BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

ADJUDICATION ORDER NO. ORDER/VV/PSS/2023-24/26096-26104

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

In the matter of

Trading activities of certain entities in the scrip of Funny Software Limited

In respect of:

Noticee No.	Name of the Noticee	PAN
1	**Eden Infrasmith Pvt Ltd**	AACCE7133K
2	**Meticulous It Solutions Private Limited**	AAICM9850H
3	**Sungar Textiles Private Limited**	AAXCS0786K
4	**Wave Mercantile Private Limited**	AAACW7536L
5	**Ninja Healthcare Limited**	AADCN2152N
6	**Gracious Software Limited**	AADCG0392F
7	**Madhuban Constructions Limited**	AAGCM5805N
8	**Saras Developers Private Limited**	AAPCS1606N
9	**Skynet Solutions**	ACZFS4147H

(Noticees no. 1 to 9 are individually known by their respective name or Noticee no. and are collectively referred to as "Noticees")

A. BACKGROUND

1. The Securities and Exchange Board of India (hereinafter referred to as **"SEBI"**) received several complaints with respect to SMSs being circulated advising to buy in the scrip of Funny Software Ltd. ('**Funny**'/'**the Company'**). SEBI vide letter dated Oct 04, 2017 advised Bombay Stock Exchange **('BSE'**) to carry out examination in the scrip of Funny Software Ltd as it is a BSE listed company, pursuant of receipt of certain complaints and the price and volume spurt observed in-the scrip of Funny. Subsequently, BSE carried the examination for the period April 27, 2017 - Sep 28, 2017 and submitted its examination report on Nov 01, 2017 wherein it was inter-alia mentioned that several SMSs were

circulated from Sept 25, 2017 to October 05, 2017 giving buy recommendations for target price of Rs. 40 and citing that "*One big technology company going to acquire Funny in few days*". Preliminary analysis was carried out by SEBI in the scrip of Funny Software for the periods April 01, 2017 to Oct 30, 2017 and Jan 15, 2018 to Jan 31, 2018 and it was supposed that SMSs may have been circulated in 2 sets from Sep 25, 2017- Oct 5, 2017 and Jan 23, 2018-Jan 31, 2018 to enable exit of IPO allotees, preferential allottees and the suspected group of entities. Subsequent to preliminary analysis, the matter was taken up by SEBI for detailed investigation.

2. The scope of investigation was to ascertain any violation of the provisions of SEBI Act 1992 and SEBI (Prohibition Of Fraudulent And Unfair Trade Practices Relating To Securities Market), Regulations 2003 ('**PFUTP Regulations**') by the suspected entities in trading in the scrip of Funny Software during the period April 19, 2017 to February 02, 2018 (hereinafter referred to as "**Investigation period**" or "**IP**"). However, wherever deemed necessary, reference was made to outside this period. Investigation revealed violations of SEBI Act and PFUTP Regulations. Accordingly, SEBI issued Show Cause Notice dated January 31, 2023 ("**the SCN**") to the Noticees. The facts elaborated in the SCN are reproduced in the following paragraphs.

2.1) **Price Volume Analysis:** The IP has been divided into 5 patches on the basis of price rise/fall, abnormal volume in trading and the circulation of SMSs. Details of the 5 patches are as follows:

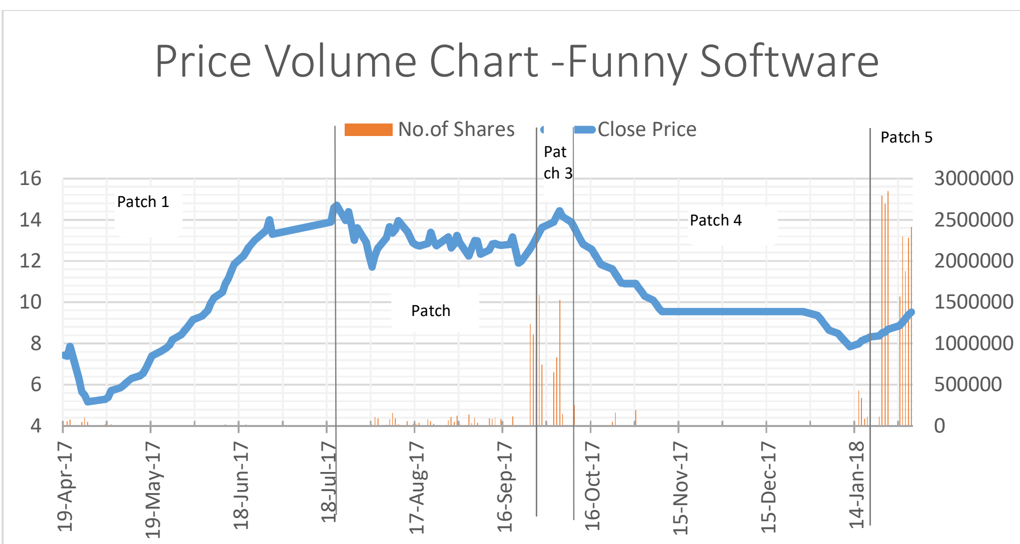
Table - 1

Patch	**Period**	**Open Price**	**Close Price**	**Rise/(Fall) in Price %**	**Avg. daily volume**	**Highest Volume (Date)**	**Lowest Volume (Date)**	**High Price (Vol./ Date)**	**Low Price (Vol./ Date)**	**Remarks**
Patch 1	19.04.2017-21.07.2017	7.44	14.69	97.45%	16875	100000 (26.04.2017)	10000*	14.69 (10000/ 21.07.2017)	4.95 (50000/ 27.04.2017)	Connected entities through trades with entities of the same connected group as counter-parties, have contributed to 55.37% (Rs. 11.55) of the total positive LTP (Rs. 21.56) during Patch 1 and as buyers have contributed to 85.30% (Rs. 18.39) of the total positive LTP during Patch 1

Patch 2	24.07.2017-22.09.2017	13.96	12.01	-13.97%	49577	158986 (09.08.2017)	22 (27.07.2017)	14.5 (934/ 25.07.2017)	11.12 (108549/ 03.08.2017)	The scrip moved from SME category to main Board of BSE on 24.07.2017. During Patch 2, the connected entities through synchronized and matched trades with entities of the same connected group as counter-parties, have contributed to 14.51 % of the market volume of Patch 2
Patch 3	25.09.2017-05.10.2017	12.4	14.44	16.45%	1079481	1586181 (28.09.2017)	651233 (03.10.2017)	14.45 (1530385/ 05.10.2017)	12.4 (1239198/ 25.09.2017)	First set of SMSs was circulated during Patch 3. Certain IPO allottees and connected entities were the major net sellers during Patch 3
Patch 4	06.10.2017-12.01.2018	14.16	7.84	-44.63%	16429	254449 (10.10.2017)	1 (06.11.2017)	14.16 (149000/ 06.10.2017)	7.84 (5051/ 12.01.2018)	The average daily volume fell sharply during Patch 4
Patch 5	15.01.2018-02.02.2018	7.69	9.52	23.80%	1427908	2844179 (25.01.2018)	89943 (17.01.2018)	9.57 (2410352/ 02.02.2018)	7.69 (431657/ 15.01.2018)	Second set of SMSs was circulated during Patch 5. Some IPO allottees, preferential allottees and connected entities were the major net sellers during Patch 5

2.2) The Price-Volume Chart during the IP is as under:

<u>Figure - 1</u>



2.3) **<u>Connected entities</u>** - From the UCC database of Exchanges, off-market details, MCA records and other records available in public domain, the following groups of entities have been considered as connected entities:

