BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER: REF No. ORDER/NH/KL/2022-23/21753-21782]

UNDER SECTION 15-I OF 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 –

1. **Mr. Anilbhai Bhalabhai Baria** (PAN: BWMPB2794M)
2. **Mr. Jayshree Kishore Dholakia** (PAN: AMLPD5973G)
3. **Ms. Shalomiben Anilbhai Bariya** (PAN: BWMPB3400Q)
4. **Mr. Kishorbhai S. Dholakia** (PAN: ANHPD1507F)
5. **Ms. Chandrikaben Naranbhai Panchal** (PAN: BXQPP2080R)
6. **Mr. Rinkeshkumar N Panchal** (PAN: BYCPP1543E)
7. **Mr. Kiritbhai Shantilal Shah** (PAN: AWRPS2401E)
8. **Mr. Gaurang Pathak** (PAN: BLSPP1179H)
9. **Mr. Bimesh Arvindbhai Jani** (PAN: AHYPJ5331Q)
10. **Mr. Manthan Rajendrabhai Modi** (PAN: COPPM3699G)
11. **Mr. Yogendra J Prajapati** (PAN: CIYPP6021L)
12. **Mr. Prajapati J. Nilesh** (PAN: BXCPP8877J)
13. **Mr. Dipakkumar Rajaram Joshi** (PAN: AOEPJ9432R)
14. **Mr. Nikunj Dineshkumar Soni** (PAN: BGJPS9140K)
15. **Mr. Manish Shah** (PAN: BFOPS3849R)
16. **Mr. Birju Pravinchandra Sanghvi** (PAN: ALLPS1169E)

17. **Mr. Jayshreeben Kiritkumar Shah** (PAN: BQMPS6009Q)

18. **Mr. Naranbhai J Panchal** (PAN: AMQPP0054P)

19. **Mr. Ankit Rajeshbhai Rajput** (PAN: ASWPR1312C)

20. **Mr. Ronak Nayankumar Shah** (PAN: FKQPS0981B)

21. **Mr. Hitesh Chinubhai Shah** (PAN: BGAPS9446R)

22. **Mr. Hiral Manish** (PAN: AZQPM9451N)

23. **Mr. Hiteshkumar Mahipatlal Patel** (PAN: APOPP1463R)

24. **Mr. Pratikbhai Kiritkumar Shah** (PAN: BQHPS3816E)

25. **Mr. Shah Chirag (**PAN: BBWPS5965G)

26. **Mr. Rohitkumar Shantilal Shah** (PAN: EHJPS4683H

27. **Ms. Manisha Rajendra Modi** (PAN: ALTPM1311L)

28. **M/s. Pranatpal Tradelink Private Limited** (PAN: AAFCP5109D)

29. **M/s. Mainak Comtrade Private Limited** (PAN: AAGCM5750N)

30. **Mr. Rahim Umarbhai Ravkarda** (PAN: AWPPR6156H)

In the matter of Dhyana Finstock Limited

A. FACTS OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI'**) initiated adjudication proceedings against 81 entities including 30 entities mentioned at para no. 4 Table-1 below (hereinafter collectively referred to as '**the Noticees'**), under Section 15-I of the Securities and Exchange Board of India Act, 1992 (**'SEBI Act'**) read with Rule 3 of the SEBI (Procedure For Holding Inquiry And Imposing Penalties) Rules, 1995 ('**Adjudication Rules**')

under Section 15 HA of the Securities and Exchange Board of India Act, 1992 (**‘SEBI Act’**) for alleged violation of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (‘**PFUTP Regulations**’) while dealing in the shares of Dhyana Finstock Limited (‘**Dhyana**’ or ‘**the Company**’) between June 13, 2014 to July 27, 2015 (hereinafter referred to as ‘**investigation period**’).

2. Show Cause Notice ref no. EAD/AO-BJD/VS/31566/2018 dated November 15, 2018 (hereinafter referred to as ‘**SCN**’) was issued in respect of 81 entities including the Noticees, pursuant to which an Adjudication Order ref no. Order/BD/VS/2020-21/8584-8664 dated August 11, 2020 (‘**Adjudication Order dated August 11, 2020**’) was passed, *inter alia,* levying penalty ranging from Rs. 5 lakhs to Rs. 10 lakhs each on the Noticees as mentioned at para. 215 of the said adjudication order, for the violation of Regulations 3 (a), (b), (c), (d) and 4 (1), 4 (2) (a) and (e) of the PFUTP Regulations, as applicable.

3. Thereafter, the said order was challenged by the Noticees before the Hon’ble Securities Appellate Tribunal (hereinafter referred to as ‘**Hon’ble SAT**’). The Hon’ble SAT vide order dated June 10, 2022 (Appeal No. 448 of 2020) in respect of the Noticees held as follows:

    45. The impugned orders of the WTM/AO in appeal nos. 221 and 222 of 2021, ……………. for noticee nos. 62, 29,64,43,49,30,65,31,63,44,61,42,58,60,66,16,15,67,68,69,70,71,72,73,74,75,76,77,78,79 are set aside. The matter is remitted to the WTM and AO to reconsider the matter in the light of the observations made upon and decide the same afresh after giving an opportunity of hearing within six months from today.

4. The reference number given to the Noticees individually in the SCN and the Hon'ble SAT order dated June 10, 2022 is mentioned below:

Table-1

Sl. No.	The Noticees	Noticee No. as referred to in the SCN and Hon'ble SAT order dated June 10, 2022 (common ref no.)
1.	Mainak. Comtrade Pvt. Ltd	15
2.	Pranatpal Tradelink Pvt. Ltd.	16
3.	Shalomiben Anilbhai Bariya	29
4.	Dipakkumar Rajaram Joshi	30
5.	Birju Pravinchandra Sanghvi	31
6.	Hitesh Chinubhai Shah	42
7.	Gaurang Pathak	43
8.	Ankit Rajeshbhai Rajput	44
9.	Bimesh Arvindbhai Jani	49
10.	Pratikbhai Kiritkumar Shah	58
11.	Shah Chirag	60
12.	Ronak Nayankumar Shah	61
13.	Dholakia Jayshreekishor	62
14.	Jayshreeben Kiritkumar Shah	63
15.	Chandirkaben Naranbhai Panchal	64
16.	Nikunj Dineshkumar Soni	65
17.	Manisha Rajendra Modi	66
18.	Kiritbhai Shantilal Shah	67
19.	Naranbhai Panchal	68
20.	Rahim UmarbhaiRavkarda	69
21.	Kishorbhai Sonabhai Dholakiya	70

22.	Rinkeshkumar Pancahl	71
23.	Yogendra J. Pranjapati	72
24.	Hitesh kumar Mahipatlal	73
25.	Manish Shah	74
26.	Anil bhai Bhalabhai Baria	75
27.	Hiral Manish	76
28.	Prajapati Nilesh J	77
29.	Manthan Rajendrabhai Modi	78
30.	Rohitkumar Shatilal Shah	79

Accordingly, the Noticees in the instant order are referred to with the same Noticee number as mentioned above, for the sake of continuity.

B. APPOINTMENT OF ADJUDICATING OFFICER

5. Pursuant to the aforementioned order of the Hon'ble SAT, the undersigned was appointed as the Adjudicating Officer (AO) under Section 15-I of the SEBI Act read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter be referred to as the '**Adjudication Rules**') to inquire into and adjudge the violations alleged in respect of the Noticees. The appointment of the undersigned as AO was communicated vide order dated July 6, 2022.

C. ALLEGATIONS IN SHOW CAUSE NOTICE

6. Show Cause Notice No. EAD/AO-BJD/VS/31566/2018 dated November 15, 2018 issued to the Noticees, *inter alia,* made the following observations/allegations against the Noticees:-

i. *SEBI initiated adjudication proceedings to inquire into and adjudge under the provisions of Section 15 HA of the Securities And Exchange Board of India (SEBI) Act-1992 for the alleged violation as detailed hereunder by Dhyana Finstock Ltd, Harshadkumar Patel, Rajeshkumar Theophilbhai Christie, Pritesh Patel, Nandlalbhai Ghanshyambhai Parelia HUF, Sanjay Nandlalbhai Parelia HUF, Harshaben Alpeshbhai Lakhani, Dilipbhai Kantilal Patel, Ramilaben B Patel, Manishaben Bhavanbhai Munjani, Gunjan Rajendrakumar Patel, Mihir Consultancy & Trading Company, AA Plus Commodity Broking Pvt. Ltd., Priti Jayakarbhai Christian, Mainak Comtrade Private Limited, Pranatpal Tradelink Private Limited, Parin Infrastructure Private Limited, Taru Pallav Projects Private Limited, Tosif Yunusbhai Amroniya, Devangkumar Arvindkumar Jani, Rajendra Dahyalalpathak, Purvesh Mansukhlal Shah HUF, Dixit Mansukhlal Shah HUF, Shushilaben M Shah, Mansukhlal K Shah HUF, Mansukhlal K Shah, Vishnubhai Arjanbhai Desai, Jerambhai Arjanbhai Desai, Shalomiben Anilbhai Bariya, Dipakkumar Rajaram Joshi, Birju Pravinchandra Sanghvi, Noorbanu Farooq Hawa, Mathivanan M, Shailesh Baldevbhai Patel, Azim Farooq Hawa, Zahir Farooq Hawa, Harshaddkumar Baldevbhai Patel, Farooq Kasam Hawa, Chetan Marutirao Yangalwar HUF, Marutirao Tukaram Yangalwar, Baldevbhai Shankerlal Patel, Hitesh Chinubhai Shah, Gaurang Pathak, Ankit Rajeshbhai Rajput, Ravi Dipakbhai Joshi, Babubhai Kalabhai Bambhroliya, Labhuben Babubhai Bambhroliya, Nimesh Jitendrabhai Purani, Bimesh Arvindbhai Jani, Kalpesh Ugarchand Gadhecha, Ruchirani Shah, Dixit M Shah, Varsha*

Dixit Shah, Purvesh Mansukhbhai Shah, Alkesh M Patel HUF, Alkesh Maheshchandra Patel, Bhavesh Ishwarlal Panchasara, Pratikbhai Kiritkumar Shah, Amit Dipakbhai Gajjar, Shah Chirag, Ronak Nayankumar Shah, Dholakia Jayshree Kishor, Jayshreeben Kiritkumar Shah, Chandrikaben Naranbhai Panchal, Nikunj Dineshkumar Soni, Manisha Rajendra Modi, Kiritbhai Shantilal Shah, Naranbhai J Panchal, Rahim Umarbhai Ravkarda, Dholakiya Kishorbhai S, Rinkeshkumar N Panchal, Yogendra J Prajapati, Hiteshkumar Mahipatlal Patel, Manish Shah, Anilbhai Bhalabhai Baria, Hiral Manish, Prajapati Nilesh J, Manthan Rajendrabhaimodi, Rohitkumar Shantilal Shah, Hareshkumar P Patel and Gautamsingh Shivsingh Zala

(<u>the entities in the SCN were referred to as Noticee-1 to 81 respectively and Noticee-1 was also referred to as "Company"/"Dhyana</u>" Emphasis supplied)

ii. *The Company Dhyana Finstock Limited was incorporated on February 17, 1995 and its equity shares were initially listed on Ahmedabad Stock Exchange. On November 30, 2013, the Company had issued 64,25,000 shares of Rs. 10.00 each under preferential allotment to 49 entities. The equity shares of the Company got listed on BSE w.e.f. June 12, 2014 in the category of "Trade for Trade" (hereinafter referred to T2T) Group securities and the first trade in its scrip on BSE took place on June 13, 2014.*

iii. *The analysis of the bank account statements of the preferential allottees revealed that out of 49 allottees, 7 preferential allottees viz., Noticee nos. 5 to 11 had received Rs. 15.00 Lakh each on November 28, 2013* *from Noticee no. 12 (Mihir Consultancy & Trading Company) (hereinafter referred to as "Mihir") and on the next day of receiving such funds (i.e. November 29, 2013), the funds were transferred to the Company towards preferential allotment application money. It was also observed that prior to the receipt of funds from Mihir, the Noticee nos. 5 to 11 did not have adequate funds in their respective bank accounts to subscribe to the shares under the preferential allotment.*

iv. *It was also observed that on November 28, 2013 (the day on which Mihir had transferred funds to Noticee nos. 5 to 11), Mihir had received Rs. 01.00 Crore from AA Plus Commodity Broking Pvt. Ltd. (Noticee no.13) and Rs. 05.00 Lakh from Mainak Comtrade Pvt. Ltd. (Noticee no.15) (hereinafter referred to as "Mainak").*

v. *Both, Noticee nos. 13 and 15 were having connection to the Company as one of the Directors of Noticee no. 13 (namely Shaluben Nikeshbhai Shah) was one of the promoters of Dhyana and one of the Directors of Noticee no. 15 (namely Priti Jayakarbhai Christian- Noticee no.14) was also another promoter of the Company, i.e., Dhyana. Further, in the Annual Reports for the Financial Years 2013-14 and 2014-15, the Company had shown Noticee no. 15 as a related party.*

vi. *The price of the scrip of the Company witnessed rise from the level of Rs. 251.00 to Rs. 354.00 during the period of June 13, 2014 to November 28, 2014 (Patch-1).*

vii. *Based on various parameters like KYC documents, common directorship, fund transfers, off-market transfers of shares etc., a group* *of 89 entities (hereinafter referred to as "connected entities") were noticed to be inter-connected with each other.*

viii. *During Patch-1 of the investigation period, the total market positive Last Traded Price variation (hereinafter referred to as "LTP") was Rs. 422.35. It was noticed that a group of 26 entities traded amongst themselves in the shares of Dhyana and contributed Rs. 101.00 to market positive LTP (23.91% of the total market positive LTP). The said group of 26 entities comprised of Noticee no.17, Noticee no. 18, Noticee no. 19, Noticee no. 20, Noticee no. 21, Noticee no. 43, Noticee no. 44, Noticee no. 45, Noticee no. 80 and, Noticee no. 81, on the buy side; while, Noticee no. 22, Noticee no. 23, Noticee no. 24, Noticee no. 25, Noticee no. 26, Noticee no. 27, Noticee no. 28, Noticee no. 46, Noticee no. 47, Noticee no. 50, Noticee no. 51, Noticee no. 52, Noticee no. 53, Noticee no. 54, Noticee no. 55, Noticee no. 56, traded as counter parties to the above named buy side entities, by being on the sell side.*

ix. *Further, it was also observed in the course of investigation that during the 109 trading days of Patch-1, a New High Price (hereinafter referred to as "NHP") was discovered in 64 trades, spread across 27 trading days. Out of the said 64 trades, the NHP was achieved/discovered due to 39 instances of trades executed amongst the connected entities. The said 39 instances included trades executed by Noticee no. 3, Noticee no. 18, Noticee no. 19, Noticee no. 43, Noticee no. 44, Noticee no. 49 and Noticee no. 81 on the buy side and Noticee no. 22, Noticee no. 23, Noticee no. 24, Noticee no. 25, Noticee no. 26, Noticee no. 27, Noticee no. 28, Noticee no. 46, Noticee no. 47, Noticee no. 50, Noticee no. 51,* *Notice no. 52, Noticee no. 53, Noticee no. 54, Noticee no. 55, Noticee no. 56, on the sell side.*

