUTP Regulations and Stock Broker Regulations:

Relevant provisions:

“SEBI Act”

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 recognized 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.

"PFUTP Regulations"

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;

4. Prohibition of manipulative, fraudulent and unfair trade practices

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

[Explanation.– For the removal of doubts, it is clarified that any act of diversion, misutilisation or siphoning off of assets or earnings of a company whose securities are listed or any concealment of such act or any device, scheme or artifice to manipulate the books of accounts or financial statement of such a company that would directly or indirectly manipulate the price of securities of that company shall be and shall always be deemed to have been considered as manipulative, fraudulent and an unfair trade practice in the securities market.]

(2) Dealing in securities shall be deemed to be a manipulative fraudulent or an unfair trade practice if it involves any of the following:

… (e) any act or omission amounting to manipulation of the price of a security including, influencing or manipulating the reference price or bench mark price of any securities

"Stock Broker Regulations"

9. Conditions of registration.

Any registration granted by the Board under regulation 6 shall be subject to the following conditions, namely, -

(f) he shall at all times abide by the Code of Conduct as specified in Schedule II;

Schedule II

Code of conduct for Stock Brokers

A. General

(1) Integrity: A stock-broker, shall maintain high standards of integrity, promptitude and fairness in the conduct of all his business.

(2) Exercise of due skill and care: A stock-broker shall act with due skill, care and diligence in the conduct of all his business.

(3) Manipulation: A stock-broker shall not indulge in manipulative, fraudulent or deceptive transactions or schemes or spread rumours with a view to distorting market equilibrium or making personal gains.
(4) Malpractices: A stock-broker shall not create false market either singly or in concert with others or indulge in any act detrimental to the investors interest or which leads to interference with the fair and smooth functioning of the market. A stockbroker shall not involve himself in excessive speculative business in the market beyond reasonable levels not commensurate with his financial soundness.

I will now proceed to deal with the allegations levelled against the Noticee in the SCN, the submissions made by the Noticee and record my observations/findings in the following paragraphs:

9. Before I proceed with the consideration of the substantive allegations made in the SCN, it shall be relevant to, at first refer to the trades executed by the suspected entities among themselves, during Patch-1 of the Investigation Period:

Trade Date	Buyer Name	Seller Name	Buy Order No	Sell Order No	Buy Order Time	Sell Order Time	Trade Price	Ltp Diff In Rs.	Ltp Diff In %	Trade Qty
04/05/2020	Beeline Broking Limited	Elite Accfin	1300000002837820	1300000002836140	09:42:37	09:42:35	3.8	0.15	3.95	4000
05/05/2020	Beeline Broking Limited	Elite Accfin	1300000001305100	1300000001316540	09:28:33	09:28:45	3.95	0.15	3.8	4000
08/05/2020	Beeline Broking Limited	Elite Accfin	1300000002160890	1300000002158400	09:46:33	09:46:29	3.8	0.15	3.95	4000
12/05/2020	Elite Accfin	Beeline Broking Limited	1300000001210500	1300000001219150	09:26:45	09:26:52	3.8	0.15	3.95	4000
18/05/2020	Elite Accfin	Beeline Broking Limited	1300000001062280	1300000001045950	09:24:00	09:23:46	3.3	0.15	4.55	4000
19/05/2020	Rahul Patel	Bipinchandra Himatlal Patel	1300000012291290	1300000012287420	14:31:27	14:31:17	3.45	0.3	8.7	4000
20/05/20200	Elite Accfin	Beeline Broking Limited	130000000978580	130000000971480	09:23:48	09:23:42	3.6	0.15	4.17	4000
22/05/2020	Beeline Broking Limited	Elite Accfin	1300000001204780	1300000001209750	09:27:28	09:27:33	3.6	0.15	4.17	4000
26/05/2020	Poojaben Samirbhai Pandya	Beeline Broking Limited	1300000001590410	1300000001566950	09:36:32	09:36:05	3.75	0.15	4.00	4000
27/05/2020	Elite Accfin	Beeline Broking Limited	1300000001493730	1300000001486910	09:35:16	09:35:08	3.90	0.15	3.85	4000
28/05/2020	Beeline Broking Limited	Elite Accfin	1300000001733440	1300000001738990	09:33:43	09:33:49	4.05	0.15	3.7	4000
29/05/2020	Madhavi Aditya Dave	Beeline Broking Limited	1300000001223630	1300000001190220	09:27:57	09:27:24	4.25	0.2	4.71	4000
02/06/2020	Beeline Broking Limited	Madahavi Aditya Dave	1300000000950810	1300000000946120	09:23:29	09:23:26	4.25	0.2	4.71	4000
03/06/2020	Beeline Broking Limited	Elite Accfin	1300000002003350	1300000001997720	09:38:26	09:38:21	4.05	0.15	3.7	4000
04/06/2020	Beeline Broking Limited	Sushila Shukla	1300000002558970	1300000002554440	09:47:34	09:47:29	4.25	0.2	4.71	4000
05/06/2020	Beeline Broking Limited	Elite Accfin	1300000002043110	1300000002039390	09:34:06	09:34:03	4.45	0.2	4.49	4000
08/06/2020	Sushila Shukla	Beeline Broking Limited	1300000003351480	1300000003306820	09:51:28	09:50:40	4.65	0.2	4.30	4000
10/06/2020	Beeline Broking Limited	Sushila Shukla	1300000001424550	1300000001415900	09:29:00	09:28:53	5.05	0.2	3.96	4000
11/06/2020	Elite Accfin	Beeline Broking Limited	1300000002026990	1300000002021680	09:35:31	09:35:27	5.3	0.25	4.72	4000

Trade Date	Buyer Name	Seller Name	Buy Order No	Sell Order No	Buy Order Time	Sell Order Time	Trade Price	Ltp Diff In Rs.	Ltp Diff In %	Trade Qty
12/06/2020	Elite Accfin	Poojaben Samirbhai Pandya	1300000014591800	1300000014587460	15:21:18	15:21:14	5.55	0.5	9.01	4000
15/06/2020	Madhavi Aditya Dave	Beeline Broking Limited	1300000001806920	1300000001799820	09:33:26	09:33:19	5.8	0.25	4.31	4000
18/06/2020	Elite Accfin	Beeline Broking Limited	1300000000048720	1300000010446660	09:00:27	15:20:14	6.35	0.3	4.72	4000
24/06/2020	Aditya Dave	Elite Accfin	1300000017745490	1300000000238830	15:29:05	15:25:30	7.5	0.25	3.33	4000
25/06/2020	Pravibhai Bhailal Doshi	Elite Accfin	1300000012807150	1300000000063740	15:28:29	15:27:57	7.8	0.3	3.85	4000

From the above table, it is observed that out of the 24 trades, 13 trades were executed between Noticee No. 1 and Noticee No. 3. Also, I note that out of the remaining 11 trades, in 10 trades, either Noticee No. 1 or Noticee No. 3 was observed to be either a buyer or a seller. Therefore, I infer that Noticee No. 1 and Noticee No. 3 had played a primary role in price manipulation. Other noticees viz. Noticee Nos. 4,5,6,7,8 and 9 had played a secondary role in price manipulation where 1 to 3 trades were executed by each of Noticee Nos. 4,5,6,7,8 and 9.