<u>Table - 2</u>

<table>
<tr><th>Sl No.</th><th>PAN</th><th>Name</th><th>Basis Of Connection</th></tr>
<tr><td>1</td><td>AAACY5559P</td><td>Yogesh Movers & Packers Private Limited</td><td rowspan="15">1. Entities sl no 1 to sl no 9, sl no 24 and sl no 25 were IPO allottees
2. Yogesh Movers & Packers Private Limited has same address as Ahuja Metalloys Private Limited
3. Yogesh Chand Talwar is director of Yogesh Movers & Packers Private Limited and is also director in Meticulous It Solutions Private Limited & Murlidhar Giridhar Trading Private Limited.
4. Saurav Rastogi is director of Yogesh Movers & Packers Private Limited and is also director in High Speed Distance Movers Private Limited
5. Yogesh Movers & Packers Private Limited had off-market transactions with Onceover Dealtrade Pvt Ltd in the scrip of Funny Software
6. Murlidhar Giridhar Trading Private Limited, Ahuja Metalloys Private Limited, River High Right Share Brokers and Saras Developers have common phone no. 9582036513. Murlidhar Giridhar Trading Private Limited, Trucklink Vinmay Trading Private Limited and River High Right Share Brokers have same address
7. High Speed Distance Movers Private Limited had off-market transactions with Sungar Textiles Private Limited in script of Funny Software
8. Skyhigh Buildtech Private Limited had off-market transactions with Nextel Garments Private Limited in script of Funny Software
9. Ashish Sharma was director in Decent Portfolio Services Private Limited and also director in Ahuja Metalloys Private Limited and Skyhigh Buildtech Private Limited
10. Lunar Builders Pvt Ltd had made off-market transactions with Nextel Garments Private Limited in the script of Funny Software
11. Trucklink Vinmay Trading Private Limited had made off-market transactions with Outstripe Suppliers Private Limited in the script of Funny Software
12. As per UCC updated by trading members, entities Ekaparnik Vintrade Private Limited Vinahast Dealcom Private Limited have common address viz. RNM House 3 B Lalbazar street, Kolkata 700001
13. Sungar Textiles Private Limited has transferred shares in off market to Vinahast Dealcom Private Limited in the scrip Amsons Apparels Ltd on June 19, 201/ & to Ekaparnik Vintrade Private Limited in the scrip Indianivesh Limited on June 15, 2017.
14. As per KYCs, Outstripe Private Limited, Onceover Dealtrade Pvt Ltd, Goldensight Vinimay Pvt Ltd,</td></tr>
<tr><td>2</td><td>AACCH9543C</td><td>High Speed Distance Movers Private Limited</td></tr>
<tr><td>3</td><td>AAICA0771D</td><td>Ahuja Metalloys Private Limited</td></tr>
<tr><td>4</td><td>AAICM3230H</td><td>Murlidhar Giridhar Trading Private Limited</td></tr>
<tr><td>5</td><td>AAPCS4815D</td><td>Skyhigh Buildtech Private Limited</td></tr>
<tr><td>6</td><td>AAECD6843R</td><td>Decent Portfolio Services Private Limited</td></tr>
<tr><td>7</td><td>AABCL3306N</td><td>Lunar Builders Pvt Ltd</td></tr>
<tr><td>8</td><td>AAGCR2643P</td><td>River High Right Share Brokers Pvt Ltd</td></tr>
<tr><td>9</td><td>AAECT4670L</td><td>Trucklink Vinmay Trading Private Limited</td></tr>
<tr><td>10</td><td>AADCE6828J</td><td>Ekaparnik Vintrade Private Limited</td></tr>
<tr><td>11</td><td>AAECV8139N</td><td>Vinahast Dealcom Private Limited</td></tr>
<tr><td>12</td><td>AAICM9850H</td><td>Meticulous It Solutions Private Limited</td></tr>
<tr><td>13</td><td>AAXCS0786K</td><td>Sungar Textiles Private Limited</td></tr>
<tr><td>14</td><td>AACCO0067C</td><td>Outstripe Suppliers Private Limited</td></tr>
<tr><td>15</td><td>AAECN7441H</td><td>Nextel Garments Private Limited</td></tr>
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<table>
<tr><td>16</td><td>AAFCG6292A</td><td>Goldensight Vinimay Pvt Ltd</td><td rowspan="17">Vinahast Dealcom Private Limited have common address viz. 8/3, Rupchand Roy Street, 1st Floor, Kolkata 700007.
15. Nextel Garments Private Limited has transferred shares in off-market to Vinahast Dealcom Pvt Ltd in scripts of Reliance Communications, Unisys Software & Holding Industries Ltd.
16. As per the bank statement of Outstripe Suppliers Pvt Ltd,Dhanlaxmi builders & developers pvt ltd has transferred money on various occasion to Outstripe Suppliers Pvt Ltd during the period- Aug- Sep 2016
17. Akash Ray is a partner in Skynet Solutions and a director in Dhanlaxmi Builders And Developers Private Limited
18. Samudhita Sales Private Limited received shares in off market from Ekaparnik Vintrade Pvt Ltd & Vinahast Dealcom Pvt Ltd) in the scrip Funny Softawre Ltd
19. Sandarshika Vanijya Pvt Ltd received shares in off market from Nextal Garments Private Ltd in the scrip Funny Software Ltd
20. Darshwana Trading Pvt Ltd had off-market transactions with Artview Vintrade Private Limited in the scrip of Funny Software Ltd
21. Eden Infrasmith Pvt Ltd had one common director – Deepak Agarwal with Ninja Healthcare Ltd. during 2011-14. Tetar Devi is a director in Ninja Healthcare Ltd. and Nespo Digital Lab (shares same address as Eden Infrasmith and has one common director with Eden Infrasmith - Dharmendra)
From the trading pattern of Eden Infrasmith, it’s observed that trading have been carried through meeting of mind with Nextel Garments Private Limited and Meticulous It Solutions Private Limited. (analysis is done later)
22. Saras Developers Private Limited had banking transactions with Meticulous It Solutions Private Limited, Trucklink Vinmay Trading Private Limited and Lunar Builders Pvt Ltd
23. From the trading pattern of Sharda Capital Advisors Pvt Ltd, it’s observed that trading have been carried through meeting of mind with Ekaparnik Vintrade Private Limited and Sungar Textiles Private Limited. (analysis is done later)
24. Mallya Real Estates Private Ltd had off-market transactions with Dhanlaxmi Builders And Developers Private Limited in the scrip of Funny Software
25. DJ Yatayat Private Limited has same email-id as Ninja Healthcare Limited – kisanj096@gmail.com
26. Ninja Healthcare Ltd had a director – Aarti during 2014-18 who was also a director in Mallya Real Estates Private Ltd during 2014-15. Further, Ninja Healthcare Ltd also had a director – Mohd Sair during 2014-18 who was also a director in Moneytech Financial Services Ltd during 2014-18.
27. As per UCC updated by trading members, entities Artview Vintrade Private Limited & Samudhita Sales Private Limited have common address viz. Surendra Mohan Ghosh Sarani 2nd Floor Room No-5D Kolkata 700001</td></tr>
<tr><td>17</td><td>AAFCD6041G</td><td>Dhanlaxmi Builders And Developers Private Limited</td></tr>
<tr><td>18</td><td>ACZFS4147H</td><td>Skynet Solutions</td></tr>
<tr><td>19</td><td>AACCO0086H</td><td>Onceover Dealtrade Pvt Ltd</td></tr>
<tr><td>20</td><td>AAUCS6150L</td><td>Samudhita Sales Private Limited</td></tr>
<tr><td>21</td><td>AAUCS9425J</td><td>Sandarshika Vanijya Pvt Ltd</td></tr>
<tr><td>22</td><td>AAFCD0491A</td><td>Darshwana Trading Pvt Ltd</td></tr>
<tr><td>23</td><td>AACCE7133K</td><td>Eden Infrasmith Pvt Ltd</td></tr>
<tr><td>24</td><td>AAPCS1606N</td><td>Saras Developers Private Limited</td></tr>
<tr><td>25</td><td>AAMCS7224F</td><td>Sharda Capital Advisors Private Limited</td></tr>
<tr><td>26</td><td>AAECD2401R</td><td>DJ Yatayat Private Limited</td></tr>
<tr><td>27</td><td>AADCN2152N</td><td>Ninja Healthcare Limited</td></tr>
<tr><td>28</td><td>AAMCA8828K</td><td>Artview Vintrade Private Limited</td></tr>
<tr><td>29</td><td>AAACW7536L</td><td>Wave Mercantile Private Limited</td></tr>
<tr><td>30</td><td>AAICS4883J</td><td>Mallya Real Estates Private Ltd</td></tr>
<tr><td>31</td><td>AADCG0392F</td><td>Gracious Software Limited</td></tr>
<tr><td>32</td><td>AAGCM5805N</td><td>Madhuban Constructions Limited</td></tr>
</table>

			Artview Vintrade Private Limited had off-market transactions with Darshwana Trading Pvt Ltd, Ekaparnik Vintrade Private Limited and Vinahast Dealcom Private Limited in the scrip of Funny Software 28. Wave Mercantile Private Limited has same phone no.- 9711772370 as Ninja Healthcare Pvt Ltd. 29. Gracious Software Limited has same phone no.- 8376885252 as DJ Yatayat Private Limited 30. Madhuban Constructions Limited and Ninja Healthcare Ltd has one common director- Sanjay Mahli

2.4) Out of 32 connected entities, 20 entities have traded in the scrip of Funny Software through the following trading members during the IP:

<u>Table - 3</u>

Sl No	PAN	Name of Connected entity	Name of TM
1	AAICM9850H	Meticulous It Solutions Private Limited	R.K.Stock Holding Pvt.Ltd.
2	AAXCS0786K	Sungar Textiles Private Limited	The Calcutta Stock Exchange Ltd.
3	AACCO0067C	Outstripe Suppliers Private Limited	The Calcutta Stock Exchange Ltd.
4	AAECN7441H	Nextel Garments Private Limited	Ise Securities & Services Ltd.
5	AAFCG6292A	Goldensight Vinimay Pvt Ltd	The Calcutta Stock Exchange Ltd.
6	AAFCD6041G	Dhanlaxmi Builders And Developers Private Limited	R.K.Stock Holding Pvt.Ltd.
7	ACZFS4147H	Skynet Solutions	Amrapali Aadya Trading & Investments Pvt. Ltd.
8	AACCO0086H	Onceover Dealtrade Pvt Ltd	The Calcutta Stock Exchange Ltd.
9	AAUCS6150L	Samudhita Sales Private Limited	The Calcutta Stock Exchange Ltd. Msb E-Trade Securities Ltd.
10	AAUCS9425J	Sandarshika Vanijya Pvt Ltd	The Calcutta Stock Exchange Ltd.
11	AAFCD0491A	Darshwana Trading Pvt Ltd	The Calcutta Stock Exchange Ltd.
12	AACCE7133K	Eden Infrasmith Pvt Ltd	Integrated Master Securities Pvt.Ltd.
13	AAPCS1606N	Saras Developers Private Limited	Integrated Master Securities Pvt.Ltd.
14	AAMCS7224F	Sharda Capital Advisors Private Limited	Master Capital Services Ltd.
15	AAECD2401R	DJ Yatayat Private Limited	Abhipra Capital Ltd.
16	AADCN2152N	Ninja Healthcare Limited	Abhipra Capital Ltd.
17	AAMCA8828K	Artview Vintrade Private Limited	Msb E-Trade Securities Ltd.
18	AAACW7536L	Wave Mercantile Private Limited	Abhipra Capital Ltd.
19	AADCG0392F	Gracious Software Limited	Integrated Master Securities Pvt.Ltd.
20	AAGCM5805N	Madhuban Constructions Limited	Integrated Master Securities Pvt.Ltd.

2.5) **IPO and Preferential Allotment**: Funny Software had made IPO allotment of 3310000 shares at an issue price of Rs. 14 per share to 98 entities on May 29, 2015. 2 connected IPO allottees- Sharda Capital Advisors Private Limited and Saras Developers Private Limited were among the major net sellers in the scrip of Funny Software during the IP. Further, Funny Software had made preferential allotment to non-promoter entities at Rs. 10 per share during July 2016 which was under lock-in till Oct 23, 2017. Details of same are as under:

Table – 4

S. No	Name	Date of Allotment	No. of Shares Allotted
1	Ninja Healthcare Limited	12.07.2016	900000
2	Mallya Real Estates Private Limited	13.07.2016	800000
3	Triveni Motors (Hmsi Dealership) Private Limited	15.07.2016	700000
4	Dj Yatayat Private Limited	16.07.2016	1000000
5	Rajkumari Marketing Services Private Limited	19.07.2016	700000
6	Wave Mercantile Private Limited	19.07.2016	700000
7	Hsk Real Estate Private Limited	20.07.2016	900000
8	Bnp Hospitalities Private Limited	21.07.2016	1000000
9	Argon Marketing Private Limited	22.07.2016	1000000

2.6) The preferential allottees Ninja Healthcare Limited, DJ Yatayat Private Limited and Wave Mercantile Private Limited were among the major net sellers in the scrip of Funny Software during the IP.

2.7) **Major shareholders who exited in the scrip during the IP :** Eden Inframith Pvt. Ltd. and Lax Resource Management Pvt. Ltd., non-promoter entities, were the major shareholders who net sold shares of Funny Software during the IP. Eden Inframith Pvt. Ltd. and Lax Resource Management Pvt. Ltd. were allotted shares were issued shares before the IPO of Funny Software. The details of the same are as under:

Table - 5

Date of Allotment	Number of Equity Shares	Name of the Allottees	Issue Price (in Rs.)
25/10/2013	1500000	Eden Inframith Pvt. Ltd.	10
02/09/2014	1500000	Eden Inframith Pvt. Ltd.	10
02/09/2014	2833000	Lax Resource Management Pvt. Ltd	10

2.8) From the email dated 29.03.2022 of RTA – Skyline RTA, it's observed that Lax Resource Management Pvt Ltd transferred its entire shareholding of 28.33 lac physical shares of Funny Software to connected entiites- Sandarshika Vanijya Pvt Ltd, Artview Vintrade Pvt Ltd, Samudhita Sales Pvt Ltd, Onceover Dealtrade Pvt Ltd and Goldensight Vinimay Pvt Ltd on 29.09.2017 at a consideration of Rs. 13.37 per share. Details of same are as follows:

Table – 6

Transfer Date	Transferror Name	Transferee Name	Shares Transferred	Consideratin Amount (Rs.)
29/09/2017	Lax Resource Management Pvt Ltd	Sandarshika Vanijya Pvt Ltd	500000	6685000
29/09/2017	Lax Resource Management Pvt Ltd	Artview Vintrade Pvt Ltd	500000	6685000
29/09/2017	Lax Resource Management Pvt Ltd	Samudhita Sales Pvt Ltd	400000	5348000
29/09/2017	Lax Resource Management Pvt Ltd	Onceover Dealtrade Pvt Ltd	500000	6685000
29/09/2017	Lax Resource Management Pvt Ltd	Onceover Dealtrade Pvt Ltd	433000	5789210
29/09/2017	Lax Resource Management Pvt Ltd	Goldensight Vinimay Pvt Ltd	500000	6685000
		Total	**2833000**	**37877210**

Patch 1 - 19.04.2017 till 21.07.2017

2.9) The scrip was listed on BSE SME Segment during Patch 1 and the minimum lot size for each trade during Patch 1 was 10000 shares. The price of the scrip opened at price of Rs.7.44 on 19/04/2017, reached a low of Rs.4.95 on 27/04/2017, reached a high of Rs.14.69 on 21/07/2017 and closed at Rs.14.69 on 21/07/2017 during Patch 1.

2.10) Trading by Connected Entities : 13 of 32 group entities traded during the Patch 1. 11 connected entities traded as buyer and 11 connected entities traded as sellers during Patch 1. Details of their trading is given below :

Table – 7

Clientname	Buy Traded Qty	%Buytq	Sell Traded Qty	%Selltq
Dhanlaxmi Builders And Developers Private Limited	180000	22.22%	130000	16.05%
Skynet Solutions	120000	14.81%	120000	14.81%
Vinahast Dealcom Private Limited	80000	9.88%	50000	6.17%
Meticulous It Solutions Private Limited	50000	6.17%	30000	3.70%

Clientname	Buy Traded Qty	%Buytq	Sell Traded Qty	%Selltq
Ekaparnik Vintrade Private Limited	50000	6.17%	20000	2.47%
Darshwana Trading Pvt Ltd	40000	4.94%	30000	3.70%
Sungar Textiles Private Limited	30000	3.70%	10000	1.23%
Outstripe Suppliers Private Limited	20000	2.47%	10000	1.23%
Sandarshika Vanijya Pvt Ltd	10000	1.23%	10000	1.23%
Goldensight Vinimay Pvt Ltd	10000	1.23%	0	0.00%
Nextel Garments Private Limited	10000	1.23%	0	0.00%
Onceover Dealtrade Pvt Ltd	0	0.00%	20000	2.47%
Samudhita Sales Private Limited	0	0.00%	10000	1.23%
Total	**600000**	**74.07%**	**440000**	**54.32%**
Market total	**810000**	**100.00%**	**810000**	**100.00%**

2.11) Connected entities contributed 74.07% to buy volume and 54.32% to sell volume and contributed 53.09% to market volume through trades among group during Patch 1.