x. *The aforesaid Noticees have apparently executed fraudulent trades to create NHP and thereby allegedly inflated the price of the scrip artificially. The total NHP created during Patch-1 was Rs. 116.50 out of which, the contribution by the aforesaid group entities was Rs. 45.30 (38.88%).*

xi. *During Patch-2 (December 01, 2014 to July 24, 2015), the price of the scrip increased from Rs. 352.00 to Rs. 395.00, thereby witnessing a rise of Rs. 43.00. It was noticed that during the said period of price rise in the scrip, there was a total market positive LTP (variation) of Rs. 1062.05. Out of the said amount of Rs. 1062.05, Rs. 83.60 (7.87% of the market positive LTP) was contributed in 53 trades executed between 16 buyer side connected entities on one side with 21 counter party sellers entities on the other. The buyer side entities included Noticee no.29, Noticee no. 30, Noticee no. 31, Noticee no. 43, Noticee no. 44, Noticee no. 45, Noticee no. 49, Noticee no. 58, Noticee no. 59, Noticee no. 60, Noticee no.61, Noticee no. 62, Noticee no. 63, Noticee no. 64, Noticee no. 65, and Noticee no. 81, while the seller side entities included Noticee no. 9, Noticee no. 11, Noticee no. 15, Noticee no. 16, Noticee no. 18, Noticee no. 32, Noticee no. 33,Noticee no. 34, Noticee no. 35, Noticee no. 36, Noticee no. 38, Noticee no. 39, Late Marutirao Tukaram Yangalwar (hereinafter also referred to as "Deceased entity"), Noticee no. 41, Noticee no. 42, Noticee no. 46, Noticee no. 47, Noticee no. 50, Noticee no. 66, and Noticee no. 81* *xii. It was also observed that during 163 trading days of Patch-2, a NHP was discovered in 26 trades/occasions, spread across 7 trading days. Out of the said 26 trades establishing NHP, NHP of Rs. 38.00 was achieved/discovered through 21 trades which were executed by 11 Noticees, thereby contributing the aforesaid NHP of Rs. 38.00 that constituted 88.37% of total market NHP. The said 11 Noticees were Noticee no. 15, Noticee no. 16, Noticee no. 17, Noticee no. 42, Noticee no. 45, Noticee no. 57, Noticee no. 60, Noticee no. 63, Noticee no. 64, Noticee no. 80 and Noticee no. 81.*

xiii. Further, out of the afore-mentioned 21 trades, on 13 different occasions, 9 Noticees viz., Noticee no. 15, Noticee no. 16, Noticee no. 17, Noticee no. 45, Noticee no. 57, Noticee no. 60, Noticee no. 63, Noticee no. 64 and Noticee no. 80 traded amongst the group entities and such trades had contributed to NHP by Rs. 29.90 (69.53% of the total market positive LTP).

xiv. Again, out of the aforesaid 21 trades, 11 trades were executed by Noticee no. 15, Noticee no. 16, Noticee no. 17, Noticee no. 57 and Noticee no. 80 as buyers with another Noticee viz., Noticee no. 50 as counter party seller. The said 11 trades had contributed Rs. 11.00 to the NHP (25.58% of the market NHP). xvi. During Patch-2 (December 01, 2014 to July 24, 2015), around 85% of the market volume in the scrip of the Company on gross sell basis, was created due to the sale of shares by the preferential allottees. Based on the analysis of the top 30 counter party buyers who had purchased 20,000 or more shares each, it was observed that all the said counter party buyers (except two viz., Noticee *nos. 30 and 49) were funded by six Company-related entities to enable them to buy those shares, which were being sold by the preferential shareholders. The said six Company-related entities who provided funds to the buyers were Noticee no. 12, Noticee no. 14, Noticee no. 15, Noticee no. 16, Noticee no. 17 and Noticee no. 18.*

xv. *As Noticee nos. 6, 9 and 11 were allegedly allotted shares fraudulently and free of purchase cost (funded by the Company related entities) , out of which they had sold certain shares in the market during the investigation period, it was alleged that these Noticees have made ill-gotten gains of Rs.59698755.00, Rs. 45572686.70 and Rs. 53311008.50, respectively by selling those shares allotted to them by the Company through fraudulent/unfair means. Noticee nos. 5, 7, 8 and 10 were also allotted shares under preferential allotment and were funded by Company-related entities but, they did not sell those shares during the investigation period. However, based on the fact that other preferential shareholders have made unlawful gains by selling their preferential shareholding, it is alleged in the SCN that these four Noticees, viz: Noticee nos. 5, 7, 8 & 10, have also made huge notional profit of Rs. 60855000.00 each by virtue of their shareholding which were allotted to them without any consideration.*

xvi. *Apart from the above, Noticee nos. 32, 33, 34, 35, 36, 37, 38, 41 and 50 who were also allotted shares under preferential allotment, were found to be involved in manipulation of the price of the shares, and they have sold the shares allotted to them during the investigation period. The said Noticees have been alleged to have made profits of Rs. 4789000.00,* *Rs. 6210164.00, Rs. 3426434.00, Rs. 5016200.00, Rs. 2410500.00, Rs. 6993732.00, Rs. 4822900.00, Rs. 5674881.50 and Rs. 23028350.00, respectively during the said investigation period. Further, Noticee nos. 33, 34, 36, 37, and 41 were also holding certain unsold shares in their respective demat accounts for which, additional notional profit has been calculated based on certain formulae/assumptions. For such unsold shares held by the above stated five entities, a notional unlawful gain of Rs. 12872432.30, Rs. 18303949.30, Rs. 3248700, Rs. 11495757 and Rs. 139346020.50, respectively has been alleged to have been made by each of the above noted five Noticees.*

xvii. *Based on the facts gathered during the investigation, it has also been alleged in the SCN that some Noticees viz., Noticee nos. 16, 18, 21, 29, 31, 43, 44, 61, 62, 63, 64, 80 and 81 were engaged in manipulating the price of the scrip of Dhyana through their trading in the scrip during the investigation period. These Noticees were also the net sellers of the scrip on July 27, 2015, i.e., the last day of the investigation period. By selling the shares on July 27, 2015, the aforesaid entities have, after manipulating the price, allegedly made a total profit of Rs. 8,017,03,85.10 from their last day trading in the scrip.*

xviii. *Further, certain Noticees viz., Noticee nos. 67, 68, 70, 71, 73, 74, 75, 76, and 79, who have allegedly acted as exit providers to the preferential allottees by buying their shares at inflated prices, were also net sellers on July 27, 2015 and have made profits by selling almost the entire shares that they had purchased from the preferential allottees to give them profitable exits. The above named Noticees have also* *allegedly made ill-gotten profit of Rs. 30934399.90 by indulging in such fraudulent trading activities.*

7. In view of the above, it was alleged in the SCN that the Noticees have violated the following provisions of law (summarised in the table below):

<u>Table-2</u>

<table>
<tr><th>Sr. no.</th><th>Noticee no.</th><th>Name of the Noticee</th><th>Nature of allegations in brief</th><th>Violation of SEBI Act/ Regulations</th></tr>
<tr><td>1</td><td>15</td><td>Mainak Comtrade Private Limited</td><td rowspan="26">1. <u>Noticee no. 15</u>

Company and its connected entities including Noticee no. 15 issued fraudulent preferential allotment.

2. <u>Noticee nos. 15 and 16</u>

Company and its connected entities including Noticee nos. 15 and 16 are involved in creating misleading appearance of trading in the scrip of Dhyana by funding the counter parties to the sale by preferential allottees.

3. <u>Noticee nos. 15, 16, 29, 30, 31, 42, 43, 44, 49, 58, 60 to 79:</u>

Noticees contributed to positive Last Traded Price (LTP) and New High Price (NHP) and indulged in trades resulting in manipulation of Dhyana scrip during the investigation period.</td><td rowspan="26">1. <u>Noticee No. 15:</u>
Section 12A (a), (b) & (c) of SEBI Act, 1992 r/w Regulation 3 (a),(b),(c),(d) and Regulation 4(1) of SEBI (PFUTP) Regulations, 2003.

2. <u>Noticee nos. 15 and 16:</u>
Regulations 3 (a), (b), (c), (d) and Regulation 4(1), 4 (2) (a) of SEBI (PFUTP) Regulations, 2003.

3. <u>Noticee nos. 15, 16, 29, 30, 31, 42, 43, 44, 49, 58, 60 to 79:</u>
Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a) & (e) of SEBI (PFUTP) Regulations, 2003 (as applicable).</td></tr>
<tr><td>2</td><td>16</td><td>Pranatpal Tradelink Private Limited</td></tr>
<tr><td>3</td><td>29</td><td>Shalomiben Anilbhai Bariya</td></tr>
<tr><td>4</td><td>30</td><td>Dipakkumar Rajaram Joshi</td></tr>
<tr><td>5</td><td>31</td><td>Birju Pravinchandra Sanghvi</td></tr>
<tr><td>6</td><td>42</td><td>Hitesh Chinubhai Shah</td></tr>
<tr><td>7</td><td>43</td><td>Gaurang Pathak</td></tr>
<tr><td>8</td><td>44</td><td>Ankit Rajeshbhai Rajput</td></tr>
<tr><td>9</td><td>49</td><td>Bimesh Arvindbhai Jani</td></tr>
<tr><td>10</td><td>58</td><td>Pratikbhai Kiritkumar Shah</td></tr>
<tr><td>11</td><td>60</td><td>Shah Chirag</td></tr>
<tr><td>12</td><td>61</td><td>Ronak Nayankumar Shah</td></tr>
<tr><td>13</td><td>62</td><td>Dholakia Jayshree Kishor</td></tr>
<tr><td>14</td><td>63</td><td>Jayshreeben Kiritkumar Shah</td></tr>
<tr><td>15</td><td>64</td><td>Chandrikaben Naranbhai Panchal</td></tr>
<tr><td>16</td><td>65</td><td>Nikunj Dineshkumar Soni</td></tr>
<tr><td>17</td><td>66</td><td>Manisha Rajendra Modi</td></tr>
<tr><td>18</td><td>67</td><td>Kiritbhai Shantilal Shah</td></tr>
<tr><td>19</td><td>68</td><td>Naranbhai J Panchal</td></tr>
<tr><td>20</td><td>69</td><td>Rahim Umarbhai Ravkarda</td></tr>
<tr><td>21</td><td>70</td><td>Kishorbhai S Dholakiya</td></tr>
<tr><td>22</td><td>71</td><td>Rinkeshkumar N Panchal</td></tr>
<tr><td>23</td><td>72</td><td>Yogendra J Prajapati</td></tr>
<tr><td>24</td><td>73</td><td>Hiteshkumar Mahipatlal Patel</td></tr>
<tr><td>25</td><td>74</td><td>Manish Shah</td></tr>
<tr><td>26</td><td>75</td><td>Anilbhai Bhalabhai Baria</td></tr>
</table>

27	76	Hiral Manish		
28	77	Prajapati Nilesh J		
29	78	Manthan Rajendrabhaimodi		
30	79	Rohitkumar Shantilal Shah		

8. The text of the aforesaid regulatory provisions of law is mentioned below:

SEBI Act, 1992

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

12A. No person shall directly or indirectly—

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

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

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

PFUTP Regulations

Regulation 3: - Prohibition of certain dealings in securities

No person shall directly or indirectly—

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

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

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

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

Regulation 4: - Prohibition of manipulative, fraudulent and unfair trade practices

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

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

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

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

D. REPLY AND HEARING

9. In consonance with the directions of the Hon'ble SAT, the Noticees were provided an opportunity of hearing in the matter before the undersigned. The hearing was conducted on September 12, 2022, through online webex platform. Mr. Anil Shah, Advocate (Juris Matrix LLP) appeared as authorised representative (AR) on behalf of the Noticees and made oral submissions with reference to relevant paragraphs of the Hon'ble SAT order dated June 10, 2022. Subsequently, vide letter dated September 19, 2022, the AR on behalf of the Noticees *inter alia* made the following submissions in reply to the SCN:

    i. *Our clients refer to the proceedings of the hearing held before yourself on 12. 09.2022 and state and submit that the present proceedings are pursuant to the order dated 10.06.2022 of the Hon'ble Securities Appellate Tribunal (Hon'ble SAT) remitting back the matters to the office of the Ld- WTM and Ld. Adjudicating Officer (para 45 on page 91 of the SAT order) for the purpose of limited reference stated therein. Our clients, therefore, are limiting their submissions only to the observations made in the Hon'ble SAT's order and submit that a complete reply to the SCN dated 15.11.2018 is uncalled for. Our clients reiterate the respective submissions made during the course of the proceedings and made before the Hon'ble SAT in the respective appeals.*

    ii. *Our clients state and submit that Hon'ble SAT in its order dated 10.06.2022 has observed at Para 38 that 17 Noticees mentioned therein in the table have contributed less than 1% to the Last Traded Price(LTP) and further still para 39 it has observed that 13 Noticees have not contributed to LTP at all.*

iii. Our clients state and submit that the order of the Hon'ble SAT has categorically observed at para 40 that the Respondent (SEBI) has not disputed the fact that the 17 Noticees as above had contributed less than 1% of the LTP and further the 13 Noticees had not contributed to LTP at all. Admittedly, the Hon'ble SAT had noted the same from the order dated 11.08.2020 of the Ld. AO vide Table 5 on page 87-88 of the order for Patch 1 and at Table 12 on page 118-120 for Patch 2, respectively.

iv. Our clients had before the Hon'ble SAT relied upon the order dated 26.02.2021 of Ld. WTM, SEBl in the matter of Nikki Global Finance Ltd wherein 99 Noticees whose LTP contribution was less than 1% had been exonerated as it was observed that trades executed by these Noticees were miniscule, insignificant and did not impact the price manipulation.

v. Admittedly, the Hon'ble SAT at para 41 of its order dated 10.06.2022 in the present proceedings has rightly observed that in the order of the Ld. WTM in the case of Nikki Global summarizing that

> *"c. However, with regard to the other allegation relating to the trades by 90 connected entities resulting into contribution of 42.23% to market +ve LTP during Patch-1, I note that such a contribution is indeed a significant contribution. In this regard, many of the Noticees herein have contended that, their contribution to LTP during Patch 1, is miniscule and negligible and in some cases even zero and hence, they ought not be held liable for any allegations of manipulation in the price*

of NGFL. I have perused the trades of the 90 connected entities as referred in Table 1 of the SCN. After analyzing the same, I find that out of the 90 *connected entities, only 75 entities have been made Noticees to the present SCN, the details of which are as under:*

d. From the above Table, I find that out of the above 75 Noticees, except for Noticee no. 1, 3, 18, 9, 5, 2, 4, 8, 20 and 82, the +ve LTP contribution to the market +ve LTP of the other Noticees during Patch 1 is less than 1%. The trades of Noticee no. 1, 3, 18, 9, 5, 2, 4, 8, 20 and 82 (hereinafter referred to as 'the 10 Noticees'), have resulted into 31.24% of contribution to market positive LTP during Patch 1 and 26.7% of the total market volume during Patch 1. I also note that except for the 10 Noticees, the other Noticees contribution to the market +ve LTP is not so significant to invite the rigors of regulatory direction under section 11B of SEBI Act, 1992."

vi. *Accordingly, Hon'ble SAT in its order dated 10.06.2022 at para 43 in the present proceedings held that:*

"In our opinion, considering that SEBI has issued a benchmark exonerating such trades to be insignificant where L TP contribution is less than 1%, we are of the opinion that case of these Noticees requires reconsideration. We are of the opinion that a consistent stand is required to be taken by the respondent as a regulator and cannot take different stands for different Noticees."

vii. *Our clients therefore, submit that the doctrine of consistency, parity, and equality should be applied to the present proceedings since it is the hallmark of all judicial pronouncements. Our clients submit that a contrary view, if any, if adopted, shall tantamount to miscarriage of justice and a deviation from accepted principles of law.*

E. CONSIDERATION OF ISSUES AND FINDINGS

10. The issues arising for consideration in the instant proceedings are:-

    i. Whether the Noticees indulged in trades which resulted in manipulation of the scrip of Dhyana and therefore violated the relevant provisions of the SEBI Act and PFUTP Regulations as mentioned at Table -2?

ii. If yes, whether the Noticees are liable for imposition of monetary penalty under Section 15HA of the SEBI Act?

iii. If yes, what would be the monetary penalty that can be imposed upon the Noticees taking into consideration the factors stipulated in Section 15J of the SEBI Act?