Issue 1 : Whether Noticee No. 1 has violated Section Sec 12A(a), 12A(b), 12A(c) of SEBI Act read with regulation 3(a), 3 (b), 3(c) and 4(1), 4(2)(e) of PFUTP Regulations & Regulation 9(f) read with Schedule II Part A Clause (1), (2), (3) and (4) of Stock Brokers Regulations.

9.1 <u>Noticee No. 1</u>

9.1.1 I note that it is alleged that Noticee being the market maker for Transwind with 10 trades for 40,000 shares had contributed 0.15 to Net LTP and Rs. 1.7 to positive LTP i.e. 25.56% of total market LTP for Patch 1 and had therefore indulged in fraud at the fag-end of its market making period i.e. from 4/5/20 to 26/6/20. It was also alleged that Noticee failed to exercise due, skills, care and diligence while taking in clients by allowing its directors and employees to act as introducers. Further, by systematically increasing the price for a SME scrip and getting the shareholders open trading account with itself, Noticee 1 had facilitated the connected entities to offload their holdings in the scrip of Transwind.

9.1.2 From the material placed before me, I note that for all the ten trades, the counterparties were the connected entities and these trades were with Noticee 1. Out of these 10 trades, seven trades were with Noticee 3 through which Rs. 1.10 was contributed to positive LTP (i.e. 16.54% of market positive LTP), one trade with Noticee 4 and two trades with Noticee 7 through which Rs. 0.60 was contributed to positive LTP (9.02% of market positive LTP). It is also observed that with the help of seven other connected noticees i.e. Noticees 3, 4, 5, 6, 7,8 & 9 by trades executed among themselves, the group accounted for 75.19% of positive LTP. I observe that Noticee 1 being the market maker for the scrip of Transwind was in fact one of the suspect entities who had contributed Rs. 1.70 to positive LTP (25.56%) during Patch 1 of the Investigation Period. The trades between the Noticee and the connected entities took place within a few seconds indicating they were deals which resulted into significant price rise in the scrip. The trades where the Noticee acted as a buyer and contributed to positive LTP are mentioned below:

Trade Date	Buyer Name	Seller Name	Buy Order Time	Sell Order Time	Trade Price	Ltp Diff In Rs.	Ltp Diff In %	Trade Qty
04/05/2020	Beeline Broking Limited	Elite Accfin	09:42:37	09:42:35	3.80	0.15	3.95	4000
05/05/2020	Beeline Broking Limited	Elite Accfin	09:28:33	09:28:45	3.95	0.15	3.80	4000
08/05/2020	Beeline Broking Limited	Elite Accfin	09:46:33	09:46:29	3.80	0.15	3.95	4000
22/05/2020	Beeline Broking Limited	Elite Accfin	09:27:28	09:27:33	3.60	0.15	4.17	4000
28/05/2020	Beeline Broking Limited	Elite Accfin	09:33:43	09:33:49	4.05	0.15	3.70	4000
02/06/2020	Beeline Broking Limited	Madhavi Aditya Dave	09:23:29	09:23:26	4.25	0.20	4.71	4000
03/06/2020	Beeline Broking Limited	Elite Accfin	09:38:26	09:38:21	4.05	0.15	3.70	4000
04/06/2020	Beeline Broking Limited	Sushila Shukla	09:47:34	09:47:29	4.25	0.20	4.71	4000
05/06/2020	Beeline Broking Limited	Elite Accfin	09:34:06	09:34:03	4.45	0.20	4.49	4000
10/06/2020	Beeline Broking Limited	Sushila Shukla	09:29:00	09:28:53	5.05	0.20	3.96	4000

9.1.3 Following trades were observed where the Noticee had acted as a seller during Patch-1:

Trade Date	Buyer Name	Seller Name	Buy Order Time	Sell Order Time	Trade Price	Ltp Diff In Rs.	Ltp Diff In %	Trade Qty
12/05/2020	Elite Accfin	Beeline Broking Limited	09:26:45	09:26:52	3.8	0.15	3.95	4000
18/05/2020	Elite Accfin	Beeline Broking Limited	09:24:00	09:23:46	3.3	0.15	4.55	4000
20/05/20200	Elite Accfin	Beeline Broking Limited	09:23:48	09:23:42	3.6	0.15	4.17	4000
26/05/2020	Poojaben Samirbhai Pandya	Beeline Broking Limited	09:36:32	09:36:05	3.75	0.15	4.00	4000
27/05/2020	Elite Accfin	Beeline Broking Limited	09:35:16	09:35:08	3.90	0.15	3.85	4000
29/05/2020	Madhavi Aditya Dave	Beeline Broking Limited	09:27:57	09:27:24	4.25	0.2	4.71	4000
08/06/2020	Sushila Shukla	Beeline Broking Limited	09:51:28	09:50:40	4.65	0.2	4.30	4000
11/06/2020	Elite Accfin	Beeline Broking Limited	09:35:31	09:35:27	5.3	0.25	4.72	4000
15/06/2020	Madhavi Aditya Dave	Beeline Broking Limited	09:33:26	09:33:19	5.8	0.25	4.31	4000
18/06/2020	Elite Accfin	Beeline Broking Limited	09:00:27	15:20:14	6.35	0.3	4.72	4000

9.1.4 The Noticee together with the connected entities who were clients indulged themselves in the acts which have bought in a condition in which prices did not fairly reflect market values. The Noticee directly and indirectly effected a series of transactions in the said scrip during the IP which not only created an apparent active trading in the scrip but also contributed to the raising of the prices of the scrip thereby inducing the purchase/sale by others.

9.1.5 Further, by allowing its employees to act as introducers and getting him to open trading account with itself, Noticee 1 acquired clients to enter into buy & sell trades in the scrip at the fag-end of its market making period to fraudulently create an apparent active trading in such a scrip. Thus I observe that the Noticee did not maintain integrity, did not act diligently, created a false market and acted manipulatively, fraudulently which is detrimental to the interest of the investors.

9.1.6 From the argument made by Noticee (6.1.2 para as above), I note that the Noticee has already paid a penalty of Rs. 10,00,000 to NSE for identical allegations. I however note that it is a trite law that the multiple proceedings can be initiated for same violation.

9.1.7 From the argument made by Noticee (6.1.3 para as above), merely on the basis of the fact that at present the directors have changed, it cannot be concluded that there is no link/relationship between the Noticee and Noticee No. 3. The circumstances in which multiple deals have been executed during which the scrip has registered consistent price rise and one party has bought/sold and reversed few days without any news/announcements in the scrip, infer that there are links between Noticee No. 3 and the Noticee and they are executing pre-arranged deals which is resulting in the appreciation of the price of the scrip.