2.12) Connected entities synchronized trades : Details of synchronized trades among connected entities during Patch 1 are given below:

Table – 8

Clientname	Gross Buy	Gross Sell	Gross Total	Total Traded Qty Among Suspected Entities	Synchronized Traded Qty Among Suspected Entities	Sync Trades As % Of Total Traded Qty Among The Suspected Entities	Sync Trades As % Of Total Market Volume	Sum Of Ltp Of Sync Trades
Ekaparnik Vintrade Private Limited	50000	20000	70000	50000	20000	4.65%	2.47%	0.35
Vinahast Dealcom Private Limited	80000	50000	130000	40000	0	0.00%	0.00%	0.00
Meticulous It Solutions Private Limited	50000	30000	80000	50000	0	0.00%	0.00%	0.00
Sungar Textiles Private Limited	30000	10000	40000	30000	10000	2.33%	1.23%	0.13
Outstripe Suppliers Private Limited	20000	10000	30000	20000	10000	2.33%	1.23%	0.11
Nextel Garments Private Limited	10000	0	10000	10000	0	0.00%	0.00%	0.00
Goldensight Vinimay Pvt Ltd	10000	0	10000	0	0	0.00%	0.00%	0.00
Dhanlaxmi Builders And Developers Private Limited	180000	130000	310000	90000	30000	6.98%	3.70%	1.83
Skynet Solutions	120000	120000	240000	120000	30000	6.98%	3.70%	-0.60
Onceover Dealtrade Pvt Ltd	0	20000	20000	0	0	0.00%	0.00%	0.00
Samudhita Sales Private Limited	0	10000	10000	0	0	0.00%	0.00%	0.00
Sandarshika Vanijya Pvt Ltd	10000	10000	20000	0	0	0.00%	0.00%	0.00
Darshwana Trading Pvt Ltd	40000	30000	70000	20000	0	0.00%	0.00%	0.00
Total	**600000**	**440000**	**1040000**	**430000**	**100000**	**23.26%**	**12.35%**	**1.82**

2.13) Connected entities through 9 synchronized trades among themselves, contributed 12.35% to market volume and Rs.1.82 to net LTP. Details of entity wise synchronized trades during Patch 1 are given below :

Table - 9

Buyer Name	Seller Name	Synchro-nized Quantity	Sum Of Ltp Diff	Number Of Days	Number Of Trades	%Market volume
Outstripe Suppliers Private Limited	Meticulous It Solutions Private Limited	10000	0.11	1	1	1.23%
Ekaparnik Vintrade Private Limited	Dhanlaxmi Builders And Developers Private Limited	20000	0.35	2	2	2.47%
Dhanlaxmi Builders And Developers Private Limited	Onceover Dealtrade Pvt Ltd	10000	0.28	1	1	1.23%
Dhanlaxmi Builders And Developers Private Limited	Vinahast Dealcom Private Limited	10000	1.43	1	1	1.23%
Dhanlaxmi Builders And Developers Private Limited	Skynet Solutions	10000	0.12	1	1	1.23%
Sungar Textiles Private Limited	Dhanlaxmi Builders And Developers Private Limited	10000	0.13	1	1	1.23%
Skynet Solutions	Vinahast Dealcom Private Limited	20000	-1.10	1	1	2.47%
Skynet Solutions	Dhanlaxmi Builders And Developers Private Limited	10000	0.50	1	1	1.23%
		100000	**1.82**	**9**	**9**	**12.35%**

2.14) Connected entities matched trades : The connected entities have traded amongst themselves through matched trades i.e. Trades with same Buy and sell order rates and order quantities but with order time difference of 1 min to 10 min, etc during Patch 1. For instance, Dhanlaxmi Builders and Developers Private Limited, as buyer, had executed the matched trades with connected entities during Patch 1 details of are provided as Annexure 2 to the SCN. Thus, in addition to the synchronized trades, Dhanlaxmi Builders and Developers Private Limited, as buyer, through matched trades with its connected counter-parties created artificial/ non-genuine volume of 50000 shares (i.e. 6.15% of the market volume of Patch 1) during Patch 1.

2.15) Similar matched trades were observed within the connected entities which resulted in creation of artificial/ non-genuine volume during Patch 1. Details of entity wise synchronized and matched trades during Patch 1 are provided as Annexure 3 to the SCN. Connected entities through 9 synchronized trades among themselves, contributed 12.35% (10000 shares) to market volume and through 31 matched trades among themselves contributed

38.20% (310000 shares) to market volume during Patch 1. Thus, the connected entities Ekaparnik Vintrade Private Limited, Vinahast Dealcom Private Limited, Meticulous It Solutions Private Limited, Sungar Textiles Private Limited, Outstripe Suppliers Private Limited, Nextel Garments Private Limited, Dhanlaxmi Builders and Developers Private Limited, Skynet Solutions, Darshwana Trading Pvt Ltd, Sandarshika Vanijya Pvt Ltd, Samudhita Sales Private Limited and Onceover Dealtrade Pvt Ltd through synchronized and matched trades created artificial/ non-genuine volume of 410000 shares during Patch 1, which represented 50.52% of the market volume during Patch 1.

2.16) Connected entities LTP contribution as Buyers : Details of LTP contribution by connected entities during Patch 1 is given below:

Table - 10

		All trades			**Positive LTP trades**			**Negative LTP trades**			**Zero LTP trades**		
Sl No.	**Client Name**	**Ltp Rate**	**Traded Qty**	**No. Of Trades**	**Ltp Rate**	**Traded Qty**	**No. Of Trades**	**Ltp Rate**	**Traded Qty**	**No. Of Trades**	**Traded Qty**	**No. Of Trades**	**%Ltp**
1	Dhanlaxmi Builders And Developers Private Limited	7.51	180000	15	7.51	130000	13	0.00	0	0	50000	2	34.83%
2	Darshwana Trading Pvt Ltd	2.18	40000	4	2.18	40000	4	0.00	0	0	0	0	10.11%
3	Vinahast Dealcom Private Limited	1.68	80000	8	2.30	60000	6	-0.62	10000	1	10000	1	10.67%
4	Ekaparnik Vintrade Private Limited	0.78	50000	5	0.78	50000	5	0.00	0	0	0	0	3.62%
5	Meticulous It Solutions Private Limited	0.71	50000	5	0.81	40000	4	-0.10	10000	1	0	0	3.76%
6	Sungar Textiles Private Limited	0.63	30000	3	0.63	30000	3	0.00	0	0	0	0	2.92%
7	Sandarshika Vanijya Pvt Ltd	0.56	10000	1	0.56	10000	1	0.00	0	0	0	0	2.60%
8	Goldensight Vinimay Pvt Ltd	0.44	10000	1	0.44	10000	1	0.00	0	0	0	0	2.04%
9	Nextel Garments Private Limited	0.25	10000	1	0.25	10000	1	0.00	0	0	0	0	1.16%
10	Outstripe Suppliers Private Limited	0.22	20000	2	0.22	20000	2	0.00	0	0	0	0	1.02%
11	Skynet Solutions	-0.25	120000	11	2.71	90000	9	-2.96	30000	2	0	0	12.57%
	Total	**14.71**	**600000**	**56**	**18.39**	**490000**	**49**	**-3.68**	**50000**	**4**	**60000**	**3**	**85.30%**
	Market total	**5.39**	**810000**	**77**	**21.56**	**520000**	**52**	**-16.17**	**210000**	**20**	**80000**	**5**	**100.00%**

2.17) Connected entities contributed Rs.14.71 to net LTP and Rs.18.39 to positive LTP in 49 positive LTP trades. Counterparties to their positive LTP trades were analyzed, it was observed that in their 39 positive LTP trades, the counterparties were group entities and through trades among themselves they contributed Rs. 11.55 i.e. 53.57% to market positive LTP of Rs 21.56. The following were observed from the buy trades between the connected entities which resulted in positive LTP contribution:-

a) Dhanlaxmi Builders and Developers Private Limited and Skynet Solutions were the major buyers with each as buyer bought 90000 shares through 9 trades from the connected entities as sellers. Dhanlaxmi Builders and Developers Private Limited and Skynet Solutions through trades amongst connected entities contributed Rs. 4.32 i.e. 20.04% and Rs. 2.71 i.e. 12.57% to the total market positive LTP.
b) Of the 39 trades between the connected entities which resulted in positive LTP contribution, 8 trades were through synchronized trades and remaining 31 trades were through matched trades.
c) In 30 trades among the connected entities which resulted in positive LTP, the buy order was placed before the sell order and in 9 trades, the sell order was placed first. The 30 such trades resulted in positive LTP contribution of Rs. 6.33 i.e. 29.36% to market positive LTP of Rs 21.56 and the remaining 9 trades resulted in positive LTP contribution of Rs. 5.22 i.e. 24.21% to market positive LTP.
d) During this period, price of the scrip moved from open price of Rs.7.44 to a high price of Rs.14.69 and Rs.7.25 new high Price (NHP) was created. Details of NHP contributed by connected entities are given below:

Table - 11

Sl No.	Clientname	Quantity	Number Of Trades	Contribution To Market Nhp	% Of Market Nhp	Contribution Among Group	Contribution To Nhp In Buy Order First Trades With Non Group Entities
1	Skynet Solutions	70000	7	2.22	30.62%	2.22	0
2	Dhanlaxmi Builders And Developers Private Limited	40000	4	1.24	17.10%	0.90	0
3	Vinahast Dealcom Private Limited	30000	3	1.03	14.21%	1.03	0
4	Darshwana Trading Pvt Ltd	20000	2	0.54	7.45%	0.54	0
5	Ekaparnik Vintrade Private Limited	30000	3	0.53	7.31%	0.53	0
6	Sungar Textiles Private Limited	20000	2	0.44	6.07%	0.44	0
7	Meticulous It Solutions Private Limited	10000	1	0.28	3.86%	0.28	0
8	Nextel Garments Private Limited	10000	1	0.25	3.45%	0.25	0
9	Outstripe Suppliers Private Limited	10000	1	0.11	1.52%	0.11	0
	Total	**240000**	**24**	**6.64**	**91.59%**	**6.30**	**0.00**
	Market total	**260000**	**26**	**7.25**	**100.00%**	**6.30**	**0.00**

2.18) The group contributed Rs.6.64 to market NHP. This was 91.59% of market NHP. In trades with the group, group contributed Rs.6.30 to market NHP. In none of the trades contributing to NHP, they placed buy order first.