ISSUE I: Whether the Noticees indulged in trades which resulted in manipulation of the scrip of Dhyana and thus violated the relevant provisions of the SEBI Act and PFUTP Regulations as mentioned at Table -2?

ISSUE II: If yes, whether the Noticees are liable for imposition of monetary penalty under Section 15HA of the SEBI Act?

FINDINGS

11. I note that Hon'ble SAT has held as follows:

38. Some of the noticees who have traded in Patch 1 and 2 contended that their contribution towards positive LTP was less than 1% which is miniscule and, therefore, their trades does not impact the price manipulation if considered individually. It was urged that the WTM and the AO have erred in considering the LTP cumulatively contributed by all the noticees...

40. The only contention raised is that the LTP contribution of these noticees if considered individually may not appear significant but if considered cumulatively the contribution is more than 90% of the total market positive LTP. In this regard, the appellants have relied upon the decision in the matter of Nikki Global Finance Ltd., wherein the WTM have exonerated 99 such noticees whose LTP contribution was less than 1%. The WTM found such trades executed by these noticees to be miniscule and insignificant…

42. The WTM accordingly, exonerated those notices who contributed less than 1% on the ground that they did not impact the price manipulation…

43. In our opinion, considering that SEBI has issued a benchmark exonerating such trades to be insignificant where LTP contribution is less than 1%, we are of the opinion that case of these noticees requires reconsideration. We are of the opinion that a consistent stand is required to be taken by the respondent as a regulator and cannot take different stands for different noticees.

12. Since the instant matter has to be decided afresh in line with of the directions of the Hon'ble SAT, I proceed to deal with all the allegations levelled against the Noticees in the SCN, through findings of the investigation, judgment of the Hon'ble SAT, etc. and thereafter record my observations.

13. Before proceeding further, it is relevant to distinguish the set of allegations made against the Noticees in the SCN in light of the directions of the Hon'ble SAT as follows:

Allegation i) In respect of Noticee no.15//M/s Mainak Comtrade Private Limited in the context of fraudulent preferential allotment.

Allegation ii) In respect of Noticee nos.15 and 16 viz. M/s Mainak Comtrade Private and Pranatpal Tradelink Private Limited, in the context of creating misleading appearance of trading in the scrip of Dhyana by funding the counter parties to purchase the sale by preferential allottees.

Allegation iii) In respect of 17 Noticees viz. Noticee nos. 15, 16, 29, 30, 31, 42, 43, 44, 49, 58, 60, 61, 62, 63, 64, 65 & 66 in the context of their 'individual positive LTP contribution being less than 1%'.

Allegation iv) In respect of 13 Noticees viz. Noticee nos. 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78 & 79 in the context of 'individually not contributing to positive LTP at all'.

14. I find that the facts and circumstances leading to the present proceedings started with the preferential allotment in Dhyana followed by listing of the Company Dhyana on BSE and the alleged price manipulation in the scrip by the entities connected with the Dhyana Group of entities (defined at Table no.2). The modus operandi as depicted in the SCN re-counts that Dhyana, its Directors/Promoters, preferential allottees, and other related entities of Dhyana Group employed a device whereby the Company, in nexus with the preferential allottees, have made a cover-up through a preferential allotment with a view to provide certain allottees with an exorbitantly profitable exit after the lock-in period was over.

15. This was allegedly planned with the help of other front entities who, on one side pumped up the share price of Dhyana to an artificial peak level through their manipulative trades, while on the other side, certain entities belonging to the Dhyana group posed as counterparty buyers of those shares that were sold by the preferential allottees at those artificially increased prices. As per the allegations made in the SCN, by following the aforesaid modus operandi, the entities of the Dhyana Group have provided profitable exits to the preferential allottees and in the process also made unlawful gains by selling those shares on July 27, 2015 (last day of investigation period).

16. The brief details of Noticee-wise connection with the Company and its related entities, as observed from the SCN and the replies filed by the entities are tabulated below:

Table - 3

Sr. No.	**Dhyana group of entities/ Entity no.**	**Name**	**Connection basis**
1	Entity no.1	Dhyana Finstock Finance Limited	--
2	Entity no. 2	Harshadkumar Patel	Director of Entity no. 1 (Dhyana)
3	Entity no. 3	Rajeshkumar Theophilbhai Christie	Promoter- Executive Director of Dhyana and was also a shareholder-Director of Entity no. 17.
4	Entity no. 4	Pritesh Patel	Director of Entity no. 1 (Dhyana)
5	Entity no. 5	Nandlalbhai Ghanshyambhai Parelia HUF	Received Rs. 15 Lakh from Entity no. 12, which was paid to Dhyana for preferential allotment.
6	Entity no. 6	Sanjay Nandlalbhai Parelia HUF	
7	Entity no. 7	Harshaben Alpeshbhai Lakhani	
8	Entity no. 8	Dilipbhai Kantilal Patel	
9	Entity no. 9	Ramilaben Baldevbhai Patel	

10	Entity no. 10	Manishaben Bhavanbhai Munjani	
11	Entity no. 11	Gunjan Rajendra Patel	Amount received from Entity no. 12 (Mihir) was transferred to Dhyana
12	Entity no. 12	Mihir Consultancy & Trading Company	Entity no. 12 had received Rs. 1 Crore from Entity no. 13 and Rs. 5 lakh from Entity no. 15, both on November 28, 2013. On the same day i.e., November 28, 2013, the Entity no. 12 transferred Rs. 15 Lakh each to Entity nos. 5 to 11.
13	Entity no. 13	AA Plus Commodity Broking Pvt. Ltd.	One of the Promoter of Dhyana viz., Shaluben Nikeshbhai Shah is a Director in Entity no. 13. Entity no. 13 transferred Rs. 1 Crore to Entity no. 12 on November 28, 2013.
14	Entity no. 14	Priti Jayakarbhai Christian	common Director of Mainak (Entity no. 15), Parin (Entity no. 17) and Taru Pallav (Entity no. 18). Entity no. 14 was also Promoter of Dhyana.
15	**Entity no. 14 & 15**	**Mainak Comtrade Pvt. Ltd./Noticee no. 15**	**Priti Jayakarbhai Christian (Entity no. 14) was common Director of Mainak (Entity no. 15), Parin (Entity no. 17) and Taru Pallav (Entity no. 18). Entity no. 14 was also Promoter of Dhyana.** **Aneelkumar Albertbhai Patel is a common Director between Mainak (Entity no. 15) and Dhyana.**
16	**Entity no. 16**	**Pranatpal Tradelink Private Limited/ Noticee no. 16**	**Entity nos. 16 and 17 had a common Director, Hitesh Chinubhai Shah (Entity no. 42) on their boards. Entity no. 42 had same address as that of Entity no. 18.**

17	Entity no. 17	Parin Infrastructure Pvt. Ltd.	Rajeshkumar Theophilbhai Christie (Entity no.3) who was the Promoter- Executive Director of Dhyana was also shareholder-Director of Entity no. 17. In terms of the Annual Reports of Dhyana for Financial Years 2013-14 and 2014-15, Entity nos. 15 and 17 were shown as related parties.
18	Entity no. 18	Taru Pallav Projects Private Limited	Entity no. 18 and Mainak (Entity no. 15) have Michael James Christian as a common Director.
19	Entity no. 19	Tosif Yunusbhai Amroniya	Funds received from Entity no. 15 were transferred to his stock broker
20	Entity no. 20	Devangkumar Arvindbhai Jani	The funds received from Mainak (Entity no. 15) were transferred to his stock broker.
21	Entity no. 21	Rajendra Dahyalal Pathak	Various transactions with Mainak (Entity no. 15). Funds received from Entity no. 15 and subsequently payment made to stock broker. Funds received from Entity no. 48 paid to Stock broker.
22	Entity no. 22	Purvesh Mansukhlal Shah HUF	It had received Rs. 15 Lakh from Entity no. 15 on October 04, 2015 which were transferred to Mansarovar Financial Services (Entity no. 59 is a Director). Funds were also received from Hiteshkumar Mahpatlal Patel (Entity no. 73) and Shalomiben Anilbhai Bariya (Entity no. 29)
23	Entity no. 23	Dixit Mansukhlal Shah HUF	It had received Rs. 15 Lakh from Entity no. 15 on October 04, 2015 which were transferred to Mansarovar Financial Services (Entity no. 59 is a Director)
			It had received Rs. 20 Lakh from Jimmit Traders on December 16, 2014 which were transferred to Purple Entertainment (Entity no. 20 and 29 are Directors)

24	Entity no. 24	Sushiaben M Shah	She had received Rs. 20 Lakh from Mainak (Entity no. 15) on December 24, 2014; Rs. 25 Lakhs on February 10, 2015 and Rs. 20 Lakhs on February 11, 2015. Out of said funds, certain amount was transferred to Purple Entertainment (Entity no. 20 and 29 are Directors) The Entity nos. 22, 23, 24, 25, 26, 51, 52, 53 and 54, share common address.
25	Entity no. 25	Mansukhlal K Shah HUF	The Entity nos. 22, 23, 24, 25, 26, 51, 52, 53 and 54, share common address.
26	Entity no. 26	Mansukhlal K Shah	Funds received from Mainak (Entity no. 15) during February 2015 were transferred to Purple Entertainment (Entity nos. 20 and 29 are Directors)
27	Entity no. 27	Vishnubhai Arjanbhai Desai	Funds received from the stock broker were transferred to Mainak (Entity no. 15)
28	Entity no. 28	Jerambhai Arjanbhai Desai	
29	**Entity no. 29**	**Shalomiben Anilbhai Bariya/ Noticee no. 29**	**Funds received from Mainak (Entity no. 15), Pranatpal (Entity no. 16), Parin (Entity no. 17) and Taru Pallav (Entity no. 18) were transferred to his stock broker.** **Same address of Entity no. 29 and 75**
30	**Entity no. 30**	**Dipakkumar Rajaram Joshi/ Noticee no. 30**	**Entity no. 30 and Entity no. 45 share common address and email id.**
31	**Entity no. 31**	**Birju Pravinchandra Sanghvi/ Noticee no. 31**	**Various fund transactions with Mainak (Entity no. 15)** **Funds received from Mainak (Entity no. 15) were transferred to stock broker.**
32	Entity no. 32	Noorbanu Farooq Hawa	Fund transaction with Mainak (Entity no. 15)
33	Entity no. 33	M Mathivanan	Fund transfers with Mihir (Entity no. 12) Rs. 36 Lakh transferred to Dhyana in March, 2015

34	Entity no. 34	Shailesh Baldevbhai Patel	Funds received from Entity no. 9 were transferred to Mainak (Entity no. 15)
35	Entity no. 35	Azim Farooq Hawa	Fund transaction with Mainak (Entity no. 15). Entity no. 32 is the wife of the Entity no. 38.
36	Entity no. 36	Zahir Farooq Hawa	Entity no. 36 is son of Entity no. 32 and Entity no. 38
37	Entity no. 37	Harshadkumar Baldevbhai Patel	Rs. 24. 80 Lakh received from his broker. Out of the said amount, Rs. 15 Lakh were transferred to Mainak (Entity no. 15) and Rs. 8 Lakh to Entity no. 34.
38	Entity no. 38	Farooq Kasam Hawa	Husband of Entity no. 32 and father of Entity nos. 35 and 36.
39	Entity no. 39	Murutirao Tukaram Yangalwar	He had received shares in off-market transfers from Entity no. 49.
40	Entity no. 40	Chetan M Yangalwar HUF	It had received shares in off-market transfers from Entity no. 49.
41	Entity no. 41	Baldevbhai Shakerlal Patel	Fund transfers with Entity nos. 34, 37 and 9. Entity no. 9 is the wife of the Entity no. 41. Entity no. 34 and 37 are their sons.
42	**Entity no. 42**	**Hitesh Chinubhai Shah / Noticee no. 42**	**Same address as that of Entity no. 18** **Director of Pranatpal Tradelink Private Limited (Entity no. 16) and Parin Infrastructure Pvt. Ltd. (Entity no. 17)**
43	**Entity no. 43**	**Gaurang Pathak / Noticee no.43**	**Funds received from Mainak (Entity no. 15) were transferred to his stock brokers.**
44	**Entity no. 44**	**Ankit Rajeshbhai Rajput / Noticee no. 44**	
45	no. 45	Ravi Dipakbhai Joshi	The funds received from Mainak (Entity no. 15) were transferred to his stock broker. Same email id as well address as those of Dipakkumar RajaramJoshi (Entity no. 30)

46	Entity no. 46	Babubhai Kalabhai Bambhroliya	Rs. 30 Lakh received from Mainak (Entity no. 15) were transferrd to Shrey Chemicals [in which Ravi Dipakbhai Joshi (Entity no. 45) was a Director]
47	Entity no. 47	Labhuben Babubhai Bambhroliya	Rs. 30 Lakh received from Mainak (Entity no. 15) were transferrd to Shrey Chemicals [in which Ravi Dipakbhai Joshi (Entity no. 45) was a Director]
48	Entity no. 48	Nimesh Jitendra Purani	Funds received from Mainak (Entity no. 15) and Christy Comtrade Pvt. Ltd. were transferred to his stock broker.
49	**Entity no. 49**	**Bimesh Arvindbhai Jani / Noticee no.49**	**Same email address as of Ravi Dipak Bhai Joshi (Entity no. 45) and Dipakkumar Rajaram Joshi (Entity no. 30)**
50	Entity no. 50	Kalpesh Ugarchand Gadhecha	Receipt of 19982 shares of Dhyana from Gautamsingh Zala (Entity no. 81)
51	Entity no. 51	Ruchirani Shah	Funds received from Mainak (Entity no. 15) were transferred to Mansarovar Financial Services (Entity no. 59 is a Director). Funds were transferred to Purple Entertainment (Entity no. 20 and 29 are Directors)
52	Entity no. 52	Dixit M Shah	Common address with other Entitys viz., 22, 23, 24, 25, 26, 51, 53 and 54.
53	Entity no. 53	Varsha Dixit Shah	Funds received from Mainak (Entity no. 15) were transferred to Mansarovar Financial Services (Entity no. 59 is a Director)
54	Entity no. 54	Purvesh Mansukhbhai Shah	Common address with other Entitys viz., 22, 23, 24, 25, 26, 51, 52 and 53.