9.1.8 The argument made by Noticee (6.1.4 para as above) that mere relationship and connection with each other on face book, does not establish that they have increased the price and volume and traded in connection with each other is not tenable since these impugned trades between the Noticee and apparently related clients were executed in a fashion and have resulted into rise in the price of the scrip.

9.1.9 The argument made by Noticee (6.1.5 para as above) is not tenable on the basis of established connection between Sunny Solanki, Falan Trading Co. and Ankit Solanki in view of common mobile number and email ID in UCC database. Further the Noticee has accepted that Sunny Solanki was past employee of Noticee.

9.1.10 The argument made by Noticee (6.1.6 para as above) is not tenable. Noticee along with related clients was aware of orders on both sides of the trade book and has placed orders within few seconds of counterparty orders indicating it was deals which resulted into significant price rise in the scrip. Further the concern raised in the SCN is not about market making, but about trading in a manner with apparently related entities and thereby causing a price rise in the scrip. Noticee has submitted that it was acting as a market maker where Noticee is required to provide two-way quotes for at-least 75% of the time in a day. If such is the case, the orders of the Noticee should come first in the order book. Out of 10 deals in Patch-1, buy side order of the Noticee on the proprietary account was placed after the sell order in 3 deals. Therefore, there is no pattern where being a market maker Trading member is always placing the orders ahead of the client on the other side. In view of the above, it cannot be conclusively established that the Noticee was only acting as a market maker.

9.1.11 The argument made by Noticee (6.1.8 para as above) is not tenable. The Noticee has considered the period from April 01, 2020, till August 18, 2020 however the issue raised in SCN was for the price rise patch from May 01, 2020 till June 26, 2020 and furthermore from May 01, 2020 till June 26, 2020, the Noticee had acted as a buyer in 10 trades and acted as a seller in 10 trades. The aforesaid trades of Noticee and apparently related clients are responsible for price rise.

9.1.12 The argument made by Noticee (6.1.8 para as above) that "all the orders have been placed at the start of the market because as a market maker" is incorrect since out of 20 trades by Noticee on buy and sell side, in 9 trades Noticee's order time was after the counterparty orders.

.

9.1.13 Therefore, I find that the allegations levelled against the Noticee for violation of Section 12A(a), (b), (c) of SEBI Act, 1992 read with Regulation 2(A), (b), (c) and 4(1), 4(2)(e) of SEBI PFUTP Regulations, 2003 and Regulation 9(f) read with Schedule II Part A Clause (1), (2), (3) and (4) of Stock Brokers Regulations.

Issue 2: Whether the Noticee No. 2 has violated Sec 12A(a), 12A(b), 12A(c) of SEBI Act read with regulation 3(a), 3 (b), 3(c) and 4(1) of PFUTP Regulations?

9.2 Noticee No. 2

9.2.1 I note that Noticee has responded to the adjudication proceedings vide email dated December 14, 2022, stating that he is proceeding with the Settlement application but I have not received any such intimation from the settlement division till the time of passing this order. Further, the Noticee did not submit any reply to the SCN on merit, nor did he appear for the hearing.

9.2.2 It was alleged that Noticee 2 had acted as introducer while opening trading account with Beeline for Noticees 4, 5, 7, 8, 9, 10, 14, in a personal capacity, while doing In-Person Verifications in the official capacity.

9.2.3 Further, I observe that fund transfers could be seen from Noticee No. 10 and Noticee No. 12 to Noticee No. 2. I also note that Rs. 5,79,000 was transferred to the Noticee from Noticee No. 10 on 29.07.2020 through ICICI Bank Account of an entity viz. Ansu Investments and as observed from the bank statement of Noticee 12, Rs. 4,16,000/- was directly transferred to Noticee from Noticee No. 12 on 24.07.2020. As per email dt.7.3.2022 of Ankitkumar Muljibhai Solanki, the partners of Ansu Investment and Sufal Investment, are cousins of Ankitkumar Muljibhai Solanki, who in turn is related to Noticee No. 2. Further, Noticee vide his email reply dated 6.7.2021 had himself admitted that he had assisted Noticee 11 and Noticee 12 in offloading their holdings in the scrip of Transwind but denied any relation with Noticee 10, whereas as mentioned above, fund transfer was seen from Noticee 10's bank account to the Noticee.

9.2.4 Since the Noticee had not filed any response to the SCN on merit, I am of the opinion that the Noticee has accepted the allegations levelled against him in the SCN and **accordingly I find that the Noticee has violated Sec 12A(a), 12A(b), 12A(c) of SEBI Act, 1992 read with Regulations 3(a), 3(b), 3(c) and 4(1) of PFUTP Regulations.**

Issue 3: Whether the Noticee Nos. 3 to 14 have violated Sec 12A(a), 12A(b), 12A(c) of SEBI Act read with regulation 3(a), 3 (b), 3(c), 4(1) and 4(2)(e) of PFUTP Regulations?

9.3 Noticee 3:

9.3.1 From the material available before me with regard to Noticee 3, I note that with 9 trades for 36,000 shares, Noticee 3 contributed Rs. 1.8 to the Net LTP and Rs. 2.25 to Positive LTP which is 33.83% to the total market LTP for Patch 1. Out of the 9 trades, Noticee 3's 7 trades for 28,000 shares with connected noticees contributed to Rs. 1.65 to Positive LTP which was 24.81% of the total market Positive LTP for Patch-1. Out of these 7 trades, 6 trades were with Noticee 1, with LTP contribution of Rs. 1.15 (17.29%) and 1 trade was with Noticee 5 contributing to Rs. 0.50 to Positive LTP.

9.3.2 Further, I note that it was alleged that Noticee No. 3 is connected to Noticee 1 by way that Director (Khusboo Nikhilkumar Shah) of Noticee No. 1 was the Ex-Director of Noticee No. 3 and that Noticee No. 3 was the counterparty to Noticee No. 1 for 80% of its trades in the scrip of Transwind during the six month prior to the IP. The remaining 2 trades of Noticee 3 were with two unconnected entities through which it contributed Positive LTP of Rs. 0.60 (9.02% of total market Positive LTP for Patch 1) by placing buy order first on the trading platform.