2.19) Thus, the connected entities - Dhanlaxmi Builders and Developers Private Limited, Darshwana Trading Pvt Ltd, Vinahast Dealcom Private Limited, Ekaparnik Vintrade Private Limited, Meticulous It Solutions Private Limited, Sungar Textiles Private Limited, Sandarshika Vanijya Pvt Ltd, Goldensight Vinimay Pvt Ltd, Nextel Garments Private Limited, Outstripe Suppliers Private Limited & Skynet Solutions had traded amongst themselves through synchronized and matched trades, contributed Rs. 11.55 i.e. 53.57% to market positive LTP of Rs 21.56. Further, through trades with non-group entities, they have contributed Rs. 6.84 i.e. 31.73% to the market positive LTP. Thus, in total, they have contributed to 85.30% of the total positive LTP during Patch 1.

Patch 2 - 24.07.2017 till 22.09.2017

2.20) Funny Software moved from BSE SME segment to Main Board on 24.07.2017. The price of the scrip opened at price of Rs.13.96 on 24/07/2017, reached a high of Rs.14.5 on 25/07/2017, reached a low of Rs.11.12 on 03/08/2017 and closed at Rs.12.01 on 22/09/2017 during Patch 2.

2.21) Trading by Connected Entities : 11 of 32 group entities traded during Patch 2. 9 connected entities traded as buyer and 11 suspect entities traded as sellers during Patch 2. Connected entities contributed 15.88% to buy volume and 23.57% to sell volume and contributed 14.51% to market volume through trades among group during Patch 2.

2.22) Connected entities synchronized trades : Details of synchronized trades among connected entities during Patch 2 are given below:

Table - 12

Sl No.	Client name	Gross Buy	Gross Sell	Gross Total	Total Traded Qty Among Connected Entities	Synchr-onized Traded Qty Among Connected Entities	Sync Trades As % Of Total Traded Qty Among The Connected Entities	Sync Trades As % Of Total Market Volume	Sum Of Ltp Of Sync Trades
1	Ekaparnik Vintrade Private Limited	0	49500	49500	0	0	0.00%	0.00%	0.00
2	Vinahast Dealcom Private Limited	60500	94000	154500	60500	20000	6.47%	0.94%	-0.20
3	Meticulous It Solutions Private Limited	41352	55000	96352	31350	0	0.00%	0.00%	0.00
4	Sungar Textiles Private Limited	4500	25000	29500	4500	0	0.00%	0.00%	0.00
5	Outstripe Suppliers Private Limited	5000	15000	20000	5000	0	0.00%	0.00%	0.00
6	Nextel Garments Private Limited	0	12000	12000	0	0	0.00%	0.00%	0.00
7	Goldensight Vinimay Private Limited	550	10000	10550	550	0	0.00%	0.00%	0.00
8	Dhanlaxmi Builders And Developers Private Limited	174573	145000	319573	162600	0	0.00%	0.00%	0.00
9	Skynet Solutions	25002	40000	65002	20000	0	0.00%	0.00%	0.00
10	Onceover Dealtrade Pvt Ltd	5000	4500	9500	4800	0	0.00%	0.00%	0.00
11	Darshwana Trading Pvt Ltd	22100	52504	74604	20000	9000	2.91%	0.42%	0.02
	Total (Market Vol Patch 2: 2131799)	**338577**	**502504**	**841081**	**309300**	**29000**	**9.38%**	**1.36%**	**-0.18**

2.23) Connected entities through 2 synchronized trades among themselves, contributed 1.36% to market volume and Rs.-0.18 to net LTP during Patch 2. Details of entity wise synchronized trades are given below:

Table - 13

Buyer Pan	Buyer Name	Seller Pan	Seller Name	Synchronized Quantity	Sum Of Ltp Diff	Number Of Days	Number Of Trades	%Market volume
AAECV8139N	Vinahast Dealcom Private Limited	AAFCD6041G	Dhanlaxmi Builders And Developers Private Limited	20000	-0.20	1	1	0.94%
AAFCD0491A	Darshwana Trading Pvt Ltd	ACZFS4147H	Skynet Solutions	9000	0.02	1	1	0.42%
Total (Market Vol Patch 2: 2131799)				**29000**	**-0.18**	**2**	**2**	**1.36%**

2.24) <u>Connected entities matched trades</u> : The connected entities have traded amongst themselves through matched trades i.e. (a) Trades with same Buy and sell order rates and buy/ sell quantities split into 2 or more orders to match with a single sell/ buy order with order time difference of 1 min to 10 min; (b) Trades with same Buy and sell order rates and buy/ sell quantities split into 2 or more orders by different connected entities to match with a single sell/ buy order of one connected entity with order time difference of 1 min to 10 min. For instance, Dhanlaxmi Builders and Developers Private Limited, as buyer and as seller, had executed the matched trades with connected entities, details of which are provided as Annexure 4 to the SCN. From the aforesaid annexure, it's observed that Dhanlaxmi Builders and Developers Private Limited had sold 40000 shares (i.e. 1.88% of Market volume during Pach 2 and 27.59% of its total sale - 145000 during Patch 2) and bought 162000 shares (i.e. 7.60% of Market volume during Pach 2 and 92.80% of its total buy- 174573 during Patch 2) through matched trades during Patch 2. Thus, Dhanlaxmi Builders and Developers Private Limited through matched trades with connected counter-parties had created artificial/ fictitious volume of 202000 shares which represented 9.48% of the market volume of Funny Software during Patch 2.

2.25) Similar matched trades were observed within the connected entities which resulted in creation of artificial/ non-genuine volume during Patch 2. Details of entity wise synchronized and matched trades during Patch 2 are as under:

Table - 14

Sl No	CLIENT NAME	CP_CLIENTNAME	Total traded volume	Trade volume through synchronized trades	Sync vol % of market volume in Patch 2	Trade volume through matched trades	Matched vol % of market volume in Patch 2
1	Vinahast Dealcom Private Limited	Dhanlaxmi Builders and Developers Private Limited	25500	20000	0.94%	5500	0.26%
		Skynet Solutions	15000	-	0.00%	15000	0.70%
		Meticulous It Solutions Private Limited	20000	-	0.00%	20000	0.94%
2	Meticulous It Solutions Private Limited	Ekaparnik Vintrade Private Limited	900	-	0.00%	900	0.04%
		Sungar Textiles Private Limited	10000	-	0.00%	10000	0.47%
		Vinahast Dealcom Private Limited	10000	-	0.00%	10000	0.47%
		Outstripe Suppliers Private Limited	5000	-	0.00%	5000	0.23%
		Goldensight Vinimay Private Limited	5000	-	0.00%	5000	0.23%
		Nextel Garments Private Limited	450	-	0.00%	450	0.02%

Sl No	CLIENT NAME	CP_CLIENTNAME	Total traded volume	Trade volume through synchronized trades	Sync vol % of market volume in Patch 2	Trade volume through matched trades	Matched vol % of market volume in Patch 2
3	Sungar Textiles Private Limited	Dhanlaxmi Builders and Developers Private Limited	4500	-	0.00%	4500	0.21%
4	Outstripe Suppliers Private Limited	Skynet Solutions	5000	-	0.00%	5000	0.23%
5	Goldensigh t Vinimay Private Limited	Nextel Garments Private Limited	550	-	0.00%	550	0.03%
6	Dhanlaxmi Builders And Developers Private Limited	Ekaparnik Vintrade Private Limited	28600	-	0.00%	28600	1.34%
		Vinahast Dealcom Private Limited	84000	-	0.00%	84000	3.94%
		Sungar Textiles Private Limited	10000	-	0.00%	10000	0.47%
		Nextel Garments Private Limited	11000	-	0.00%	11000	0.52%
		Darshwana Trading Pvt Ltd	24500	-	0.00%	24500	1.15%
		Onceover Dealtrade Pvt Ltd	4500	-	0.00%	4500	0.21%
9	Skynet Solutions	Dhanlaxmi Builders and Developers Private Limited	20000	-	0.00%	20000	0.94%
10	Onceover Dealtrade Pvt Ltd	Skynet Solutions	4800	-	0.00%	4800	0.23%
11	Darshwana Trading Pvt Ltd	Dhanlaxmi Builders and Developers Private Limited	10000	-	0.00%	10000	0.47%
		Skynet Solutions	10000	10000	0.47%	-	0.00%
	Total (Market Vol Patch 2: 2131799)		**309300**	**30000**	**1.41%**	**279300**	**13.10%**