55	Entity no. 55	Alkesh M Patel HUF	Funds transferred to Dhyana and Vidisha Tradelinks Pvt. Ltd. [having common directors with Parin Infrastructure Pvt. Ltd. (Entity no. 17). Funds were also transferred to Christy Comtrade Pvt. Ltd.
56	Entity no. 56	Alkesh Maheshchandra Patel	Shares same address with Notice no. 55.
57	Entity no. 57	Bhavesh Ishwarlal Panchasara	Funds received from Mainak (Entity no. 15) were transferred to stock broker.
58	**Entity no. 58**	**Pratikbhai Kiritkumar Shah / Noticee no.58**	**Shares common address with Entity no. 63**
59	Entity no. 59	Amit Dipak Bhai Gajjar	Funds received from Taru Pallav (Entity no. 18) and Mainak (Entity no. 15) were transferred to his stock broker. Funds were also transferred to Kasam Hawa (Entity no. 38) and Gautamsingh Zala (Entity no. 81)
60	**Entity no. 60**	**Chirag Nagindas Shah / Noticee no.60**	**Funds received from Mainak (Entity no. 15) were transferred to his stock broker.**
61	**Entity no. 61**	**Ronak Nayankumar Shah / Noticee no.61**	
62	**Entity no. 62**	**Jayshree Kishorbhai Dholakia / Noticee no.62**	**Funds which were received from Anilbhai Bhalabhai Baria (Entity no. 75), Shalomiben, Anilbhai Bariya (Entity no. 29), Mainak Comtrade Pvt Ltd (Entity no. 15) and Pranatpal Tradelink Private Limited (Entity no. 16) were transferred to his stock broker.**
63	**Entity no. 63**	**Jayshreeben Shah / Noticee no.63**	**Funds received from Mainak (Entity no. 15) were transferred to the stock broker.**
64	**Entity no. 64**	**Chandrikaben Panchal / Noticee no.64**	**Funds received from Mainak (Entity no. 15), Pranatpal (Entity no. 16) & Parin (Entity no. 17) were transferred to her stock broker.**

65	**Entity no. 65**	**Nikunj Dineshkumar Soni / Noticee no.65**	**The funds received from Mainak (Entity no. 15) and Ratnakar Enterprises Pvt. Ltd. (where Entity no. 20 was one of the Director) were transferred to his stock broker.**
66	**Entity no. 66**	**Manisha Rajendra Modi / Noticee no.66**	**Funds received from Mainak (Entity no. 15), Ratnakar Enterprises Pvt. Ltd. (where Entity no. 20 was one of the Director), Mihir (Entity no. 12), Christy Comtrade Pvt. Ltd. were further transferred to her stock broker.** **The Directors of Christy Comtrade were one Mr. Aneelkumar Albertbhai Patel and Amit Dipakbhai Gajjar (Entity no. 59). Aneelkumar Albertbhai Patel is a common Director between Mainak (Entity no. 15) and Dhyana. Further, she also shares his address and email address with Entity no. 78**
67	**Entity no. 67**	**Kiritbhai Shah / Noticee no.67**	**Funds received from Mainak (Entity no. 15) and Priti Jayakarbhai Christian (Entity no. 14) transferred to stock broker. Common address for Entity no. 58, 63 and 67.**
68	**Entity no. 68**	**Naranbhai Panchal / Noticee no.68**	**Various fund transactions with Mainak (Entity no. 15), Pranatpal (Entity no. 16), Parin (Entity no. 17) and Taru Pallav (Entity no. 18). Funds received from aforesaid entities were transferred to his stock broker.**
69	**Entity no. 69**	**Rahim Umarbhai Ravkarda / Noticee no.69**	**Funds received from Mainak (Entity no. 15) were transferred to his stock broker.**
70	**Entity no. 70**	**Kishorbhai Sonabhai Dholakiya / Noticee no.70**	**Funds which were received from Pranatpal (Entity no. 16) & Mainak (Entity no. 15) were transferred to his stock broker. Further, he had also received funds from Ankit Rajeshbhai Rajput (Entity no. 44).** **Same address for Entity no. 11, 62 and 70.**
71	**Entity no. 71**	**Rinkeshkumar Panchal / Noticee no.71**	**Funds received from Mainak (Entity no. 15), Pranatpal (Entity no. 16), Parin (Entity no. 17) and Chandrikaben (Entity no. 64) were transferred to his stock broker. Common address of Entity nos. 64,68 and 71**

72	**Entity no. 72**	**Yogendra J Prajapati / Noticee no.72**	**Funds received from Mainak (Entity no. 15) were transferred to his stock broker.** **He had also received funds from Ravi Dipakbhai Joshi (Entity no. 45).**
73	**Entity no. 73**	**Hiteshkumar Mahipatlal Patel/ / Noticee no.73**	**Funds received from Pranatpal (Entity no. 16), Mainak (Entity no. 15) were transferred to his broker.**
74	**Entity no. 74**	**Manish Shah / Noticee no.74**	**Funds received from Mainak (Entity no. 15) were transferred to his stock broker.**
75	**Entity no. 75**	**Anilbhai Bhalabhai Baria / Noticee no.75**	**Funds received from Mainak (Entity no. 15), Pranatpal (Entity no. 16), Parin (Entity no. 17) and Taru Pallav (Entity no. 18) were transferred to his stock broker.** **Funds were also transferred to Jayshree Kishorbhai Dholakia (Entity no. 62)**
76	**Entity no. 76**	**Hiral Manish Shah / Noticee no.76**	**Funds received from Parin (Entity no. 17) were transferred to her stock broker.** **Same address for Entity no. 60, 74 and 76.**
77	**Entity no. 77**	**Prajapati Nilesh J / Noticee no.77**	**Entity no. 77 who was one of the counterparty to preferential allottees also shared address with Entity no. 72**
78	**Entity no. 78**	**Rajendrabhai Modi / Noticee no.78**	**The email id as well as address of Entity nos. 66** **and 78 are common.**
79	**Entity no. 79**	**Rohitkumar Shantilal Shah / Noticee no.79**	**Funds received from the Entity no. 15**
80	Entity no. 80	Hareshkumar P Patel	Funds received from Mainak (Entity no. 15) were transferred to his stock broker.
81	Entity no. 81	Gautamsingh Zala	Director on the Board of Parin Infrastructure Pvt. Ltd. (Entity no. 17)

Allegation i) in respect of Noticee no. 15. / M/s Mainak Comtrade Private Limited in the context of fraudulent preferential allotment

17. In this regard, it is pertinent to mention that the Hon'ble SAT in respect of Noticee no.15 viz. Mainak Comtrade Private Limited in its order dated June 10, 2022, *inter alia*, held the following:

"….14. On 28th November, 2013, noticee no.12 Mihir Consulting and Trading Company received Rs.1 crore from noticee no.13 AA Plus Commodity Broking P. Ltd. Noticee no.12 also received Rs.5 lakhs from ***Mainak Comtrade Pvt. Ltd., noticee no.15****. Upon receiving the aforesaid amount noticee no.12 transferred Rs.15 lakhs each to 7 preferential allottees i.e. noticee no.5 to 11. Upon receiving the said amount noticee no.5 to 11 transferred the funds to the Company towards application money for preferential allotment on 29th November, 2013. On 30th November, 2013, the Company issued Rs. 64,25,000 shares of Rs.10 each under preferential allotment to 49 entities including noticee nos.5 to 11. The shares of the Company was listed on BSE in the category of Trade to Trade group with effect from 12th June, 2014. Prior to that it was listed on Ahmedabad Stock Exchange. It appears that an orchestrated scheme was planned and executed by the Company and its Directors with the help of connected entities and certain individuals forming part of the Dhyana group. In Patch 1, certain noticees were involved in pumping up the share price of the Company to an artificial level by trading amongst themselves. In Patch 2, these noticees acted as counter party buyers and provided an exit to the preferential allottees and, in this process, increased the price of the scrip and also created further artificial volume.*

15. We also find that the counter party buyers to the preferential allottees were also funded by the entities related to the Company and, thereafter, as part of the scheme the counter party buyers exited by dumping the shares on 27th July, 2015 after luring innocent investors through SMS. Through this scheme, the preferential allottees were provided a profitable exit and other noticees also made unlawful gains by selling those shares on 27th July, 2015. ***In our view, the aforesaid acts of price manipulation by trading amongst themselves and subsequent selling substantial shares at inflated price constituted a scheme which was totally fraudulent and violative Regulations 3 and 4 of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as the 'PFUTP Regulations')*****.**

….

17. The record indicates that Mihir Consulting and Trading Company and ***Mainak Comtrade Pvt. Ltd****,* ***noticee nos.12 and 15*** *were closely connected with the Company.*

…

18. We further find that Mihir Consulting and Trading Company acted as a conduit through which funds were transferred by the Company connected entities to 7 preferential allottees…

..Further, given the fact that these noticees had insufficient funds in their accounts, an irresistible inference can be drawn that the funds were transferred through noticee nos.5 to 11 with the sole purpose to finance the subscription to

the preferential allotment under a fraudulent scheme. ***We are of the opinion that the allotment to these 7 preferential allottees were fraudulent.***

19. . Thus, we are satisfied that the Company and its Directors along with the connected entities such as ***noticee nos.****12, 13* ***and 15*** *were involved in the fraudulent allotment of shares with noticee nos.5 to 11 and have clearly* ***violated Section 12A read with Regulations 3 and 4 of the PFTUP Regulations****.*

(Emphasis supplied)

18. In light of the observations made above, I hold that the Company connected entities including Noticee no.15/Mainak Comtrade Private Limited made fraudulent preferential allotment to 7 allottees without receipt of consideration from them. Further, as mentioned above, I note that the Hon'ble SAT in its order stated that "*We are of the opinion that the allotment to these 7 preferential allottees were fraudulent****".*** In view thereof, I hold that the Noticee no.15 violated the provisions of Section 12A (a), (b) & (c) of SEBI Act r/w Regulation 3 (a), (b), (c), (d) and Regulation 4(1) of SEBI (PFUTP) Regulations, 2003.

Allegation ii) In respect of Noticee nos.15 and 16 viz. M/s Mainak Comtrade Private and Pranatpal Tradelink Private Limited, in the context of creating misleading appearance of trading in the scrip of Dhyana by funding the counter parties to purchase the sale by preferential allottees.

Allegation iii) In respect of 17 Noticees viz. Noticee nos. 15, 16, 29, 30, 31, 42, 43, 44, 49, 58, 60, 61, 62, 63, 64, 65 & 66 in the context of their 'individual *positive LTP contribution being less than 1%'.*

Allegation iv) In respect of 13 Noticees viz. Noticee nos. 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78 & 79 in the context of 'individually not contributing to positive LTP at all'.

19. To reiterate the factual background in the instant matter, the investigation period of June 13, 2014 to July 27, 2015 has been divided into patches. Patch 1 i.e. from June 13, 2014 to November 28, 2014 and Patch 2 i.e. from December 01, 2014 to July 24, 2015. With respect to price volume analysis in the scrip of Dhyana during the investigation period, the SCN makes the following allegations:

i. The price of the scrip of Dhyana increased from Rs. 251 to Rs. 354, i.e., an increase of Rs. 103 during Patch 1.

ii. The scrip of Dhyana had witnessed a total positive LTP variation of Rs. 422.35 during the aforesaid period.

iii. During Patch -1, it is observed that 84 trades executed by 10 Noticees on buyer side matched with another 16 Noticees on seller side. Such 84 matching trades have contributed Rs. 101 out of the total market positive LTP of Rs. 422.35.

iv. Further, during Patch-2, 53 trades were executed between 16 entities from buyer side and 21 entities from seller side, all the entities being part of the group of connected Noticees. It has been alleged that such 53 trades have contributed a sum of Rs. 83.60 to the positive LTP in the scrip. The said amount of Rs. 83.60 constituted 7.87% of the total market positive LTP (Rs. 1062.05) that contributed to price rise of the scrip during Patch-2.