9.3.3 The trades of the noticee with connected entities where the noticee had acted as a buyer and contributed to positive LTP are mentioned below:

Trade Date	Buyer Name	Seller Name	Buy Order No	Sell Order No	Buy Order Time	Sell Order Time	Trade Price	Ltp Diff In Rs.	Ltp Diff In %	Trade Qty
12/05/2020	Elite Accfin	Beeline Broking Limited	1300000001210500	1300000001219150	09:26:45	09:26:52	3.8	0.15	3.95	4000
18/05/2020	Elite Accfin	Beeline Broking Limited	1300000001062280	1300000001045950	09:24:00	09:23:46	3.3	0.15	4.55	4000
20/05/20200	Elite Accfin	Beeline Broking Limited	130000000978580	130000000971480	09:23:48	09:23:42	3.6	0.15	4.17	4000
27/05/2020	Elite Accfin	Beeline Broking Limited	1300000001493730	1300000001486910	09:35:16	09:35:08	3.90	0.15	3.85	4000
11/06/2020	Elite Accfin	Beeline Broking Limited	1300000002026990	1300000002021680	09:35:31	09:35:27	5.3	0.25	4.72	4000
12/06/2020	Elite Accfin	Poojaben Samirbhai Pandya	1300000014591800	1300000014587460	15:21:18	15:21:14	5.55	0.5	9.01	4000
18/06/2020	Elite Accfin	Beeline Broking Limited	1300000000048720	1300000010446660	09:00:27	15:20:14	6.35	0.3	4.72	4000

9.3.4 Following trades were observed where the Noticee had acted as a seller during Patch-1:

Trade Date	Buyer Name	Seller Name	Buy Order No	Sell Order No	Buy Order Time	Sell Order Time	Trade Price	Ltp Diff In Rs.	Ltp Diff In %	Trade Qty
04/05/2020	Beeline Broking Limited	Elite Accfin	1300000002837820	1300000002836140	09:42:37	09:42:35	3.8	0.15	3.95	4000
05/05/2020	Beeline Broking Limited	Elite Accfin	1300000001305100	1300000001316540	09:28:33	09:28:45	3.95	0.15	3.8	4000
08/05/2020	Beeline Broking Limited	Elite Accfin	1300000002160890	1300000002158400	09:46:33	09:46:29	3.8	0.15	3.95	4000
22/05/2020	Beeline Broking Limited	Elite Accfin	1300000001204780	1300000001209750	09:27:28	09:27:33	3.6	0.15	4.17	4000
28/05/2020	Beeline Broking Limited	Elite Accfin	1300000001733440	1300000001738990	09:33:43	09:33:49	4.05	0.15	3.7	4000
03/06/2020	Beeline Broking Limited	Elite Accfin	1300000002003350	1300000001997720	09:38:26	09:38:21	4.05	0.15	3.7	4000

Trade Date	Buyer Name	Seller Name	Buy Order No	Sell Order No	Buy Order Time	Sell Order Time	Trade Price	Ltp Diff In Rs.	Ltp Diff In %	Trade Qty
05/06/2020	Beeline Broking Limited	Elite Accfin	1300000002043110	1300000002039390	09:34:06	09:34:03	4.45	0.2	4.49	4000
24/06/2020	Aditya Dave	Elite Accfin	1300000017745490	1300000000238830	15:29:05	15:25:30	7.5	0.25	3.33	4000
25/06/2020	Pravibhai Bhailal Doshi	Elite Accfin	1300000012807150	1300000000063740	15:28:29	15:27:57	7.8	0.3	3.85	4000

9.3.5 From the argument made by Noticee that Since his wife Mrs Khushboo Shah is no more director in Noticee 1 and at present the directors and shareholders have changed, it cannot be concluded that there is no link/relationship between the Noticee and Noticee No. 1. The circumstances in which multiple deals have been executed during which the scrip has registered consistent price rise and one party has bought/sold and reversed within few days without any news/announcements in the scrip, infer that there are links between Noticee No. 3 and the Noticee and they are executing pre-arranged deals which is resulting in the appreciation of the price of the scrip.

9.3.6 In its reply (6.3.2 as above), I also note that Noticee 3 has submitted that mere connection by itself cannot be the basis of alleging collusion and manipulation of trades and that the SCN is merely based on surmises and conjectures. I note that that such trades executed by Noticee 3 with other noticees in a group cannot be called genuine trading as such trades result in artificial volume generation in the shares of the company thereby creating a false and misleading impression about the trading in the scrip of the company to the investors at large in the market. By deliberately, matching each other's other by continuously entering sell and buy orders, Noticee 3 has participated in manipulative trading with the other noticees in the group with a view to setting the price at a desired level to collusively influence the decision of innocent investors to invest in the scrip.

9.3.7 In reply to the SCN (6.3.4 para as above), the Noticee stated that fund transfer between Noticee and notice No. 10 was on account of repayment of loan by Noticee No. 10 to the Noticee. The Noticee has not presented any evidence to substantiate its claims. Also, the Noticee admits that it is connected to Noticee No. 10 who is the biggest net seller in Patch-2. Therefore, I infer that Noticee No. 10 has been benefitted from the rise in price of the scrip, which was manipulatively pushed by Noticee No. 3 and its connected entities, during Patch-1.

9.3.8 The argument made by the Noticee (6.3.5 as above) is not tenable. I note that it is not a mere coincidence that Noticee could match its trades with the connected entities on multiple occasions (with the corresponding price and quantity entered by both the Noticee and counterparty being equal). This is the outcome of collusion and it was a deliberate attempt to deal in such a manner.

9.3.9 The argument made by the Noticee (6.3.11 as above) is not tenable. Although the SCN doesn't quantify the amount of loss caused to the investors as a result of fraudulent trades of the noticee but I note that the clients who bought the shares of Transwind during Patch-2 of Investigation Period have been cheated, as they ended up paying more for a low value scrip and got stuck with low value scrip since there were very infrequent trading in the scrip of Transwind for six months' post Investigation Period.

9.3.10 In view of the same, the allegation that Noticee 3 has violated, Section 12A(a), (b), (c) of SEBI Act 1992 read with Regulation 3(a), (b), (c) and 4(1), 4(2)(e) of SEBI (PFUTP) Regulation, 2003 stands established.

9.4 Noticee 4, 5 7 & 9:

9.4.1 I note that it has been alleged in the SCN that Noticee Nos. 4, 5, 7 and 9 who were of the same family, together as buyers had contributed Rs.0.85 to Net LTP and Rs.1.05 to Positive LTP (i.e.15.78% to total market Positive LTP for Patch-1) from five trades with connected entities for 20,000 shares. Out of the five trades, for four trades, Noticee No.1 was the counter party and one trade was with Noticee No. 3 as depicted in the table below:

Trade Date	Buyer Name	Seller Name	Buy Order No	Sell Order No	Buy Order Time	Sell Order Time	Trade Price	Ltp Diff In Rs.	Ltp Diff In %	Trade Qty
26/05/2020	Poojaben Samirbhai Pandya	Beeline Broking Limited	1300000001590410	1300000001566950	09:36:32	09:36:05	3.75	0.15	4.00	4000
29/05/2020	Madhavi Aditya Dave	Beeline Broking Limited	1300000001223630	1300000001190220	09:27:57	09:27:24	4.25	0.2	4.71	4000
08/06/2020	Sushila Shukla	Beeline Broking Limited	1300000003351480	1300000003306820	09:51:28	09:50:40	4.65	0.2	4.30	4000
15/06/2020	Madhavi Aditya Dave	Beeline Broking Limited	1300000001806920	1300000001799820	09:33:26	09:33:19	5.8	0.25	4.31	4000
24/06/2020	Aditya Dave	Elite Accfin	1300000017745490	1300000000238830	15:29:05	15:25:30	7.5	0.25	3.33	4000

9.4.2 The argument made by the Noticee (6.3.12 para as above) is illogical and misplaced. The Noticee has completely mis-stated the facts placed in the SCN. The SCN establishes direct connection between Noticee No. 2 and Noticee No. 9 not on the basis of Facebook, but on the basis of admission of Noticee No. 9 vide his email dated 7.3.2022, wherein the Noticee No. 9 stated that he knows Noticee No. 2 and Noticee No. 9 professionally. On the basis of this Noticee No. 9 is indirectly connected to Noticee No. 1.