2.26) Connected entities through 2 synchronized trades among themselves, contributed 30000 shares to volume (1.41% of market volume) and through 48 matched trades among themselves contributed 279300 shares to volume (13.10% of market volume) during Patch 2. Thus, the connected entities Ekaparnik Vintrade Private Limited, Vinahast Dealcom Private Limited, Meticulous It Solutions Private Limited, Sungar Textiles Private Limited, Outstripe Suppliers Private Limited, Goldensight Vinimay Private Limited, Nextel Garments Private Limited, Dhanlaxmi Builders and Developers Private Limited, Skynet Solutions, Darshwana Trading Pvt Ltd and Onceover Dealtrade Pvt Ltd through synchronized and matched trades created artificial/ non-genuine volume of 309300 shares during Patch 2, which represented 14.51% of the market volume during Patch 2.

Patch 4 - 06.10.2017 till 12.01.2018

2.27) Price of the scrip opened at price of Rs.14.16 on 06/10/2017, reached a high of Rs.14.16 on 06/10/2017, reached a low of Rs.7.84 on 12/01/2018 and closed at Rs.7.84 on 12/01/2018 during Patch 4.

2.28) Trading by Connected Entities :- 17 of 32 group entities traded during Patch 4. 15 connected entities traded as buyer and 2 connected entities traded as sellers during Patch 4. Details of their trading is given below:

Table - 15

Sl No.	Clientname	Buy Traded Qty	%Buytq	Sell Traded Qty	%Selltq
1	Skynet Solutions	250621	29.34%	0	0.00%
2	Dhanlaxmi Builders And Developers Private Limited	220656	25.83%	0	0.00%
3	Darshwana Trading Pvt Ltd	35000	4.10%	0	0.00%
4	Sungar Textiles Private Limited	18000	2.11%	0	0.00%
5	Goldensight Vinimay Pvt Ltd	17000	1.99%	0	0.00%
6	Wave Mercantile Private Limited	5900	0.69%	0	0.00%
7	Ninja Healthcare Limited	3100	0.36%	0	0.00%
8	Samudhita Sales Pvt Ltd	3000	0.35%	0	0.00%
9	Sandarshika Vanijya Pvt Ltd	2000	0.23%	0	0.00%
10	Saras Developers Private Limited	2000	0.23%	0	0.00%
11	Dj Yatayat Private Limited	1400	0.16%	0	0.00%
12	Ekaparnik Vintrade Private Limited	10	0.00%	0	0.00%
13	Outstripe Suppliers Private Limited	10	0.00%	0	0.00%
14	Eden Infrasmith Pvt Ltd	0	0.00%	611293	71.55%
15	Meticulous It Solutions Private Limited	0	0.00%	196752	23.03%
16	Gracious Software Limited	25000	2.92%	0	0.00%
17	Madhuban Constructions Limited	25000	2.92%	0	0.00%
	Total	**608697**	**71.25%**	**808045**	**94.58%**
	Market total	**854308**	**100.00%**	**854308**	**100.00%**

2.29) Connected entities contributed 65.40% to buy volume and 94.58% to sell volume and contributed 65.03% to market volume through trades among group.

2.30) Suspect entities matched trades : The net sellers during Patch 4 – Eden Infrasmith Pvt Ltd & Meticulous It Solutions Private Limited are connected entities and they together contributed to 94.58% of the market sell volume during Patch 4. Hence, their trades are analysed to identify counter-parties concentration and matched trades amongst connected entities:

2.31) Eden Infrasmith Pvt Ltd :- Eden Infrasmith Pvt Ltd had placed only sell orders on dates – 06.10.2017, 10.10.2017, 23.10.2017 and 24.10.2017. It placed single sell order of 300000 shares on each of the given dates. The major counter-parties to such trades are as follows:

Table - 16

Trade Date	Total sell qty. by Eden	Day volume	Sell qty of Eden to market daily vol (%)	Major Counter-party Buyer Name to Eden	Trade Vol	Percent of sell qty. to Eden total sell	Percent wherein connected entities are buyers to Sell by Eden
				Dhanlaxmi Builders And Developers Private Limited	98000	65.77%	65.77%
				Skynet Solutions	35000	23.49%	23.49%
06.10.2017	149000	149000	100%		133000	89.26%	89.26%
				Arcadia Share Stock Brokers Pvt. Ltd	100000	39.77%	-
				Dhanlaxmi Builders And Developers Private Limited	58956	23.45%	23.45%
				Skynet Solutions	78100	31.06%	31.06%
				Wave Mercantile Private Limited	1000	0.40%	0.40%
10.10.2017	251449	254449	98.82%		238056	94.68%	54.91%
				Dhanlaxmi Builders And Developers Private Limited	27500	54.73%	54.73%
				Ninja Healthcare Limited	3100	6.17%	6.17%
				Samudhita Sales Pvt Ltd	3000	5.97%	5.97%
				Sandarshika Vanijya Pvt Ltd	2000	3.98%	3.98%
				Skynet Solutions	5500	10.95%	10.95%
				Sungar Textiles Private Limited	5000	9.95%	9.95%
				Wave Mercantile Private Limited	3800	7.56%	7.56%
23.10.2017	50250	50250	100%		49900	99.31%	99.31%
				Arcadia Share Stock Brokers Pvt. Ltd	30000	18.68%	-
				Darshwana Trading Pvt Ltd	5000	3.11%	3.11%
				Dhanlaxmi Builders And Developers Private Limited	34990	21.79%	21.79%
				Goldensight Vinimay Pvt Ltd	7000	4.36%	4.36%
				Monotype India Limited	40000	24.91%	-
				Outstripe Suppliers Private Limited	10	0.01%	0.01%
				Skynet Solutions	30000	18.68%	18.68%
				Sungar Textiles Private Limited	13000	8.09%	8.09%
24.10.2017	160594	161594	99.38%		160000	99.63%	56.04%
Total	611293	615293	99.35%		580956	94.42%	67.23%

2.32) The connected entities as counter-parties facilitated Eden Infrasmith Pvt Ltd. to exit in 410956 shares i.e. 67.23% of total sell by Eden Infrasmith Pvt Ltd. during Patch 4. Other major counter-parties are - Arcadia Share Stock Brokers Pvt. Ltd and Monotype India Limited. However, no connection/ relation between Arcadia Share Stock Brokers Pvt. Ltd and Monotype India Limited could be established with the connected group.

2.33) <u>Meticulous It Solutions Private Limited :</u> Meticulous It Solutions Private Limited had placed only sell order on date – 31.10.2017. It placed single sell order of 220000 shares on each of the given date. The major counter-parties to such trades are as follows:

Table - 17

Trade Date	Total sell qty. by Meticulous	Day volume	Sell qty of Meticulous to market daily vol (%)	Major Counter-party Buyer Name to Meticulous	Trade Vol	Percent of sell qty. to Meticulous total sell	Percent wherein connected entities are buyers to Sell by Meticulous
				Darshwana Trading Pvt Ltd	30000	15.25%	15.25%
				Goldensight Vinimay Pvt Ltd	10000	5.08%	5.08%
				Gracious Software Limited	25000	12.71%	12.71%
				Madhuban Constructions Limited	25000	12.71%	12.71%
				Saras Developers Private Limited	2000	1.02%	1.02%
31.10.2017	196752	196872	99.94%	Skynet Solutions	100100	50.88%	50.88%
Total					**192100**	**97.65%**	**97.65%**

2.34) The connected entities as counter-parties facilitated Meticulous It Solutions Private Limited to exit in 192100 shares i.e. 97.65% of total sell by Meticulous It Solutions Private Limited during Patch 4.