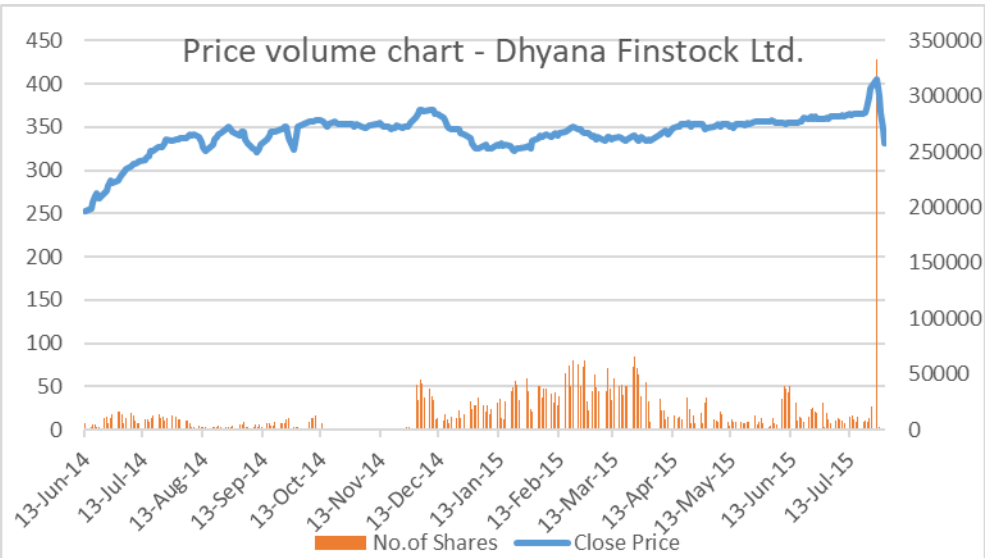
The detailed analysis of price volume of Dhyana scrip, LTP NHP contribution of the Noticees, the sale of preferential allotment shares etc. are given below:

Table 4 - Price volume analysis

Period	**No. of Trading days**	**Price & Vol**	**Opening price (volume) on first day of the period (Rs)**	**Closing price (volume) on last day of the period (Rs)**	**Lowest price (volume) during the period (Rs)**	**Highest price (volume) during the period (Rs)**	**Total Volume (Avg. no. of shares traded daily during the period)**
Pre Investigation (01.05.14 to 12.06.14)*	-	-	-	-	-	-	-
Investigation period (13.06.14 to 27.07.15)	273	**Price**	251.00	405.70	251.00 (13.06.2014)	406.00 (27.07.2015)	4,572,989 (16,751)
		Volume	5400	332,951	170 (14.11.2014)	332,951 (27.07.2015)	
Post Investigation (28.07.15 to 30.09.15)	22	**Price**	386.00	180.00	180.00 (11.09.2015)**	386.00 (28.07.2015)	3,190 (145)
		Volume	1,949	11	1 (02.09.2015)	1,949 (28.07.2015)	

no trading before 13.06.2014 on BSE. Scrip got listed on BSE w.e.f 12.06.2014.
****no trading between 11.09.2015 to 04.10.2015**

Price volume chart



(a) PATCH-1

i. During the period of Patch-1, it was noticed that Entity nos. 17, 18, 19, 20, 21, 43, 80, 81 and Noticee nos. 44, 45 traded in the scrip of Dhyana as buyers, whereas, another group of 16 entities, viz: Entity nos. 22, 23, 24, 25, 26, 27, 28, 46, 47, 50, 51, 52, 53, 54, 55 and 56 have traded as sellers in the same scrip. The particulars of LTP/NHP contribution of the entities amongst the Noticees in this regard are given below:

Summary of LTP contribution of entities among the Noticees

Table 5

Sr. No.		Entity Name	All Trades			LTP Diff.>0			LTP Diff.<0			LTP Diff.=0		% of Positive LTP To Total Market Positive LTP
	Noticee no.		Sum of LTP Diff	Sum of Qty	No. of Trades	LTP Impact	Qty Traded	No. of Trades	LTP Impact	Qty Traded	No. of Trades	Qty Traded	No. of Trades	
1.	Noticee no. 43	Gaurang Pathak	13	31750	30	13	21420	12				10330	18	3.08%
2.	Noticee no. 44	Ankit Rajeshbhai Rajput	11	31908	32	15	9300	11	-4	7000	4	15608	17	3.55%

	Group Total including other entities	**86.5**	**282107**	**1762**	**138.5**	**68053**	**114**	**-52**	**15611**	**26**	**198443**	**1622**	**32.79%**
	Market Total	**103**	**575235**	**5224**	**422.35**	**112835**	**269**	**- 319.35**	**31786**	**94**	**430614**	**4861**	**100.00 %**

ii. Out of the aforesaid trades executed during the Patch-1, the findings of the investigation mentioned that around 84 trades of the buyer entities matched with the trades of another set of 16 seller entities (mentioned above) among the Dhyana Group of entities. It is further noted that the total market positive LTP contributed in the scrip of Dhyana in this period (June 13, 2014 to November 28, 2014) was Rs. 422.35 and out of the said total LTP contribution during the period, it was seen that by trading amongst themselves as buyers and sellers, the aforesaid 26 Noticees have contributed Rs. 101.00, which constituted 23.91% of the said total market positive LTP.

<u>Patch -1 NHP Analysis</u>

iii. Apart from causing artificial increase to the LTP, the trades of the aforesaid Noticees have also been alleged to have caused discovery of New High Price ('NHP') during the Patch-1 of the investigation period. Further, the investigation brought out that during the period of June 13, 2014 to November 28, 2014 (Patch-1), out of 109 trading days, NHP was discovered for the scrip of Dhyana on 64 occasions on 27 different trading days. On analysis it was observed that 8 entities viz. Entity nos. 3, 18, 19, 48, 81 and Noticee nos. 43, 44, 49 had created NHP on 39 instances. Further, out of the total NHP of Rs. 116.50 that was discovered in the scrip of Dhyana, it is observed that the aforesaid 39 trades executed by the 8 entities had contributed Rs. 45.30 (38.88% of the total NHP). The details of the NHP contribution are given below:

Summary of NHP trades of entities among the Noticees

Table- 6

Sr. No.	Noticee no.	Entity Name	BSE			
			Qty	No. of Trades	NHP (Rs.)	% of total mkt NHP
1.	Noticee no. 43	Gaurang Pathak	16170	9	10	8.58%
2.	Noticee no. 44	Ankit R Rajput	2650	2	3	2.58%
3.	Noticee no. 49	Bimesh Arvindbhai Jani	10	1	2.3	1.97%
		Group total including other entities	34942	39	45.3	38.88 %
		Market Total	45655	64	116.5	100.00%

(b) PATCH-2

i. I note from the SCN that during Patch-2, 53 trades were executed between 16 entities from buyer side viz. Noticee nos. 29, 30, 31, 43, 44, 49, 58, 60, 61, 62, 63, 64, 65 and entity nos. 45, 59 and 81 and 21 entities from seller side viz. Noticee nos. 15, 16, 42 and 66 and entity nos. 9, 11, 18, 32 to 41, 46, 47, 50, 81, all being part of the group of connected Noticees. It is stated that such 53 trades have contributed a sum of Rs. 83.60 to the positive LTP in the scrip. The said amount of Rs. 83.60 constituted 7.87% of the total market positive LTP (Rs. 1062.05) that contributed to price rise of the scrip during Patch-2. The details of the aforesaid buyer and seller entities involved in those 53 trades along with the LTP contributions made by their respective trades, are given in the tables below:

Patch 2 of investigation period –

Summary of LTP contribution of entities among the Noticees. Buyer Entities

Table- 7

Sr. No.	Noticee no.	Entity Name (Buyer)	LTP	No. of Trades	Volume	% of Positive LTP to Total Market Positive LTP
1.	**Noticee no. 29**	**Shalomiben Anilbhai Bariya**	**5.5**	**5**	**4050**	**0.52%**
2.	**Noticee no. 30**	**Dipakkumar Rajaram Joshi**	**1.4**	**2**	**470**	**0.13%**
3.	**Noticee no. 31**	**Birju Pravinchandra Sanghvi**	**1**	**1**	**100**	**0.09%**
4.	**Noticee no. 43**	**Gaurang Pathak**	**2.4**	**2**	**3011**	**0.23%**
5.	**Noticee no. 44**	**Ankit Rajeshbhairajput**	**1**	**1**	**650**	**0.09%**
6.	**Noticee no. 49**	**Bimesh Arvindbhai Jani**	**3**	**3**	**562**	**0.28%**
7.	**Noticee no. 60**	**Shah Chirag**	**7.5**	**2**	**300**	**0.71%**
8.	**Noticee no. 61**	**Ronak Nayankumar Shah**	**7.5**	**6**	**1400**	**0.71%**
9.	**Noticee no. 62**	**Dholakia Jayshree Kishor**	**7.2**	**10**	**3744**	**0.68%**
10.	**Noticee no. 63**	**Jayshreeben Kiritkumar Shah**	**6.7**	**4**	**705**	**0.63%**
11.	**Noticee no. 64**	**Chandrikaben Naranbhai Panchal**	**4**	**4**	**2863**	**0.38%**
12.	**Noticee no. 65**	**Nikunj Dineshkumar Soni**	**2**	**2**	**438**	**0.19%**

13.	**Notice no. 58**	**Pratikbhai Kiritkumar Shah**	**0.7**	**2**	**304**	**0.07%**
	Group Total including other entities		**83.6**	**53**	**21196**	**7.87 %**

Patch 2 of investigation period –

Summary of LTP contribution of entities among the Noticees, Seller Entities

Table-8

Sr. No.	Noticee no.	Entity Name(Seller)	No. of Trades	LTP Contribution	% of Positive LTP to Total Market Positive
1.	**Noticee no. 15**	**Mainak Comtrade Private Limited**	**3**	**4.7**	**0.44%**
2.	**Noticee no. 16**	**Pranatpal Tradelink Private Limited**	**1**	**0.5**	**0.05%**
3.	**Noticee no. 42**	**Hitesh Chinubhai Shah**	**1**	**0.3**	**0.03%**
4.	**Noticee no. 66**	**Manisha Rajendra Modi**	**1**	**1.3**	**0.12%**
	Group Total including other entities		**53**	**83.6**	**7.87%**

Patch -2

NHP Analysis

i. Further, I note from the SCN that during the period of Patch-2 (December 01, 2014 to July 27, 2015), out of 163 trading days, a New High Price (NHP) was discovered in as many as 26 trades executed over a period of 7 (seven) trading days. It was further revealed that out of the said 26 trades, in 21 trades the NHP was established due to trades executed by 11 entities viz. Noticee nos. 15, 16, 42, 60, 63 and 64 and entity nos. 17, 45, 57, 80 and 81. Further, out of the total NHP of Rs. 43, it is observed that the said 21 trades had contributed Rs. 38 to the NHP, which was 88.37% of the total NHP. The details in this regard are below:

Table- 9

Sr. No.	Noticee no.	Entity Name	BSE			
			Qty	No. of Trades	NHP (Rs.)	% of Total Market NHP
1.	**Noticee no. 15**	**Mainak Comtrade Pvt. Ltd.**	**275**	**3**	**3**	**6.98%**
2.	**Noticee no. 16**	**Pranatpal Tradelink Private Limited**	**300**	**2**	**3**	**6.98%**
3.	**Noticee no. 42**	**Hitesh Chinubhai Shah**	**2423**	**1**	**1**	**2.33%**
4.	**Noticee no. 60**	**Shah Chirag**	**450**	**2**	**7.3**	**16.98%**
5.	**Noticee no. 63**	**Jayshreeben Kiritkumar Shah**	**660**	**3**	**4.7**	**10.93%**
6.	**Noticee no. 64**	**Chandrikaben Naranbhai Panchal**	**305**	**1**	**1**	**2.33%**
		Group Total including other entities	**6281**	**21**	**38**	**88.37%**
		Market Total	**11720**	**26**	**43**	**100.00%**

ii. Out of the aforesaid 21 trades, it is observed that 13 were such trades which were executed within the group of the aforementioned 11 entities themselves. The said 13 trades had contributed Rs. 29.90 to the NHP (69.53% of the total market NHP). The Noticee nos. 15, 16, 60, 63, 64 amongst the 11 entities were involved in executing such trades, details of which are presented below:

Table- 10

Sr. No.	Noticee no.	Entity Name	BSE			
			Qty	No. of Trades	NHP (Rs.)	% of Total Market NHP
1.	**Noticee no. 15**	**Mainak Comtrade Private Limited**	**50**	**1**	**1**	**2.33%**
2.	**Noticee no. 16**	**Pranatpal Tradelink Private Limited**	**250**	**1**	**2**	**4.65%**
3.	**Noticee no. 60**	**Shah Chirag**	**100**	**1**	**5.3**	**12.33%**
4.	**Noticee no. 63**	**Jayshreeben Kiritkumar Shah**	**660**	**3**	**4.7**	**10.93%**
5.	**Noticee no. 64**	**Chandrikaben Naranbhai Panchal**	**305**	**1**	**1**	**2.33%**
Group total including other entities			**2003**	**13**	**29.9**	**69.53%**
Market Total			**11720**	**26**	**43**	**100.00%**

<u>(e) Purchase of shares from (proving exit) preferential allottees.</u>

i. It is noted from the contents of the SCN that during Patch-2 of the investigation period (December 01, 2014 to July 24, 2015), the total trading volume in the scrip of Dhyana in the market was 36,64,803 shares. Out of the said volume, the majority of the shares, i.e., around 85% of the total market volume amounting to 31,12,371 represented shares sold by those preferential allottees to whom the allotment was made by the Company on November 30, 2013. The SCN further provides a list of top 30 buyers viz. Noticee nos. 15, 16, 63, 67, 30, 66, 62, 68, 69, 58, 64, 70, 49, 71, 72, 61, 77, 78, 60, 73, 79, 65, 74, 75, 76 and entity nos. 17, 18, 59, 80 and 81 each of whom had purchased more than 20,000 shares of Dhyana from the preferential allottees. The details in this regard are given below:

Table- 11

Sr. No.	Noticee no. (preferential allottees)	Name of buyer	No. of shares bought	Shares bought as a percentage of total shares sold by preferential allottees during Patch 2	Shares bought as a percentage of total market volume during Patch 2
1	**Noticee no. 15**	**Mainak Comtrade Private Limited**	**319268**	**10.26%**	**8.71%**
2	**Noticee no. 16**	**Pranatpal Tradelink Private Limited**	**238368**	**7.66%**	**6.50%**
3	**Noticee no. 63**	**Jayshreeben Kiritkumar Shah**	**109836**	**3.53%**	**3.00%**
4	**Noticee no. 67**	**Kiritbhai Shantilal Shah**	**103113**	**3.31%**	**2.81%**
5	**Noticee no. 30**	**Dipakkumar Rajaram Joshi**	**64306**	**2.07%**	**1.75%**
6	**Noticee no. 66**	**Manisha Rajendra Modi**	**63755**	**2.05%**	**1.74%**
7	**Noticee no. 62**	**Dholakia Jayshree Kishor**	**62419**	**2.01%**	**1.70%**
8	**Noticee no. 68**	**Naranbhai J Panchal**	**58400**	**1.88%**	**1.59%**
9	**Noticee no. 69**	**Rahim Umarbhai Ravkarda**	**58354**	**1.87%**	**1.59%**
10	**Noticee no. 58**	**Pratikbhai Kiritkumar Shah**	**56245**	**1.81%**	**1.53%**
11	**Noticee no. 64**	**Chandrikaben Naranbhai Panchal**	**52510**	**1.69%**	**1.43%**
12	**Noticee no. 70**	**Dholakiya Kishorbhai S**	**51950**	**1.67%**	**1.42%**
13	**Noticee no. 49**	**Bimesh Arvindbhai Jani**	**50408**	**1.62%**	**1.38%**
14	**Noticee no. 71**	**Rinkeshkumar N Panchal**	**50119**	**1.61%**	**1.37%**
15	**Noticee no. 72**	**Yogendra J Prajapati**	**48681**	**1.56%**	**1.33%**
16	**Noticee no. 61**	**Ronak Nayankumar Shah**	**45420**	**1.46%**	**1.24%**
17	**Noticee no. 77**	**Prajapati Nilesh J**	**44947**	**1.44%**	**1.23%**