9.4.3 The argument of the notice (6.3.13 para as above) is not tenable. Noticee No. 9 has admitted that the Noticee is professionally connected to Noticee No. 2. Since Noticee Nos. 4, 5 and 7 are family members of Noticee No. and Noticee No. 2 had also acted as an introducer to Noticees 4, 5 and 7 for opening trading account with Noticee No. 1, I infer that the Noticee Nos. 4, 5 and 7 are also connected to Noticee No. 2.

9.4.4 In its reply to the allegation in the SCN (6.3.14 para as above), the Noticees have submitted that merely because the Noticees are connected to each other does not establish the allegation that the Noticees with other entities manipulated the price of Transwind by carrying out trades amongst each other. However, I observe from the above mentioned trades that the execution of trades between the Noticees in a manner with the connected entities had led to the rise in the prices of the scrip creating a false and misleading appearance of the liquidity in the scrip. Hence, the contention of the Noticees is untenable.

9.4.5 The argument made by the Noticee (6.3.15 and 6.3.16 as above) is not tenable. The SCN has established that the Noticee had indulged in fraudulent trading practices by placing trades with the connected parties and had caused artificial price rise in the scrip. It cannot be merely a co-incident that the trades of the Noticees have matched with the connected entities on multiple occasions (with the corresponding price and quantity entered by both the Noticee and counterparty being equal). I note that the noticees have executed 5 orders with the connected entities

9.4.6 Further, I note that it is submitted that Noticee 9 has only made gains only to the tune of Rs. 4000/- and no loss has been caused to investors (6.3.19 para as above). In this regard, however I note that the Hon'ble Supreme Court in Rakhi Trading (supra) has held that, “*Orchestrated trades are a misuse of the market mechanism. It is playing the market and it affects the market integrity*”. Thus, the submission of the Noticee that there was no loss to the investors is unacceptable.

In view of the same, the allegation that Noticees 4, 5, 7 & 9 has violated Section 12A(a), (b), (c) of SEBI Act 1992 read with Regulation 3(a), (b), (c) and 4(1), 4(2)(e) of PFUTP Regulations, 2003 stands established.

9.5 Noticee No. 6

9.5.1 I understand from the reply of the Noticee No. 6 that owing to ill-health, his father had decided to transfer his shares to his son’s (Noticee No. 6’s) account and the said transfer took place on 19 May 2020 while his father expired in August 2020. If that is the case, such transfer should have taken place off-market only. From the Noticee’s response, I infer that the Noticee would have asked its broker Beeline Broking to transfer the shares from his father’s account into his account, and Beeline Broking placed a market order to execute the aforesaid transfer as I note from the material on record that both buy and sell orders were put in by Nikunj Vithlani (an employee of Beeline Broking with Emp ID B00004) from single terminal ID 42110 with a time difference of 10 seconds. I observe from the trade log that the Noticee No. 6’s buy order was matched on 19 May, 2020 with his father, Bipinchandra Himatlal Patel’s sell order, as mentioned in the table below, through which Rs.0.30 was contributed to Positive LTP (4.51% of total Market Positive LTP for Patch-1).

Trade Date	Buyer Name	Seller Name	Buy Order No	Sell Order No	Buy Order Time	Sell Order Time	Trade Price	Ltp Diff In Rs.	Ltp Diff In %	Trade Qty
19/05/2020	Rahul Patel	Bipinchandra Himatlal Patel	1300000012291290	1300000012287420	14:31:27	14:31:17	3.45	0.3	8.70	4000

9.5.2 Therefore, I am of the opinion that the above transaction had taken place on account of Beeline Broking and the Noticee No. 6 was unaware of the LTP contribution caused in the transfer of shares from his father’s account to his account. I also note that Noticee 6 has informed that he still hold these 4000 shares transferred by his father In view of the above I am giving benefit of doubt to Noticee 6 hence allegations levelled against him does not established.

9.6 Noticee No. 8

9.6.1 I observe from the trade log that the Noticee No. 8 executed one trade on 25 June, 2020 (details mentioned in the table below), where the Noticee placed buy order and the counterparty was Noticee No. 3, which contributed Rs.0.30 to Positive LTP (4.51% of total Market Positive LTP for Patch-1). The Noticee in his reply to the SCN had mentioned that his daughter in law has been working with Beeline since June 2016. Therefore, I note that the Noticee is connected to Noticee No. 1, which in turn is connected to Noticee No. 3. The buy order of Noticee No. 8 was placed after 32 seconds of the modified sell order placed by Noticee No. 3, and for the same quantity of shares i.e. 4,000 shares and at same price. In view of the above, I find that the Noticee had traded in a manner with Noticee No. 3, which is a connected entity of the Noticee. Hence, I infer that Noticee No. 8 had placed the order with an intent to manipulate the price of scrip of Transwind.

Trade Date	Buyer Name	Seller Name	Buy Order No	Sell Order No	Buy Order Time	Sell Order Time	Trade Price	Ltp Diff In Rs.	Ltp Diff In %	Trade Qty
25/06/2020	Pravibhai Bhailal Doshi	Elite Accfin	1300000012807150	1300000000063740	15:28:29	15:27:57	7.8	0.3	3.85	4000

9.6.2 Also, it is observed that Noticee No. 8 had exited the scrip of Transwind during Patch-2 at the manipulated price that has been pushed up by the LTP contribution made during Patch 1 and made profit out of it.

S.No.	Net Sellers	Buy Qty	Avg Buy Price (Rs.)	Buy Value (Rs.)	Sold Quantity	Avg. Sell Price (Rs.)	Sale Value (Rs.)	Notional profit (Rs.) (when compared to Open Price of Rs.3.8 on 4.5.2020-First day of Investigation Period)*
1	Pravinbhai Bhailal Doshi	4,000	7.8	31,200	4,000	8.5	34,000	2,800.00

9.6.3 Hence, Noticee No. 8 being a connected entity, has indulged in fraudulent trading practices and is found to be in violation of Sec 12A(a), 12A(b), 12A(c) of SEBI Act read with regulation 3(a), 3 (b), 3(c) and 4(1), 4(2)(e) of PFUTP Regulations.

9.7 <u>Noticee No. 10</u>

9.7.1 As brought out in Para 6.6, I note that the Noticee No. 10 had responded to the adjudication proceedings vide email dated December 04, 2022, stating that he is proceeding with the Settlement application but I have not received any intimation from the settlement division till date. Apart from his aforesaid email, the Noticee did not submit any reply to the SCN on merit, nor did he appear for the hearing.