2.35) The modus operandi used by Eden Infrasmith Pvt Ltd & Meticulous It Solutions Private Limited with the help of connected entities Dhanlaxmi Builders and Developers Private Limited, Skynet Solutions, Wave Mercantile Private Limited, Ninja Healthcare Limited, Samudhita Sales Pvt

Ltd, Sandarshika Vanijya Pvt Ltd, Sungar Textiles Private Limited, Darshwana Trading Pvt Ltd, Goldensight Vinimay Pvt Ltd, Outstripe Suppliers Private Limited, Gracious Software Limited, Madhuban Constructions Limited and Saras Developers Private Limited as counter-parties to exit in the shares of Funny Software was to place high volume sell order in the beginning of the trading day and the said connected entities were to place buy orders through out the trading day.

2.35) Further, from the order log, it's observed that the connected entities had placed buy orders mainly on the days i.e. Oct 6,10,23,24 and 31, 2017 when sell orders were placed by Eden Infrasmith Pvt Ltd & Meticulous It Solutions Private Limited. The buy orders placed by the connected entities during Patch 4 (obtained from order log with AUD code- order Addition and order Updation) are as under:

Table - 18

Sl No.	CLIENTNAME	ORDER_DATE	QTY
1	Darshwana Trading Pvt Ltd	24-10-2017	5000
		31-10-2017	30000
2	Dhanlaxmi Builders And Developers Private Limited	06-10-2017	98000
		10-10-2017	60056
		23-10-2017	27500
		24-10-2017	35000
		27-10-2017	100
3	Dj Yatayat Private Limited	06-10-2017	1400
4	Ekaparnik Vintrade Private Limited	12-10-2017	10
5	Goldensight Vinimay Pvt Ltd	24-10-2017	7000
		31-10-2017	10000
6	Gracious Software Limited	31-10-2017	25000
7	Ninja Healthcare Limited	23-10-2017	3100
8	Outstripe Suppliers Private Limited	24-10-2017	10
9	Skynet Solutions	06-10-2017	35000
		10-10-2017	80000
		23-10-2017	5500
		24-10-2017	30000
		25-10-2017	10
		26-10-2017	10
		27-10-2017	1
		31-10-2017	100100
10	Sungar Textiles Private Limited	23-10-2017	5000
		24-10-2017	13000
11	Wave Mercantile Private Limited	06-10-2017	1100
		10-10-2017	1000
		23-10-2017	3800
12	Samudhita Sales Pvt Ltd	23-10-2017	3000
13	Sandarshika Vanijya Pvt Ltd	23-10-2017	2000
14	Saras Developers Private Limited	31-10-2017	2000

2.37) The above table showcases that the connected entities i.e. Dhanlaxmi Builders And Developers Private Limited, Skynet Solutions, Wave

Mercantile Private Limited, Ninja Healthcare Limited, Samudhita Sales Pvt Ltd, Sandarshika Vanijya Pvt Ltd, Sungar Textiles Private Limited, Darshwana Trading Pvt Ltd, Goldensight Vinimay Pvt Ltd, Outstripe Suppliers Private Limited, Gracious Software Limited, Madhuban Constructions Limited and Saras Developers Private Limited had placed buy orders only on days i.e. Oct 6,10,23,24 and 31, 2017 when Eden Infrasmith Pvt Ltd & Meticulous It Solutions Private Limited had placed sell orders to match with each other. However, one connected entiy- Skynet Sloutions has also placed buy orders orders of small quantities (totalling 21 shares) on Oct 25, 26 and 27, 2017. Thus, the pattern in which trades were carried between the connected entities strongly indicate meeting of minds.

2.38) In view of the above it is alleged that the connected entities Dhanlaxmi Builders And Developers Private Limited, Skynet Solutions, Wave Mercantile Private Limited, Ninja Healthcare Limited, Samudhita Sales Pvt Ltd, Sandarshika Vanijya Pvt Ltd, Sungar Textiles Private Limited, Darshwana Trading Pvt Ltd, Goldensight Vinimay Pvt Ltd, Outstripe Suppliers Private Limited, Gracious Software Limited, Madhuban Constructions Limited and Saras Developers Private Limited facilitated Eden Infrasmith Pvt Ltd & Meticulous It Solutions Private Limited to exit in 603056 shares (i.e. 70.59% of market volume) of Funny Software during Patch 4.

B. APPOINTMENT OF ADJUDICATING OFFICER

3. Earlier, Ms. Geetha G, Chief General Manager, was appointed as Adjudicating Officer **(AO)** vide order dated April 28th, 2022, to inquire into and adjudge underSection 15-I of SEBI Act and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (‘**Adjudication Rules**’) r/w Section 19 of the SEBI Act to inquire into and adjudge under section 15HA of the SEBI Act for the alleged violation of provisions of SEBI Act and PFUTP Regulations to have been committed by the Noticees. Pursuant to transfer of erstwhile AO, the instant case was assigned to General Manager Mr. Amit Kapoor. Pursuant to transfer of the case, the Undersigned has been appointed as Adjudicating Officer in the matter vide order dated October 6, 2022

C. SHOW CAUSE NOTICE, REPLY AND HEARING

4. Show Cause Notice dated January 31, 2022 ("**SCN**") was duly served upon the Noticees under Rule 4(1) of the SEBI Rules to show cause as to why an inquiry should not be held and penalty be not imposed against the Noticees under the provisions of section 15HA SEBI Act. The contents of the SCN relating to violations alleged with respect to the Noticees are reproduced as under :-

> *"65. During Patch 1, connected entities Meticulous It Solutions Private Limited (Noticee no.2), Sungar Textiles Private Limited (Noticee no.3) and Skynet Solutions (Noticee no.9) along with 9 other entities have, through synchronized and structured trades, created artificial/non-genuine volume of 410000 shares, which represented 50.52% of the market volume during Patch 1 and thereby it is alleged that Noticee no.2, 3 and 9 have violated Sec. 12A(a), 12A(b), 12A(c) of SEBI Act, 1992 r/w Reg. 3(a), 3(b), 3(c) and 3(d) and 4(1), 4(2)(a) of SEBI (PFUTP) Regulations, 2003*
>
> *66. During patch 1, connected entities Meticulous It Solutions Private Limited (Noticee no.2), Sungar Textiles Private Limited (Noticee no.3) and Skynet Solutions (Noticee no.9) along with 8 other entities had traded amongst themselves through synchronized and structured trades, contributed Rs. 11.55 i.e. 53.57% to market positive LTP and through trades with non-group entities, they have contributed Rs. 6.84 i.e. 31.73% to the market positive LTP during Patch 1. Thus, in total, they have contributed to 85.30% of the total positive LTP during Patch 1. Hence, it is alleged that Noticee no.2, 3 and 9 are in violation of Sec. 12A(a), 12A(b), 12A(c) of SEBI Act, 1992 r/w Reg. 3(a), 3(b), 3(c) and 3(d) and 4(1), 4(2)(a), 4(2)(e) of SEBI (PFUTP) Regulations, 2003.*
>
> *67. During patch 2, connected entities Meticulous It Solutions Private Limited (Noticee no.2), Sungar Textiles Private Limited (Noticee no.3) and Skynet Solutions (Noticee no.9) along with 8 other entities have through synchronized and matched trades created artificial/ non-genuine volume of 309300 shares, which represented 14.51% of the market volume during Patch 2 and , hence it is alleged that Noticee no. 2, 3 and 9 have violated Sec. 12A(a), 12A(b), 12A(c) of SEBI Act, 1992 r/w Reg. 3(a), 3(b), 3(c) and 3(d) and 4(1), 4(2)(a) of SEBI (PFUTP) Regulations, 2003.*
>
> *68. During Patch 4, connected entities Skynet Solutions (Noticee no.9), Wave Mercantile Private Limited (Noticee no.4), Ninja Healthcare Limited (Noticee no.5), Sungar Textiles Private Limited (Noticee no.3), Gracious*

Software Limited (Noticee no.6), Madhuban Constructions Limited (Noticee no.7) and Saras Developers Private Limited (Noticee no.8) along with 6 other entities facilitated exit to Eden Infrasmith Pvt Ltd (Noticee no.1) & Meticulous It Solutions Private Limited (Noticee no.2) in 603056 shares (i.e. 70.59% of market volume) of Funny Software during Patch 4 and hence, it is alleged that Noticee no. 1 to 9 have violated Sec. 12A(a), 12A(b), 12A(c) of SEBI Act, 1992 r/w Reg. 3(a), 3(b), 3(c) and 3(d) and 4(1), 4(2)(a) of SEBI (PFUTP) Regulations, 2003."