18	Noticee no. 78	Manthan Rajendrabhaimodi	44804	1.44%	1.22%
19	Noticee no. 60	Shah Chirag	44221	1.42%	1.21%
20	Noticee no. 73	Hiteshkumar Mahipatlal Patel	41333	1.33%	1.13%
21	Noticee no. 79	Rohitkumar Shantilal Shah	40320	1.30%	1.10%
22	Noticee no. 65	Nikunj Dineshkumar Soni	39178	1.26%	1.07%
23	Noticee no. 74	Manish Shah	32675	1.05%	0.89%
24	Noticee no. 75	Anilbhai Bhalabhai Baria	29290	0.94%	0.80%
25	Noticee no. 76	Hiral Manish	21950	0.71%	0.60%
Group Total including other entities			2326941	74.76%	63.49%
Total no. of shares sold by preferential allottees			3112371	100.00%	84.93%
Market volume during Patch 2			3664803	-	100.00%

(d) Details of selling particulars by the Noticees

i. The findings of the investigation report also brought out that the Noticees who were involved in the price manipulation of the scrip of Dhyana were also net sellers who earned substantial gains from their sale of the scrip on July 27, 2015. It is observed that 9 entities are found to have sold only on July 27, 2015 and not on any occasion before the said date. Further, it is seen that 4 entities have sold majority portion of their total sales of the scrip on the said last day of the investigation period, July 27, 2015 and a small portion of their total sales were done before July 27, 2015. In this context, the details of the shares sold by 13 entities including 9 Noticees, the purchase details, and the unlawful profit earned out of their trading in the scrip of Dhyana are presented in the following table:

Table- 12

Sr. No.	Noticee no.	Name of Entity	Buy Quantity (in no.)	Buy Value (in ₹)	Weighted Avg. Buy Price (in ₹)	Sell Quantity (in no.)	Sell Value (in ₹)	Weighted Avg. Sell Price (in ₹)	Profit (in ₹) (after excluding the notional profit)
			A	B	C	D	E	F	G
1.	**Noticee no. 16**	**Pranatpal Tradelink Private Limited**	**313923**	**107622280.45**	**342.83**	**9500**	**3758841.20**	**395.67**	**5,01,980.00**
2.	Entity no. 18	Taru Pallav Projects Private Limited	241900	80013184.50	330.77	13655	52477753.05	384.31	7,31,088.70
3.	Entity no. 21	Rajendra Dahyalalpathak	20085	6969744.00	347.01	11000	4449500.00	404.50	6,32,390.00
4.	**Noticee no. 29**	**Shalomiben Anilbhai Bariya**	**32089**	**11430333.50**	**356.21**	**8400**	**3362520.00**	**400.30**	**3,70,356.00**
5.	**Noticee no.31**	**Birju Pravinchandra**	**20910**	**6979824.00**	**333.80**	**14910**	**6005280.00**	**402.70**	**10,283,42.70**
6.	**Noticee no. 43**	**Gaurang Pathak**	**43769**	**13982365.80**	**319.46**	**11000**	**4449500.00**	**404.50**	**9,35,440.00**
7.	**Noticee no. 44**	**Ankit Rajeshbhai rajput**	**40088**	**13150178.00**	**328.03**	**11000**	**4449500.00**	**404.50**	**8,41,170.00**
8.	**Noticee no. 61**	**Ronak Nayankumar Shah**	**51345**	**17665936.10**	**344.06**	**12620**	**5089314.00**	**403.27**	**7,47,230.20**

9.	**Noticee no. 62**	**Dholakia Jayshree Kishor**	**72530**	**24490547.70**	**337.66**	**8400**	**3371160.00**	**401.33**	**534828.00**
10.	**Noticee no. 63**	**Jayshreeben Kiritkumar Shah**	**122939**	**42007348.40**	**341.69**	**17582**	**7038708.10**	**400.34**	**10,31,184.30**
11.	**Noticee no. 64**	**Chandrikaben Naranbhai Panchal**	**66755**	**22942684.50**	**343.68**	**10000**	**4014800.00**	**401.48**	**5,78,000.00**
12.	Entity no. 80	Hareshkumar P Patel	121954	42403212.85	347.70	10000	4026000.00	402.60	5,49,000.00
13.	Entity no. 81	Gautamsingh Shivsingh Zala	77985	26807692.40	343.75	17407	6950092.89	399.27	9,66,436.64
		Total							**9,447,194.54**

<u>(e) Exit providers to Preferential allottees and Net Sellers on July 27, 2015</u>

i. The SCN also alleged that nine (09) entities who were part of the Noticees made unlawful gains. These nine (09) entities are those who had purchased shares from the preferential allottees allegedly to give them a profitable exit and subsequently, these nine entities have also sold large number of shares so purchased from the preferential allottees and earned substantial amount of profit by selling them on July 27, 2015. The details of such Noticees, especially the no. of shares purchased by them during the investigation period, no. of shares sold by each of these Noticees, profit made therein, etc., excluding the notional profit on the unsold shares are presented in the following table:

Table- 13

Sr. No.	Noticee no.	Name of Entity	Buy Quantity (in no.)	Buy Value (in ₹)	Weighted Avg. Buy Price (in ₹)	Sell Quantity (in no.)	Sell Value (in ₹)	Weighted Avg. Sell Price (in ₹)	Profit (in ₹) (after excluding the notional profit
			A	B	C	D	E	F	G
1	Noticee no. 67	Kiritbhai Shantilal Shah	113640	38652132.1	340.13	11164	4477880.40	401.10	6,80,669.08
2	Noticee no. 68	Naranbhai J Panchal	63800	21854112.6	342.54	10000	4023800.00	402.38	5,98,400
3	Noticee no. 70	Dholakiya Kishorbhai S	56290	19084892.0	339.05	8400	3371172.00	401.33	5,23,152
4	Noticee no. 71	Rinkesh kumar N Panchal	61520	21075860.8	342.59	10000	4032800.00	403.28	6,06,900
5	Noticee no. 73	Hiteshkumar Mahipatlal Patel	48260	16596095.3	343.89	13000	5235700.00	402.75	7,65,180
6	Noticee no. 74	Manish Shah	32675	10770341.0	329.62	12675	5117151	403.72	9,39,217.50
7	Noticee no. 75	Anilbhai Bhalabhai Baria	35490	12517250.0	352.70	8400	3362520.00	400.30	3,99,840
8	Noticee 76	Hiral Manish	26350	8765425.0	332.65	13650	5508867	403.58	9,68,194.50
9	Noticee no. 79	Rohitkumar Shantilal Shah	44930	15366006.0	342.00	12170	4902197.70	402.81	7,40,057.70

		Total							**62,21,610.78**

20. The findings of the investigation also brought out the following:

Table -14

Sr. No.	Noticee no.	Shares purchased from preferential allottees	Total shares purchased	Total shares sold during investigation period	Total shares sold on July 27, 2015
1.	Noticee no. 67	103113	113640	11164	11160
2.	Noticee no. 68	58400	63800	10000	10000
3.	Noticee no. 70	51950	56290	8400	8400
4.	Noticee no. 71	50119	61520	10000	10000
5.	Noticee no. 73	41333	48260	13000	13000
6.	Noticee no. 74	32675	32675	12675	12675
7.	Noticee no. 75	29290	35490	8400	8400
8.	Noticee no. 76	21950	26350	13650	13650
9.	Noticee no. 79	40320	44930	12170	12157

21. The aforementioned findings are summarised in the following Table:

<u>Summary Table- 1</u>

<u>(In respect of 17 Noticees who claimed to have contributed less than 1 % LTP Contribution before the Hon'ble SAT</u>

Sr. No.	Noticee No.	Noticees	LTP Contribution % Patch 1	LTP Contribution % Patch 2 to total market positive LTP	NHP Contribution % Patch 1 to total market NHP	NHP Contribution % Patch 2 to total market NHP	Shares bought as a percentage of total shares sold by preferential allottees during Patch 2	Shares bought as a percentage of total market volume during Patch 2	Unlawful profit earned by selling the shares (notional profit excluded) In Rs.	Funds receipt Particulars
1.	**62**	**Dholakia Jayshreekishor**		**0.68 %**			**2.01 %**	**1.70 %**	**5,23,152**	
2.	**29**	**Shalomiben Anilbhai Bariya**		**0.52 %**					**3,70,356**	
3.	**64**	**Chandirkaben Naranbhai**		**0.38 %**		**2.33%**	**1.69 %**	**1.43 %**	**5,78,000**	
4.	**43**	**Gaurang Pathak**	**3.08%**	**0.23 %**	**8.58 %**				**9,35,440**	
5.	**49**	**Bimesh Arvindbhai Jani**		**0.28 %**			**1.62%**	**1.38 %**		**funds received from Mainak /Noticee no.15**
6.	**30**	**Dipakkumar Rajaram Joshi**		**0.13%**			**2.07%**	**1.75%**		
7.	**65**	**Nikunj DineshkumarSo**		**0.19 %**			**1.26 %**	**1.07 %**		

8.	**31**	**Birju Pravinchandra Sanghvi**		**0.09 %**					**10,283,42.70**	
9.	**63**	**Jayshreeben Shah**		**0.63 %**		**10.93%**	**3.53%**	**3.00%**	**10,31,184.30**	
10.	**44**	**Ankit Rajeshbhai Rajput**	**3.55%**	**0.09 %**	**2.58 %**				**8,41,170**	
11.	**61**	**Ronak Nayankumar**		**0.71 %**			**1.46%**	**1.24%**	**7,47,230.20**	
12.	**42**	**Hitesh Chinubhai Shah**		**0.03 %**		**2.33%**				**Director of Noticee no. 16**
13.	**58**	**Pratikbhai Kiritkumar Shah**		**0.07 %**			**1.81%**	**1.53%**		
14.	**60**	**Shah Chirag**		**0.71 %**		**16.98%**	**1.42%**	**1.21%**		**funds received from Mainak/Noticee no.15**
15.	**66**	**Manisha Rajendra Modi**		**0.12 %**			**2.05%**	**1.74%**		
16.	**16**	**Pranatpal Tradelink Pvt. Ltd.**		**0.05%**		**6.98%**	**7.66%**	**6.50%**	**5,01,980**	**Transferred funds to the Noticees (details at Table-3)**
17.	**15**	**Mainak Comtrade Pvt.**		**0.44%**		**6.98%**	**10.26%**	**8.71%**		

Summary Table- 2

(In respect of 13 Noticees who claimed to have contributed no LTP Contribution at all before the Hon'ble SAT

Sr. No.	Noticee No.	Noticees	Shares bought as a percentage of total shares sold by preferential allottees during Patch 2	Shares bought as a percentage of total market volume during Patch 2	Unlawful profit earned by selling the shares (notional profit excluded) In Rs.	Connection amongst Dhyana group and receipt of funds as per findings of the investigation report
1	67	Kiritbhai Shantilal Shah	3.31%	2.81%	6,80,669.08	Funds received from Mainak (Entity no. 15) and Priti Jayakarbhai Christian (Entity no. 14) transferred to stock broker
2	68	Naranbhai Panchal	1.88%	1.59%	5,98,400	Various fund transactions with Mainak (Entity no.15), Pranatpal (Entity no. 16), Parin (Entity no.17) and Taru Pallav (Entity no. 18). Funds received from aforesaid entities were transferred to his stock broker.
3	69	Rahim Umarbhai Ravkarda	1.87%	1.59%		Funds received from Mainak (Entity no. 15) were transferred to his stock broker.

4	70	Kishorbhai Sonabhai Dholakiya	2.01%	1.70%	5,23,152	Funds which were received from Pranatpal (Entity no. 16) & Mainak (Entity no. 15) were transferred to his stock broker. Further, he had also received funds from Ankit Rajeshbhai Rajput (Entity no. 44).
5	71	Rinkeshkumar Pancahl	1.61%	1.37%	6,06,900	Funds received from Mainak (Entity no. 15), Pranatpal (Entity no. 16), Parin (Entity no. 17) and Chandrikaben (Entity no. 64) were transferred to his stock broker. Common address of Entity nos. 68 and 71
6	72	Yogendra J. Pranjapati	1.56%	1.33%		Funds received from Mainak (Entity no. 15) were transferred to his stock broker. He had also received funds from Ravi Dipakbhai Joshi (Entity no. 45).
7	73	Hitesh kumar Mahipatlal	1.33%	1.13%	7,65,180	Funds received from Pranatpal (Entity no. 16), Mainak (Entity no. 15) were transferred to his broker.
8	74	Manish Shah	1.05%	0.89%	9,39,217.50	Funds received from Mainak (Entity no. 15) were transferred to his stock broker.
9	75	Anil bhai Bhalabhai Baria	0.94%	0.80%	3,99,840	Funds received from Mainak (Entity no. 15), Pranatpal (Entity no. 16), Parin (Entity no. 17) and Taru Pallav (Entity no. 18) were transferred to his stock broker.
10	76	Hiral Manish	0.71%	0.60%	9,68,194.50	Funds received from Parin (Entity no. 17) were transferred to her stock broker.
11	77	Prajapati Nilesh J	1.44%	1.23%		Entity no. 77 who was one of the counterparty to preferential allottees also shared address with Entity no. 72

12	**78**	**Manthan Rajendrabhai Modi**	**1.44%**	**1.22%**		**The email id as well as address of Entity nos. 66 and 78 are common.**
13	**79**	**Rohitkumar Shatilal Shah**	**1.30%**	**1.10%**	**7,40,057.70**	**Funds received from the Entity no. 15**

22. In this connection, I note that the Hon'ble SAT has held as follows:

> *20. …In Patch 1, 26 noticees traded amongst themselves contributing Rs.101 out of total market positive LTP of 422.35 i.e. 23.91% of the total market positive LTP.*
>
> *The trades executed by these 26 entities* ***caused an artificial increase in the price of the scrip of the Company which caused misleading appearance of trading in the scrip of the Company and also adversely affected the price discovery mechanism quite apart*** *from the fact that it artificially increased the volume.*
>
> *These 26 noticees were funded by the Company and its related entities. We find that not only there was positive LTP but the trades also created a New High Price. Similarly, in Patch 2, we find that there were 16 noticees on the buy side and 21 on the sell side. The counter party buyers who purchased the shares basically from the preferential allottees were funded by the Company related entities especially noticee nos.12, 13, 14, 15, 17 and 18. No cogent justification has been given with regard to the funds received by these noticees from related entities of the Company.*

In the absence of any justification and the manner in which the trades were executed to artificially increase the price paving way to the preferential allottees to sell their shares at inflated price and the counter party noticees buyers being funded by the Company related entities, ***in our opinion, was clearly fraudulent and a device hatched to dupe the innocent investors****. The findings given by the WTM and the AO clearly depicts the manipulation in the price of the scrip by these noticees in* ***Patch 1 and in Patch 2 which according to us was clearly fraudulent.***

(Emphasis supplied).