9.7.2 I note that Noticee No. 10 was the biggest net selling entity in Patch-2 in the captioned matter. During the stock recommendation period i.e. from 30.6.2020 to 6.7.2020 with net sell quantity of 2,24,000 shares (with 56 trades) for a value of Rs.22,05,000/- (at an average sell price of INR 9.84). He had sold his entire 100% holdings in the scrip, when the price was touching its peak i.e. 159% above the opening price of Rs.3.80 on 4.5.2020 (starting day of Investigation Period). Further, I find that Noticee No. 10 withdrew the sale proceeds from client A/c between the period from 15.7.2020 to 22.7.2020 and from the fund trail analysis carried out on the ICICI Bank A/c No.136705500872 of Noticee No. 10, the following fund transfers have been observed w.e.f. 15.7.2020:

- Direct transfer of a sum of Rs.8.00 Lakhs to Noticee No. 3, from the sale proceeds between 16.7.2020 and 20.7.2020.
- On 18.7.2020, Rs. 83,750/- transferred to Mr Nikhil M Shah, H/o Khushboo Shah, the Director of Noticee No. 1, through Sufal Investment & Ansu Investment @ Rs. 41,875 each.
- Transfer of a sum of Rs.5.79 Lakhs to Noticee No. 2 (through Ansu Investments ICICI A/c) is observed on 29.7.2020.

9.7.3 In addition to the aforesaid fund transfers, frequent fund transfers have also been observed between Noticee No. 10 and Noticee No. 3 / Nikhil M Shah (H/o Khushboo Shah, Director of Beeline Broking Limited).

9.7.4 Further, it is pertinent to mention here that as per email dated 7.3.2022 of Noticee No. 12, the partners of Ansu Investment and Sufal Investment, to which fund transfers from Noticee No. 10 is observed, are cousins of Noticee No. 12, who in turn is related to Noticee No. 2

9.7.5 In view of the above, I infer that Noticee No. 10 is connected to Noticee No. 1,2,3 and 12. Further, I find that since the Noticee No. 10 is connected to the entities who contributed to LTP in Patch-1, the Noticee has taken advantage of the increased price pushed up during Pach-1, by virtue of being a connected entity. In my opinion, the Noticee has made unfair gains at the expense of other investors.

S.No.	Net Sellers	Buy Qty	Avg Buy Price (Rs.)	Buy Value (Rs.)	Sold Quantity	% of Net sell Qty	Avg Price (Rs.)	Sale Value (Rs.)	Notional profit (Rs.) (when compared to Open Price of Rs.3.8 on 4.5.2020-First day of Investigation Period)*
1	Nadiya Bipinkumar Khodidas	0	0	0	2,24,000	17.89%	9.84	22,05,000	13,53,800.00

9.7.6 Since the Noticee had no response to the SCN on merit, I am of the opinion that the Noticee has accepted the allegations levelled against him in the SCN and **accordingly I find that the Noticee has violated Sec 12A(a), 12A(b), 12A(c) of SEBI Act, 1992 read with Regulations 3(a), 3(b), 3(c) and 4(1), 4(2)(e) of PFUTP Regulations.**

9.8 <u>Notice No. 11 and 12</u>

9.8.1 As brought out above in Para 6.7, I note that the Noticee No. 11 had responded on his behalf and on behalf of Noticee No. 12, being a Partner of Noticee No. 12, to the adjudication proceedings vide email dated December 14, 2022, stating that he is proceeding with the Settlement application. Apart from his aforesaid email, the Noticee did not submit any reply to the SCN on merit, nor did he appear for the hearing.

9.8.2 I note that Noticee No. 11 and 12 were among the top three net sellers during Patch-2. Noticee No. 11 was the second top net seller and Noticee No. 12 was the third top net seller in Patch-2.

9.8.3 Noticee 11 was observed to have offloaded 100% of its holdings of 1,44,000 shares of Transwind (with 30 trades) from 3.7.2020 to 8.7.2020 for a total value of Rs.15,15,200/- (at an average sell price of INR 10.52) when compared to Rs.3.8, the opening price on the first day of the investigation period. Also, I note that from the Bank statement of Noticee No. 11 (A/c No. 136705001443) it was observed that a sum of Rs.41,875/- was transferred to Nikhil M Shah's (husband of Khushboo Shah, Director of Noticee No. 1) HDFC Bank A/c No. 50200019655747 on 18.7.2020. Further Noticee No. 2 vide his email reply dated 6.7.2021 has stated that he had assisted Noticee No. 11, in offloading its holdings in the scrip of Transwind.

9.8.4 I note that Noticee No. 12 is the partner of Noticee No. 11 and also cousin of Noticee No. 2. He had off-loaded his 100% holdings of 1,28,000 in Transwind (with 32 trades) from 3.7.2020 to 8.7.2020 for a value of Rs.13,84,600/- (at an average sell price of INR 10.82). He sold his entire holdings when the price of the scrip was touching its peak during the investigation period i.e.185% above the opening price of Rs. 3.80 on 4.5.2020 (starting day of Investigation Period). Noticee sold shares when the average selling price of Rs. 10.82 vis a viz is compared with Rs. 3.8 (opening price on the starting day of the Investigation Period).

9.8.5 Further, from the client ledger, I note that a sum of Rs.13,79,000 was withdrawn by Noticee No. 12 between 23.7.2020 and 24.7.2020 from the client A/c maintained with Noticee No. 1. Out of Rs.13,79,000, on 23.7.2020 Rs.9,63,000/- was transferred to his client A/c with Swastika Investmart Limited against his dues of Rs.9,62,877.28. Further, on 24.7.2020 a sum of Rs.4,16,000/- was transferred from Noticee No. 12's ICICI Bank Account No. 084401511866 to Noticee No. 2's ICICI Bank A/c No.136701505445 and said amount was used by Noticee No. 2 to settle his dues of Rs.10,11,068.83 in his Trading A/c maintained with Swastika Investmart. It is pertinent to mention here that Noticee No. 2 vide his email reply dated 6.7.2021 stated that he has assisted his cousin, Noticee No. 12, in offloading his holdings in the scrip Transwind and Noticee No. 12 vide his email dt.7.3.2022 stated that he has business relationship with Noticee No. 3, and its Director Nishit Shah and also with Noticee No. 10.

9.8.6 In view of the above, I infer that Noticee Nos. 11 and 12 are connected to Noticees 2,3 and 10. Further, I find that since the Noticee Nos. 11 and 12 are connected to the entities who contributed to LTP in Patch-1, the Noticees have taken advantage of the increased price pushed up during Pach-1, by virtue of being a connected entity. In my opinion, the Noticee has made unfair gains at the expense of other investors.

S.No.	Net Sellers	Buy Qty	Avg Buy Price (Rs.)	Buy Value (Rs.)	Sold Quantity	% of Net sell Qty	Avg Price (Rs.)	Sale Value (Rs.)	Notional profit (Rs.) (when compared to Open Price of Rs.3.8 on 4.5.2020-First day of Investigation Period)*
1	Falan Trading Company	0	0	0	1,44,000	11.50%	10.52	15,15,200	9,68,000.00
2	Ankitkumar Muljibhai Solanki	0	0	0	1,28,000	10.22%	10.82	13,84,600	8,98,200.00

9.8.7 Since the Noticees 11 and 12 did not respond to the SCN on merit, I am of the opinion that the Noticees have accepted the allegations levelled against them in the SCN and accordingly I find that the Noticees have violated Sec 12A(a), (b), (c) of SEBI Act, 1992 read with Regulations 3(a), 3(b), 3(c) and 4(1), 4(2)(e) of PFUTP Regulations.