22. ..We find that the noticees in Patch 2 who were the buyers who bought shares from the preferential allottees were funded by related entities of the Company as is depicted in table 19 of the impugned order of the WTM. Majority of these noticees had negligible balance in their bank accounts before they received funds from entities connected with the Company i.e. from ***noticee nos.****12, 14,* ***15, 16****, 17 and 18. We are of the opinion that the funds received by these noticees buyers in Patch 2 were utilized to buy Company's shares from the preferential allottees.*

23....We also find that out of 81 noticees, 13 noticees who were involved in price manipulation in Patch 1 and 2 were the net sellers and earned substantial gains from sale of their shares on 27th July, 2015. These shares were sold at inflated price through an SMS generated through which innocent investors were lured to invest and, consequently, provided an exit to these noticees. It was urged that the exit providers were not aware of the counter *party and, therefore, the trades cannot be faulted. This submission is patently erroneous in as much as we find that these exit providers had no funds of their own and were funded by the related entities of the Company based on which they purchased the shares of the preferential allottees and then off loaded it when SMS was circulated inducing investors to buy the scrip of the Company. These exit providers were involved in price manipulation in Patch 1 and 2 and made unlawful gains.*

In this regard, we find that most of the noticees who traded in Patch 1 and 2 were funded by related entities of the Company. The loan transaction has not been justified by any documentary proof. Therefore, it leads to an irresistible inference that money was given to these noticees to trade amongst themselves for the purpose of increasing the price and, thereafter, the loan money was used to buy the shares at the inflated prices from the preferential allottees. The contention that such loan was given in ordinary course of business was rightly not relied upon as no proof of loan agreement etc. was filed. Further, the timing of the loan given and the trades executed by them clearly proves the manipulation in the price during Patch 1 and 2 not only creating positive LTP but creating a New High Price. ***The trading pattern by these noticees who were acting in concert was clearly manipulative****.*

25. ..Some of the noticees urged that matching of trades amongst noticees as per trade logs does not show New High Price unless there as matching of minds between the buyers and sellers. It was urged that this finding given by the authorities was made on the basis that the Company *lacked basic market fundamentals to create an interest in scrip in order to push the price up.* ***This contention is patently erroneous as we find that majority of the noticees who traded in Patch 1 and 2 had fund transactions with Mainak Comtrade Pvt. Ltd and other Company related entities*****.** ***We also find that all LTP trades were matched trades which is reflected in Table 14 in the order of the WTM. Such clear evidence of connection, meeting of minds, predetermined pattern of trading to which no plausible explanation has been given****. Therefore, the contention raised cannot be accepted.*

26… This submission also cannot be accepted in view of what we have held earlier that these exit providers not only bought shares from the preferential allottees from the funds provided by the Company related entities but further dumped all these shares on 27th July, 2015 when innocent investors were induced to buy shares based on the SMS. ***The manner in which the trades were executed by these exit providers in our view is clearly fraudulent****.*

(***Emphasis supplied***)

27. ..In our opinion, the trades above LTP or below LTP becomes immaterial especially when the trades executed by these noticees created an artificial volume which was fraudulent. In this regard, we find that the show cause notice has clearly clarified that each and every trade executed during the investigation period was not manipulative in nature. The show cause notice proceeds on the premise of the noticees' connection with the Company and its related entities coupled with LTP contributing trades inter se within the group.

It is these trades that has been found to be manipulative and has caused misleading appearance of trade in the scrip of the Company.

The WTM found that the total market positive LTP contributed during the period 13th June, 2014 to 28th November, 2014 in Patch 1 was Rs.422.35 out of which 26 noticees trading amongst themselves contributed Rs.101 which constituted 23.91% of the total market positive LTP. ***These trades have been found to be manipulative****. Other trades are not part of the show cause notice. Similar is the finding given in Patch 2.*

(Emphasis supplied).

23. The Noticees in their appeals filed before the Hon'ble SAT and also in submissions made during the present proceedings, have largely relied on the order dated February 26, 2021 of WTM SEBI in the matter of Nikki Global Finance Limited. While considering the LTP contribution by the entities in the said order, the WTM has observed that the *"Having found that the 10 Noticees, in the instant proceedings have indulged in manipulative trades albeit of varied quantum, as has been alleged in the SCN, I would now set out to issue directions to the 10 Noticees taking into* account *the nature and quantum of manipulative trades executed by the 10 Noticees and various other acts of fraudulent trade indulged in by them which have been dealt in the foregoing paras of this order."* I also note that the Hon'ble SAT vide its order dated February 07, 2022 (Appeal no. 343 of 2021) in the matter of Surendra Kumar Gupta vs. SEBI set aside the aforesaid order of WTM SEBI and held as follows:

15…..The benchmark of one percent fixed by the WTM, in our opinion, is not based on any intelligible criteria nor is based on any circular or regulations framed by SEBI in this behalf to show as to how much percentage of positive LTP would be treated as violative of Regulations 3 and 4 of the PFTUP Regulations or would be treated as unfair trade practice. Classification is based on intelligible differentia. The differentia bears a reasonable nexus with the object sought to be achieved. In the instant case, we find that classification is not based on any intelligible criteria nor has any nexus with the objective of the Regulations. In the absence of any criteria laid down by SEBI the fixation of one percent by the WTM without any reasonable basis is arbitrary.

(5) The WTM cannot blow hot and cold and take positive LTP as a group on one hand and consider individual positive contribution of ***each noticee individually and exonerate them having found that their contribution was less than one percent.***

..

..

(11) Most of the appellants were buyers. *There is no finding as to whether they had placed there buy orders above LTP or whether they have placed their buy order before the sell orders****. In the absence of this evidence and in the absence of a counter party it is difficult to prove positive LTP against the appellants.***

16. In view of the aforesaid, the directions given by the WTM under section 11B of the SEBI is arbitrary and cannot be sustained. ***The impugned order is quashed****.*

(Emphasis supplied)

24. It is pertinent to note that in the matter of Nikki Global Finance Limited, the allegations mostly relate to the trading done by the connected entities who contributed to the LTP. Whereas, in the present matter, the allegations against the Noticees pertain to LTP & NHP Contribution, purchasing shares from the preferential allottees and providing exit to them, making unlawful gains in the process, etc. Further, I also hold that the findings in the said order of WTM SEBI were made based on the set of facts and circumstances that were peculiar to that particular case and the decision taken cannot be uniformly applied across all the cases involving price manipulation by a group of entities by way of contribution to LTP. Further, I also find it relevant to mention the following judgment of the Hon'ble SAT order dated March 28, 2022 in the matter of Garbanksh Singh vs. SEBI (Appeal no. 116 of 2022):

6. "…..Once an order of the WTM is set aside by this Tribunal the said order is no longer in existence and cannot be utilized in any manner.

7. When an order is quashed or set aside, the said order is wiped out from its existence. It is annulled. Quashing of an order results in the restoration of the position as it stood on the date of the passing of the order which has been quashed as held in Shree Chamundi Mopeds Ltd. vs. Church Of South India Trust Assn. (1992) 3 SCC 1. Thus, once the order is wiped out from its existence, the question of considering the findings of that order which is no longer in existence does not arise.

Therefore, I hold that the reliance by the Noticees on the aforesaid order of WTM SEBI in the matter of Nikki Global Finance Limited is mis-placed and cannot be sustained. Since the factor of only taking into account the individual percentage of LTP Contribution cannot be a ground in itself to decide on merits in the instant matter, I proceed further to discuss the overall picture as to how the said LTP/NHP contribution along with trading in preferential shares by the Noticees accounted for manipulation of the scrip of Dhyana. I further consider the factors of creating artificial trading volume during the investigation period by the Noticees, wherein the person on one side of the trade (buy or sell side) places trades above or below the LTP and the collusion between buyer and seller is also established.

25. It is herein reiterated that any person who deliberately executes apparently legitimate transactions with an intention to interfere with the free and fair operations of the markets, cannot be allowed to defeat the purpose of securities laws. Market participants ought to be held responsible for the trades executed, with an intention to manipulate the markets, regardless of the methodologies that have been employed by them. I would like to rely on the following judgments in this regard:

i. In the matter of MBL and Company limited v. SEBI (Civil Appeal Nos 4262-4263 of 2022), the Hon'ble Supreme Court has held that.. " *In the present case, the order of the WTM as well as of the SAT notes that the modus operandi of the appellant* ***was to place a huge sale order at a price higher than the last traded price of the Company and thereafter to***

make a self-trade of only one share for that higher price, thus, establishing a new higher LTP….*The WTM found the appellant guilty of violating provisions of Section 12A (a), (b), (c)6 of the SEBI Act read with Regulations 3 (a), 3(b), 3(c), 3(d), 4(1), 4(2)(a), 4(2) (e) and 4(2)(g)7 of the PFUTP Regulations. It is in this backdrop that the WTM has come to the conclusion that the manipulation which was conducted by the appellant has to be analyzed not only from the narrow perspective of the gain which has been caused to the appellant, but, on the breach of the integrity of the securities market.*

The securities market deals with the wealth of investors. Any such manipulation is liable to cause serious detriment to investors' wealth. In this backdrop, the order which has been passed by the WTM cannot be regarded as disproportionate so as to result in the interference of this Court in the exercise of its jurisdiction under Section 15Z of the SEBI Act. Moreover, the WTM has prohibited the appellant from participating in its proprietary account for a specified period, leaving it open to the appellant to continue operation in their broking account. For the above reasons, we are not inclined to accede to the submissions which have been urged on behalf of the appellant. The appeals shall stand dismissed"

ii. In the matter of Shailesh Jain v. SEBI (Appeal No. 15 of 2012 decided on May 01, 2012), the Hon'ble SAT has held that "*The appellant's role has been one of conscious indulgence in manipulation of the trade in a crude and preplanned manner. The very fact that the appellant has placed* *orders above the last traded price when sell orders were available in the market at a lower price shows the intention behind the trade*."

iii. In the matter of Systematix Shares & Stocks (India) Limited (Appeal No. 21 of 2012 decided on April 23, 2012) it was held by the Hon'ble SAT that *"Obviously, an attempt was made* ***to inflate the share price by trading in single shares above the last traded price*** *over a period of time. The adjudicating officer found that during the investigation period there was more buying interest in the scrip than that of selling which is revealed through the quantum of buy and sell orders. He has established that the trading in minimum number of shares per day was for the purpose of setting a new high price so that it would serve as the opening price in the next day and the process continued over a period of time*."

iv. In Saumil Bhavnagari v. SEBI (Appeal No. 28 of 2014 decided on March 21, 2014) it was held that "*From the nature of the trading, it is clear that the appellant has sought to create a misleading impression that a large number of persons were trading in the scrip. This lends support to the finding of the adjudicating officer in paragraph 20 of the impugned order."*

"… but ***by purchasing shares at the higher price in LTP in most of the trades, the noticee had given a wrong impression about the liquidity of the scrip in the market****. It must not be forgotten that every trade establishes the price of the scrip and the noticee's trading at higher than LTP resulted in the price of the scrip going up and were done with a*

view to set the price at a desired level and thereby influencing the innocent/gullible investors. By purchasing at a higher price in most of his trades, the noticee had given the wrong impression about the price of the scrip in the market. It is an accepted state of affairs that in cases of manipulation of the volume and / or price of a particular scrip, it is usually an arduous task to obtain direct evidence. However, the analysis of the trade and order logs as undertaken hereinabove, establishes the malafide intention of the appellant."

(Emphasis supplied)

Thus, based on the above judgments, I note that a trading pattern such as placing miniscule trades and thereby increasing LTP of a scrip, setting NHP of a scrip, artificially increasing trading volume etc. cannot be condoned as normal trades. These trades are deliberately done with a malafide intention to manipulate the price of scrips. In this regard, therefore, the noticees, in my opinion, have deliberately executed the trades and indulged in market manipulation.

26. As regards, the quantum of individual LTP Contribution in a group of connected entities while executing manipulative trades is concerned, I would like to rely on the following judgments:

i. In the matter of Comfort Intech Limited and others vs SEBI (Appeal 318 of 2021 decided on September 21, 2022) the Hon'ble SAT held that " …*So far as the appellant Jugal HUF is concerned who has traded during the same patch – 2,* ***it was submitted that it had sold 200 shares wherein***

contribution of only 0.10% to the LTP was made which was very miniscule i.e. 0.08% of the total positive LTP contributed during the period.

…Upon hearing both the sides, in our view, it is established that these two appellants had regularly released shares contributing to the positive LTP without any justifiable reason, vide the trades to which the other connected noticees were also regular buyers. These connected noticees were nothing but noticee nos. 3 Padma Impex about which we have already referred above. The rest of the noticees i.e. noticee nos. 1 and 2 HS Tradecom Pvt. Ltd. (hereinafter referred to as 'HS Tradecom') and Dhanlakshmi Brokers Pvt. Ltd. (hereinafter referred to as 'Dhanlakshmi') were also connected with Padma Impex vide fund transactions and sharing common director, common address as given in the impugned order. ***We, therefore, find no force in the submissions of these two appellants. Their appeals also deserve to be dismissed****.* ***We may state here, that whereas individual contribution to the LTP may be miniscule, nonetheless, the trading pattern in collusion with other noticees leads to a contribution of positive LTP of Rs. 16.85% or 5.26% of total positive LTP which in our opinion is sustainable and cannot be ignored. (****Emphasis supplied****)***

ii. In the matter of Tarunkumar Brahmbhatt and others vs SEBI (Appeal 322 of 2019 decided on August 28, 2021) the Hon'ble SAT held that " *From the trades executed by the appellants which has been depicted in detail in the impugned order we notice that the appellants* ***placed buy orders above*** *the LTP and that some of the trades were the first trades of the day.* ***It is common sense that when an investor buys he would like to buy a scrip at the lowest possible price and when he wants to sell he would like to get the highest possible price****. Why should a person/ investor buy a share at a higher price than what is available on the stock exchange at a lower price unless there is a motive.* ***In the instant case, the trading pattern of the appellants clearly indicates that they were placing buy orders above the LTP which led to market contribution to the positive LTP and also created a new high price(NHP).*** *This trading pattern clearly indicates that increasing the price of the scrip was for the benefit of the promoters and promoter related entities of the Company as they would gain by the rise in the price of the scrip.* ***The fact that the appellants were connected with the promoter related entities since they received shares through off-market is an indicator that there was some scheme for the benefit of the promoter related entities. In our view, the trading pattern of the appellants which contributed to the NHP of the scrip of the Company was clearly violative of regulations 3 and 4 of the PFUTP Regulations****.*

The contention of the appellants that there was no manipulation in the price of the scrip and that the transaction was minimal which cannot ***influence the market and therefore there cannot be any manipulation is not correct****. We find from the record that the appellants individually and collectively have contributed LTP majorly to the market positive LTP.*

In view of the aforesaid, the charge relating to manipulation in the price of the scrip stands proved against the appellants *(Emphasis supplied).*

27. It is clear from the aforesaid judgments that when a group of connected entities are involved in contributing to significant LTP in a scrip, the individual LTP Contribution cannot be ignored even if it is miniscule.

28. In light of the above and based on the observations made in the summarised tables 1 and 2 above, I note that

    i. The Noticees collectively contributed significantly to positive LTP and NHP in the scrip, purchased shares sold by the preferential allottees with the funds received in a fraudulent way and also made unlawful profits as described therein.

    ii. I also note that no justifiable reason has been provided by the Noticees as to why miniscule number of trades were placed in smaller quantities, affecting the positive LTP of the scrip.

    iii. As observed from summarised table-1 above,

        a. the 17 Noticees who have contributed less than 1% LTP each, however, significantly affected the LTP of Dhyana during the investigation period. The scrip of Dhyana had witnessed a total positive LTP variation of Rs. 422.35 during the aforesaid period.

        b. Further, the Noticee nos. 62, 64, 49, 30, 65, 63, 61, 58, 60, 66, 16, and 15 have also significantly contributed to NHP of the Dhyana scrip in the range of 1% to 16% as mentioned therein.

c. Out of the 17 Noticees except Noticee nos. 29, 43, 31, 44 and 42, all other Noticees have also purchased shares from the preferential allottees in significant volumes, majorly providing exit to preferential allottees.

d. Noticee no.15 have also transferred funds to few of the said Noticees, out of the funds received by it from the connected entities of Company Dhyana.

e. Further, Noticee nos. 62, 29, 64, 43, 31, 63, 44, 61, and 16 have gained unlawful profits by dealing in preferential shares in a fraudulent way, which were in the range of Rs. 3 lakhs to Rs. 10 lakhs.

f. I further note that Noticee no. 15 and Noticee no.16 transferred funded certain Noticees as mentioned therein, who are also involved in LTP NHP Contribution and providing exit to preferential allottees.

g. In view of the above, I hold that in one way or the other, all the 17 Noticees had indulged in manipulative trading of the Dhyana scrip during the investigation period.

iv. As observed from summarised table-2 above,

a. I note that even though the said 13 Noticees did not contribute to positive LTP or NHP during the investigation period, they have involved in purchase of shares from the preferential allottees in significant volumes providing exit to preferential allottees.

b. The said 13 Noticees received funds from either Noticee no. 15 or Noticee no. 16 in a fraudulent way which were used majorly to purchase shares from the preferential allottees.

c. Further, Noticee nos. 67, 68, 70, 71, 73, 74, 75, 76 and 79 have gained unlawful profits by dealing in preferential shares in a fraudulent way, which were in the range of Rs. 3 lakhs to Rs. 9 lakhs.

29. I also note that the scrip witnessed a significant increase in the volumes traded during the Investigation Period, where as it was thinly traded with a daily average traded volume of only 145 shares post investigation period. Such trades for miniscule quantities can significantly affect the price movement or direction in thinly traded shares, as witnessed in the instant matter. In view thereof, I conclude that such trades were executed by the Noticees with an intention to manipulate the price of the scrip.

30. In view of the above facts and observations, I find that Noticee 15 has engaged in a fraudulent manner in the matter relating to preferential allotment of shares, thereby violating Section 12A (a), (b) & (c) of SEBI Act, 1992 r/w Regulation 3 (a),(b),(c),(d) and Regulation 4(1) of SEBI (PFUTP) Regulations, 2003.

31. Noticees nos. 15, 16, 29, 30, 31, 42, 43, 44, 49, 58, 60, 61, 62, 63, 64, 65 & 66 were part of the fraudulent scheme of providing exit to the preferential allottees helping them to make unlawful profits. I also note that though individually they have contributed less than 1% LTP through their trades, they have collectively contributed to the positive LTP and NHP in the scrip of Dhyana. I therefore hold the Noticees nos. 15, 16, 29, 30, 31, 42, 43, 44, 49, 58, 60, 61, 62, 63, 64, 65 &

66 have dealt in securities in fraudulent manner, creating misleading appearance of trading and manipulating the price of scrip of Dhyana and thereby violated Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a) & (e) of SEBI (PFUTP) Regulations, 2003.

32. I note that though Noticee nos. 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78 & 79 did not contribute to LTP or NHP, they were part of the fraudulent scheme of providing exit to the preferential allottees helping them to make unlawful profits. I hold that the Noticee nos. 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78 & 79 through the aforesaid acts indulged in creating a misleading appearance of trading in the scrip of Dhyana and thereby violating Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2) (a) of SEBI (PFUTP) Regulations, 2003.

33. The violations of the SEBI Act/Regulations by the Noticees are summarised in the table below:

Table-15

<table>
<tr><th>Noticee no.</th><th>Name of the Noticee</th><th>Nature of violations</th><th>Violation of SEBI Act/ Regulations established</th></tr>
<tr><td>15</td><td>Mainak Comtrade Private Limited</td><td rowspan="13"><u>Noticee no. 15</u>

Company and its connected entities including Noticee no. 15 issued fraudulent preferential allotment.

<u>Noticee nos. 15 and 16</u>

Company and its connected entities including Noticee nos. 15 and 16 are involved in creating misleading appearance of trading in the</td><td rowspan="13"><u>Noticee No. 15:</u>
Section 12A (a), (b) & (c) of SEBI Act, 1992 r/w Regulation 3 (a),(b),(c),(d) and Regulation 4(1) of SEBI (PFUTP) Regulations, 2003.

<u>Noticee nos. 15 and 16:</u>
Regulations 3 (a), (b), (c), (d) and Regulation 4(1), 4 (2) (a) of SEBI (PFUTP) Regulations, 2003.</td></tr>
<tr><td>16</td><td>Pranatpal Tradelink Private Limited</td></tr>
<tr><td>29</td><td>Shalomiben Anilbhai Bariya</td></tr>
<tr><td>30</td><td>Dipakkumar Rajaram Joshi</td></tr>
<tr><td>31</td><td>Birju Pravinchandra Sanghvi</td></tr>
<tr><td>42</td><td>Hitesh Chinubhai Shah</td></tr>
<tr><td>43</td><td>Gaurang Pathak</td></tr>
<tr><td>44</td><td>Ankit Rajeshbhai Rajput</td></tr>
<tr><td>49</td><td>Bimesh Arvindbhai Jani</td></tr>
<tr><td>58</td><td>Pratikbhai Kiritkumar Shah</td></tr>
<tr><td>60</td><td>Shah Chirag</td></tr>
<tr><td>61</td><td>Ronak Nayankumar Shah</td></tr>
<tr><td>62</td><td>Dholakia Jayshree Kishor</td></tr>
</table>

63	Jayshreeben Kiritkumar Shah	scrip of Dhyana by funding the counter parties to the sale by preferential allottees.	
64	Chandrikaben Naranbhai Panchal		
65	Nikunj Dineshkumar Soni		**<u>Notice nos. 15, 16, 29, 30, 31, 42, 43, 44, 49, 58, 60, 61, 62, 63, 64, 65 & 66</u>** Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a) & (e) of SEBI (PFUTP) Regulations, 2003
66	Manisha Rajendra Modi	**<u>Notice nos. 15, 16, 29, 30, 31, 42, 43, 44, 49, 58, 60, 61, 62, 63, 64, 65 & 66</u>** Noticees contributed to positive Last Traded Price (LTP) and New High Price (NHP) and indulged in trades resulting in manipulation of Dhyana scrip during the investigation period.	
67	Kiritbhai Shantilal Shah		
68	Naranbhai J Panchal		
69	Rahim Umarbhai Ravkarda		
70	Dholakiya Kishorbhai S		
71	Rinkeshkumar N Panchal		
72	Yogendra J Prajapati		
73	Hiteshkumar Mahipatlal Patel		
74	Manish Shah	**<u>Notice nos. 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78 & 79</u>** Noticees involved in providing exit to the preferential allottees.	**<u>Notice nos. 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78 & 79</u>** Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2)(a) of SEBI (PFUTP) Regulations, 2003
75	Anilbhai Bhalabhai Baria		
76	Hiral Manish		
77	Prajapati Nilesh J		
78	Manthan Rajendrabhaimodi		
79	Rohitkumar Shantilal Shah		

34. From the discussion in the Issue No. I, it is noted that the violations were established as mentioned in the table above and accordingly, make the Noticees liable for monetary penalty under Section 15HA of the SEBI Act. The text of Section 15HA of SEBI Act, 1992 is reproduced hereunder:

SEBI Act, 1992

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.*

Issue III. If so, what would be the quantum of monetary penalty that can be imposed on the Noticees after taking into consideration the factors mentioned in Section 15J of the SEBI Act?

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

SEBI Act, 1992

15J While adjudging quantum of penalty under 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.

36. In this context, I note that PFUTP Regulations apart from other things aims to preserve and protect the market integrity in order to boost investor confidence in the securities market. By employing a scheme, as has been done by the Noticees in the instant matter, the price discovery system itself was affected and it also shakes the confidence and trust of the investors in the securities market.

It further has an adverse impact on the fairness, integrity and transparency in the securities market.

37. I find that the investigation has not quantified any loss to the investors as a result of the violations by the Noticees. However, I note that certain Noticees have made unlawful gains as already established above. There is nothing in record to show whether the Noticees have indulged in any violation of securities laws earlier to this proceeding. I take into account the aforesaid factors while arriving at penalty to be imposed on the Noticees.

F. ORDER

38. After taking into consideration the nature and gravity of the violations established in the preceding paragraphs and in exercise of the powers conferred upon me under Section 15-I of the SEBI Act, 1992 read with Rule 5 of the Inquiry Rules, 1995, I hereby impose the following penalties on the Noticees under Section 15HA of the SEBI Act, 1992 for the respective violation of the provisions mentioned hereunder:

Noticee no.	**Name of the Noticee**	**Violations Established**	**Amount of Penalty (Rs.)**
15	Mainak Comtrade Private Limited	**1. Noticee No. 15:** Section 12A (a), (b) & (c) of SEBI Act, 1992 r/w Regulation 3 (a), (b), (c), (d) and Regulation 4(1) of SEBI (PFUTP) Regulations, 2003.	20 Lakhs
16	Pranatpal Tradelink Private Limited		22 Lakhs
29	Shalomiben Anilbhai Bariya		6 Lakhs
30	Dipakkumar Rajaram Joshi		6 Lakhs
31	Birju Pravinchandra Sanghvi		6 Lakhs
42	Hitesh Chinubhai Shah		6 Lakhs
43	Gaurang Pathak		6 Lakhs

<table>
<tr><td>44</td><td>Ankit Rajeshbhai Rajput</td><td rowspan="23">2. <u>Noticees nos. 15 and 16:</u>
Regulations 3 (a), (b), (c), (d) and Regulation 4(1), 4 (2) (a) of SEBI (PFUTP) Regulations, 2003.

3. <u>Noticee nos. 15, 16, 29, 30, 31, 42, 43, 44, 49, 58, 60 to 66:</u>
Regulation 3(a),(b),(c),(d) and Regulation 4(1), 4(2)(a) & (e) of SEBI (PFUTP) Regulations, 2003.

4. <u>Noticees nos. 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78 & 79:</u>
Regulation 3(a),(b),(c),(d) and Regulation 4(1), 4(2)(a) of SEBI (PFUTP) Regulations, 2003.</td><td>6 Lakhs</td></tr>
<tr><td>49</td><td>Bimesh Arvindbhai Jani</td><td>6 Lakhs</td></tr>
<tr><td>58</td><td>Pratikbhai Kiritkumar Shah</td><td>6 Lakhs</td></tr>
<tr><td>60</td><td>Shah Chirag</td><td>6 Lakhs</td></tr>
<tr><td>61</td><td>Ronak Nayankumar Shah</td><td>6 Lakhs</td></tr>
<tr><td>62</td><td>Dholakia Jayshree Kishor</td><td>6 Lakhs</td></tr>
<tr><td>63</td><td>Jayshreeben Kiritkumar Shah</td><td>6 Lakhs</td></tr>
<tr><td>64</td><td>Chandrikaben Naranbhai Panchal</td><td>6 Lakhs</td></tr>
<tr><td>65</td><td>Nikunj Dineshkumar Soni</td><td>6 Lakhs</td></tr>
<tr><td>66</td><td>Manisha Rajendra Modi</td><td>6 Lakhs</td></tr>
<tr><td>67</td><td>Kiritbhai Shantilal Shah</td><td>5 Lakhs</td></tr>
<tr><td>68</td><td>Naranbhai J Panchal</td><td>5 Lakhs</td></tr>
<tr><td>69</td><td>Rahim Umarbhai Ravkarda</td><td>5 Lakhs</td></tr>
<tr><td>70</td><td>Dholakiya Kishorbhai S</td><td>5 Lakhs</td></tr>
<tr><td>71</td><td>Rinkeshkumar N Panchal</td><td>5 Lakhs</td></tr>
<tr><td>72</td><td>Yogendra J Prajapati</td><td>5 Lakhs</td></tr>
<tr><td>73</td><td>Hiteshkumar Mahipatlal Patel</td><td>5 Lakhs</td></tr>
<tr><td>74</td><td>Manish Shah</td><td>5 Lakhs</td></tr>
<tr><td>75</td><td>Anilbhai Bhalabhai Baria</td><td>5 Lakhs</td></tr>
<tr><td>76</td><td>Hiral Manish</td><td>5 Lakhs</td></tr>
<tr><td>77</td><td>Prajapati Nilesh J</td><td>5 Lakhs</td></tr>
<tr><td>78</td><td>Manthan Rajendrabhaimodi</td><td>5 Lakhs</td></tr>
<tr><td>79</td><td>Rohitkumar Shantilal Shah</td><td>5 Lakhs</td></tr>
</table>

I am of the view that the said penalties are commensurate with the lapse/omission on the part of the Noticees.

39. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of “SEBI -Penalties Remittable to Government of India”, payable at Mumbai, OR through online payment facility available on the SEBI website www.sebi.gov.inon the following path, by clicking on the payment link.

ENFORCEMENT Orders Orders of AO PAY NOW

40. The Noticees shall forward said Demand Draft or the details / confirmation of penalty so paid to the “The Division Chief, Division of Regulatory Action-3, Enforcement Department (EFD1 – DRA I), Securities and Exchange Board of India, SEBI Bhavan, Plot No. C –4 A, “G” Block, Bandra Kurla Complex, Bandra (E), Mumbai –400 051”. They shall provide the following details while forwarding DD/ payment information:

a) Name and PAN of the entity
b) Name of the case / matter
c) Purpose of Payment – Payment of penalty under AO proceedings
d) Bank Name and Account Number
e) Transaction Number

41. It may be noted that 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, 1992 for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

42. In terms of Rule 6 of the Inquiry Rules, 1995, copies of this order are sent to the Noticees at their respective addresses on record and also to SEBI.

PLACE: Mumbai	**N HARIHARAN**
DATE : November 30, 2022.	**ADJUDICATING OFFICER**