9.9 <u>Noticee No. 13</u>

9.9.1 I note that it was alleged in the SCN that Noticee No. 13, who is wife of Nishit Shah (director of Noticee No. 3) exited the scrip of Transwind during Patch-2 at a manipulated price that has was pushed up by the LTP contributed made by her related /connected noticees. I note that by exiting at a manipulated price (average sell price of Rs. 10.2), the Noticee had made a notional profit of Rs. 1,02,400.

S.No.	Net Sellers	Buy Qty	Avg Buy Price (Rs.)	Buy Value (Rs.)	Sold Quantity	% of Net sell Qty	Avg Price (Rs.)	Sale Value (Rs.)	Notional profit (Rs.) (when compared to Open Price of Rs.3.8 on 4.5.2020-First day of Investigation Period)*
1	Priyanka Nishit Shah	0	0	0	16,000	1.28%	10.20	1,63,200	1,02,400.00

9.9.2 The argument of the Noticee that she had no direct relationship with Noticee 1 is not tenable. It was observed that since Noticee No. 3 was counterparty to 80% of Noticee No. 1's trades during six months prior to Investigation Period and to 50% of Noticee No. 1's trades during the Investigation Period and that Khushboo Nikhilkumar Shah, Director of Noticee No. 1 was holding Directorship in Elite Accfin from 16/2/2009 to 27/12/2017 and her husband Nikhilkumar Maheshkumar Shah was a Director of Noticee No. 3 from 16/2/2009 to 20/02/2014. Therefore, Noticee No. 1 and Noticee No. 3 are directly connected but Noticee No. 13 has an indirect connection with Noticee No. 1, as Noticee No. 13 is the wife of Director of Noticee No. 3 it is directly connected to Noticee No. 2.

Even in absence of direct connection between Noticee No. 13 and Noticee No. 1, it can be observed that since Noticee No. 3 was a major contributor to Positive LTP during Patch-1 with nine trades for 36,000 shares, which contributed Rs.1.8 to Net LTP and Rs.2.25 to Positive LTP (33.83% of total market LTP for Patch-1). I infer that Noticee No. 13 has benefitted by selling the shares during Patch-2 which was manipulatively pushed by Noticee No. 3 and other entities. Therefore, the argument of the Noticee are not acceptable.

9.9.3 The SCN has established the connection of Noticee No. 3 with other Noticees not just on the basis of Facebook connection but on the basis of directorship and business relations as mentioned in the connection table depicted in para 5.6.

9.9.4 The argument made by the Noticee with regard to manipulation of the price is not tenable. Although the Noticee has not indulged in price manipulation, but the Noticee has taken advantage of the increased price, by exiting at a higher price during Patch-2, which was pushed by LTP contribution made by its connected entities and made notional profit out of it.

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9.9.5 Hence, the allegation levelled against Noticee No.13 & 14 for violation of Sec 12A(a), 12A(b), 12A(c) of Section 12A(a), (b), (c) of SEBI Act 1992 read with Regulation 3(a), (b), (c) and 4(1), 4(2)(e) of SEBI (PFUTP) Regulation, 2003 stands established.

9.10 Noticee No. 14

9.10.1 It was alleged in the SCN that Noticee No. 14, who is cousin of Nikhil M Shah (husband of Khusboo Shah, Director of Noticee No. 1) and having business relationship with Nishit Shah (Director of Noticee No. 3) exited the scrip of Transwind during Patch-2 at a manipulated price that was pushed up by the LTP contribution made by its related /connected notices viz. Noticee 1, 3 and others. Also, the SCN also alleged that by exiting at a manipulated price in Patch-2 (average sell price of Rs. 12.3), the Noticee 14 had made a profit / avoided loss of Rs. 1,02,000. I also note that Noticee No. 14 in his reply to the SCN had mentioned that he was allotted the shares in IPO at Rs. 27/share and had made a net gross loss in the transaction.

9.10.2 At the time hearing the Noticee had submitted that he is a regular player in the IPO market and his selling shares of Transwind during Patch -2 was a usual business deal for him as he does this with most of shares acquired by him in IPO. Hence he was asked to submit the demat account statement with respect to its IPO holdings. Following data was gathered from the demat account statements with respect to the Noticee's IPO holdings:

Sr.No	Name of the IPO	Qty Alloted	Date of Allotment	Date of sale	Qty of sale
1	SIKKO Industries ltd	8000	14/04/2017	19/04/2017	8000
2	SHISH Industries ltd	8000	02/09/2017	21/02/2019	8000
3	Transwind infrastructure LTD	44000	10/07/2017	13/07/2017	32000
				09/07/2020	12000
4	Synergy Green Industries Ltd	144000	19/09/2018	21/09/2018	16000
				21/09/2018	16000
				24/09/2018	50000
				25/09/2018	34000
				26/09/2018	16000
				15/10/2018	12000
5	Sungold Media Ltd	130000	24/08/2018	06/09/2018	60000
				06/09/2018	70000
6	Supershakti Metaliks Ltd	48900	27/07/2018	21/08/2021	7500
				05/12/2018	41400
7	Rudrabhishek Enterprises Ltd	60000	11/07/2018	18/07/2018	60000
8	Bright Solar Ltd	207000	06/07/2018	10/07/2018	99000
				11/07/2018	108000
10	A-1 ACID LTD	2000	08/10/2018	10/10/2018	2000
11	AXITA Cotton LTd	2000	09/01/2019	10/01/2019	2000
12	Ranjeet Mechatronics Ltd	18000	25/09/2018	12/10/2018	6000
				11/09/2019	12000
14	CSB Bank Ltd	7808	02/12/2019	05/12/2019	7808
15	SBI Cards and payment Ltd	17119	12/03/2020	16/03/2020	5000
				19/03/2020	12119
17	Antony waste handling	6867	30/12/2020	01/01/2021	6867
18	Chemcon Speciality Chemical Ltd	2310	29/09/2020	01/10/2020	684
				05/10/2020	500
				09/10/2020	1126
19	Gland Pharma Ltd	26660	18/11/2020	20/11/2020	26660
20	Mindspace Buisness Park	14200	04/08/2020	07/08/2020	14200
21	AMI Organics	53	09/09/2021	14/09/2021	53
22	Chemplast Sanmar Ltd	9011	20/08/2021	24/08/2021	9011
23	Dodla Diary ltd	637	24/06/2021	28/06/2021	637
24	FSN Ecommerce	2421	09/11/2021	10/11/2021	2000
				22/11/2021	421
25	India Pesticide Pvt ltd	127	01/07/2021	05/07/2021	127
26	Latent view analytical ltd	1462	18/11/2021	29/11/2021	1462
27	PB Fintech	6378	15/11/2021	17/11/2021	6378
28	Sapphire Foods India LIMI	11031	18/11/2021	23/11/2021	11031
29	Tarson Products Limited	198	29/11/2021	01/12/2021	198

Sr.No	Name of the IPO	Qty Alloted	Date of Allotment	Date of sale	Qty of sale
30	GO Fashion India Ltd	134	30/11/2021	02/12/2021	134
31	Anand rathi Wealth LTD	3009	14/12/2021	16/12/2021	3009
32	Shriram Properties Ltd	135153	20/12/2021	22/12/2021	135153
33	Adani Wilmar Ltd	5000	11/02/2022	15/02/2022	5000
34	Vedant Fashions Ltd	80750	16/02/2022	18/02/2022	80750
35	Frog Cellast Ltd	4800	13/10/2022	17/10/2022	4800
36	Veekayem Fash LTD	4000	22/08/2022	24/08/2022	4000
37	Phantom Digital EFF Ltd	2400	21/10/2022	27/10/2022	2400
38	Ruchi Soya Industries	1518	08/04/2022	12/04/2022	1518
39	Hariom Pipes Ltd	4800	13/04/2022	19/04/2022	4800
40	Campus Activewear Ltd	714	09/05/2022	11/05/2022	714
41	Rainbow Children Medicare Ltd	564	10/05/2022	12/05/2022	564
42	Prudent Corporate Advisory Ltd	39675	02/06/2022	06/06/2022	39675
43	Aether Industries Ltd	1541	03/06/2022	07/06/2022	1541
44	Syrma SGS Technology Ltd	952	26/08/2022	30/08/2022	952
45	Containe Technologies Ltd	8000	30/09/2022	04/10/2022	8000
46	Trident Lifeline Ltd	204000	10/10/2022	12/10/2022	204000
47	Insolation Energy Ltd	18000	10/10/2022	12/10/2022	18000
48	Cargosol Logistic Ltd	28000	10/10/2022	12/10/2022	28000
49	Credit Access Gramin Ltd	1000	25/11/2022	29/11/2022	1000
50	Virtuoso Optoelectronics	2000	15/09/2022	19/09/2022	2000

9.10.3 I observe from the demat account statement of the Noticee that he is a usual player in the IPO market and sale the shares acquired in IPO mostly immediately after listing and on certain occasions on later stages too. In this case he had got 44,000 shares of Transwind in the IPO allotment back in July 2017. Also, I observe that he had sold 32,000 shares soon after the IPO and was still holding the remaining 12,000 shares since then. I am of the opinion that the Noticee had acted like the way he had acted in other scrips too and had sold the remaining 12,000 shares when he got the chance to minimize its losses. The selling of shares during Patch-2 by Noticee No. 14 seems like a usual business for the Noticee as he is regular player in the IPO market. I view of the above, I am inclined to accept the submission of the noticee 14 therefore the allegation leveled against him does not stand established.

Issue 4: Do the violations, if any, attract penalty under Sections 15HA of SEBI Act?

Based on the material and information available from me I conclude the entire scheme was orchestrated by Noticee 1 who was the market maker of the Transwind during the relevant time. Noticee 1 had deployed the scheme wherein it had placed orders mostly on behalf of its own clients or the clients of M/s Swastika Investmart (Swastika Investmart was the Merchant Banker to the Transwind's Public issue) on the one side and had placed its own orders on the other side to match the trades and with every trade it had increased the LTP and subsequently instructed its other related entities to exit the scrip once price had inflated. Noticee 3 acted in tandem with Noticee 1 as most of the manipulated trades were executed between these two only. Other Noticees apparently were pawns in the hands of Noticee 1 and had acted as per the instructions. This is a case where the Noticees as connected group entities have inflated/manipulated the price of the scrip through alleged trades in the illiquid scrip of Transwind with the intention to manipulate the market in a fraudulent manner.

The violations were established as per discussion in the above section and accordingly, the Noticee Nos. 1,2,3,4,5,7,8,9,10,11,12 and 13 is liable for imposition of penalty in terms of Section 15HA of SEBI Act.

Section 15HA & Section 15 HB of the SEBI Act is reproduced as under:

Penalty for fraudulent and unfair trade practices.

15HA. If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.

Penalty for contravention where no separate penalty has been provided.

15HB. Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.

Issue 5: If answer to question in issue 4 is yes, then what should be the quantum of penalty?

In this regard, while determining the quantum of penalty, it is important to consider the factors stipulated in Section 15J of the SEBI Act which is reproduced as under:

SEBI Act

15J -Factors to be taken into account by the adjudicating officer

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

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

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

(c) the repetitive nature of the default."

I note that SCN has alleged that noticee 10-14 had made profit of Rs 34,24,800 by selling shares at the manipulated price I note that SCN has considered the price on the first day of the investigation (Rs 3.8) as the cost of acquisition of shares for these noticee, however actually these noticees had either purchased shared in the IPO at the rate of Rs 27 per share or had purchased shares in the secondary market at the rate of Rs 9 per shares. In the light of the above fact, profit calculation as mentioned in the SCN cannot be considered. Infact Noticee those who had purchased shares in the IPO had actually suffered loss while selling shares during investigation period and Noticees those who had purchased shares in the secondary market had not gained as alleged in the SCN. Since all noticees are related to each other hence penalty is being levied to be paid jointly and severally by the Noticees 1-5 and 7-13.

ORDER

10. Having considered all the facts and circumstances of the case, the material available on record, the submissions made by the Noticee and also the factors mentioned in Section 15J of the SEBI Act and fact that for the same violation NSE has already penalised Noticee -1 with a penalty of Rs 10,00,000 (Rs Ten lakhs- duly paid by the noticee) and in exercise of the powers conferred upon me under Section 15HA & Section 15 HB of the SEBI Act, I hereby impose monetary penalty of Rs 30,00,000 (Thirty lakhs only) on the Noticee 1-5 and 7-13 to be paid jointly and severally.

11. I am of the view that the said penalty is commensurate with the lapse/omission on the part of the Noticees.

12. The Noticee shall remit/pay the said total amount of penalty jointly and within 45 days of receipt of this order in either of the way, such as by following the path at SEBI website www.sebi.gov.in, ENFORCEMENT >Orders >Orders of AO> PAYNOW;or by using the web link https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html. In case of any difficulties in payment of penalties, the Noticee may contact the support at portalhelp@sebi.gov.in.

13. The said confirmation of e-payment made in the format as given in table below should be sent to "The Division Chief, EFD1 – DRA - 3, Securities and Exchange Board of India, SEBI Bhavan, Plot no.C-7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai-400051" and also to e-mail id:- tad@sebi.gov.in.

14. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under Section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties of Noticee.

15. In terms of the provisions of Rule 6 of the SEBI Adjudication Rules, a copy of this order is being sent to Noticees and also to SEBI.

Date: March 31, 2023
Place: Mumbai

SAHIL MALIK
ADJUDICATING OFFICER