5. I note, from available records, that the SCN was duly delivered to all the Noticees by the following modes :-

Table - 19

Noticee no.1	Name	Service of SCN	Hearing Notice 10-03-2023	Hearing Notice 28-03-2023	Hearing Notice 18-04-2023
1	Eden Infrasmith Pvt Ltd	Email	Email	Email	Email
2	Meticulous It Solutions Private Limited	Email	Email	Email	-
3	Sungar Textiles Private Limited	Email	Email	Email	-
4	Wave Mercantile Private Limited	SPAD & Email	Email	Email	Email
5	Ninja Healthcare Limited	Email	Email	Email	Email
6	Gracious Software Limited	SPAD & Email	SPAD & Email	SPAD & Email	Email
7	Madhuban Constructions Limited	Email	Email	Email	Email
8	Saras Developers Private Limited	Email	Email	Email	-
9	Skynet Solutions	Email	Email	Email	-

6. SCN dated January 31, 2023 was served upon the Noticees by email on February 7, 2023 on email ids as mentioned in UCC database of Noticees provided by stock exchanges. SCN was served on Noticee no.4 and 6 by SPAD along with email. Noticees were provided 21 days to submit reply to the SCN, however, no reply was received from any of the Noticees at the end of the said period. Vide email dated February 28, 2023, first hearing notice was sent to Noticees whereby opportunity of hearing was provided to the Noticees on March 10, 2023. I note that no reply whatsoever was received from the Noticees to the hearing notice despite hearing notice being served to them. Further, vide email dated March 13, 2023, second opportunity of hearing was provided to the Noticees on March 28, 2023. No reply was received to the second hearing notice

from Noticee no.2, 3, 8 and 9. Noticee no.1, 4, 5, 6 and 7 sought adjournment of hearing granted on March 28, 2023 vide separate emails dated March 27, 2023 i.e. one day before the hearing date. Further, vide the said emails dated March 27, 2023, Noticee no.6 and 7 also requested for inspection of documents. Considering the principles of natural justice, vide email dated April 6, 2023, another opportunitunity of hearing was provided to the Noticee no.1, 4, 5, 6 and 7 on April 18, 2023. Further, vide email dated April 6, 2023, opportunity of inspection of documents was also provided to Noticee no. 6 and 7 on April 13, 2023. It is pertinent to mention here that email dated April 6, 2023 was sent to Noticee no.1, 4, 5, 6 and 7 on the same respective email ids from which their emails dated March 27, 2023 were received.

7. I note Noticee no.6 and 7 did not appear for inspection of documents scheduled for April 13, 2023. Further, no confirmation for appearance was received from Noticee no.1, 4, 5, 6 and 7 for hearing scheduled on April 18, 2023. I note that Noticee no.1, 4, 5, 6 and 7 have been provided 3 opportunities of hearing but the same have not been availed by them. Further, Noticee no.2, 3, 8 and 9 have been provided 2 opportunities of hearing but no reply has been received from them. I note that enough opportunity has been provided to the Noticees to present their case. I note that despite the SCN and hearing notices having been duly served upon the Noticees, these Noticees have failed to submit their reply to the SCN on merits of the case till the date of this order and also failed to attend the hearing on scheduled date and time.

8. In this context, I would like to rely upon the observation of Hon'ble Securities Appellate Tribunal (SAT) in the matter of *Classic Credit Ltd. vs. SEBI (Appeal No. 68 of 2003* decided on December 08, 2006) wherein Hon'ble SAT, *inter alia*, held that - *"........... the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the showcause notice were admitted by them*". The Hon'ble SAT has again in the matter of *Sanjay Kumar Tayal & Others v SEBI (Appeal No. 68 of 2013* decided on February 11, 2014), *inter-alia*, held that – *"………………As rightly contended by Mr. Rustomjee, learned senior counsel for respondents, appellants have neither filed reply to show cause notices issued to them nor*

availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges levelled against them in the show cause notices…………..".

9. In view of the above, I am of the opinion that the SCN and Notices of hearing have been duly served upon the Noticees but the Noticees failed to reply to the SCN till the date of this Order and also failed to avail the opportunity of personal hearing. The principle of natural justice has been followed in the matter, as ample opportunities were provided to the Noticees to reply to the allegations made in the SCN as well as for personal hearing in the matter. Therefore, I am inclined to decide the matter with regard to Noticees ex-parte taking into account the evidence / material available on record.

D. REVELANT PROVISIONS

10. It is relevant to reproduce the provisions of laws which have been attracted and invoked in the SCN and the same are quoted here under:

SEBI Act

> *"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;"*

SEBI (PFUTP) Regulations, 2003:

> ***"3. Prohibition of certain dealings in securities***
> ***No person shall directly or indirectly—***
> *(a) buy, sell or otherwise deal in securities in a fraudulent manner;*
> *(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any*

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

4. Prohibition of manipulative, fraudulent and unfair trade practices
(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.
(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:—
(a) indulging in an act which creates false or misleading appearance of trading in the securities market;
…
(e) any act or omission amounting to manipulation of the price of a security including, influencing or manipulating the reference price or bench mark price of any securities;"

E. ISSUES

11. I have carefully perused the allegations levelled against the Noticees in the SCN, The following issues arise in the matter: -

i) Whether the Noticees have violated the provisions as alleged in paragraph 4 of this order.
ii) If the answer to Issue No.(i) is in affirmative, do the violations, if any on the part of the Noticees would attract monetary penalty?
iii) If the answer to Issue No.(ii) is in affirmative, what would be quantum of the monetary penalty that should be imposed upon the Noticees?

F. CONSIDERATION AND FINDINGS

12. I note that Noticee no.6 and 7 vide their reply dated March 27, 2023 have raised preliminary objection that there has been delay in issuance of SCN. The said Noticees have also relied on orders of Hon'ble SAT namely, *(1) Rakesh Kathotia vs SEBI , (2) Ashok Shivlal Rupani & Anr. Vs SEBI and (3) H B Stockholdings (Appeal 114 of 2023)*. In this regard, I note that investigation period in the instant matter ranges from April 19, 2017 to February 02, 2018. Investigation in the

matter was initiated by BSE complaints received and the price and volume spurt observed in-the scrip of Funny. BSE submitted its report on November 1, 2017. Pursuant to report of the exchange, the matter was taken up for detailed investigation by SEBI. After completion of investigation, adjudication was approved in the matter on March 31, 2022 and show cause notice dated January 31, 2023 was issued to the Noticees.

13. With regard to orders/judgments relied on by the Noticees, I am of the view that the present case can be factually distinguishable from the aforementioned cases cited by the Noticees. I note that it has been continuously reiterated by the appellate courts in the catena of cases that SCN would be issued within the reasonable time period and the reasonable time period depends on each case facts and circumstance and no hard and fast rule can be laid down in this regard. The same has been affirmed by the appellate court in **Ashlesh Gunvantbhai Shah** (supra) order cited by the Noticee. The relevant para of the aforesaid order is as follows:

> *"It is no doubt true that no period of limitation is prescribed in the Act or the Regulations for issuance of a show cause notice or for completion of the adjudication proceedings. The Supreme Court in Government of India vs, Citedal Fine Pharmaceuticals, Madras and Others, [AIR (1989) SC 1771] held that in the absence of any period of limitation, the authority is required to exercise its powers within a reasonable period. What would be the reasonable period would depend on the facts of each case and that no hard and fast rule can be laid down in this regard as the determination of this question would depend on the facts of each case. This proposition of law has been consistently reiterated by the Supreme Court [..]. (emphasis applied)"*

Further, in the matter of *SEBI vs Bhavesh Pabari*, the Hon'ble Supreme Court held as follows :-

> *"There are judgments which hold that when the period of limitation is not prescribed, such power must be exercised within a reasonable time. What would be reasonable time, would depend upon the facts and circumstances of the case, nature of the default/statute, prejudice caused, whether the third-party rights had been created etc."*

14. I also note that the Hon'ble SAT in the matter of ***Bipin R Vora vs SEBI*** (decided on March 22, 2006) held that,

> *"As regards the plea of delay and latches and submission that the show cause notice is barred by limitation, I do not find any merit in these contentions as the time and efforts involved in an investigation though may vary from case to case, generally investigations per-se is a time consuming*

process which invariably involve collection, scrutiny and careful examination of voluminous records/ order-trade details of all the concerned including the exchanges/recording of statements etc. and therefore no time limit can be fixed in this regard to enable a regulator to take appropriate disciplinary action for the safeguard and improvement of the system/market".

15. I further note that, initiating a proceeding under the appropriate provisions of SEBI Act is a regulatory prerogative of SEBI depending upon the outcome of the fact finding exercise, which is the investigation done in this case, and just because the alleged violation was committed in a distant past cannot be a ground to vitiate these proceedings. Further, I note that Hon'ble SAT has qualified through aforesaid rulings by saying that the reasonable period would depend on the facts and circumstances of each case and that no hard and fast rule can be laid down in this regard. In my view, complexities encountered during the investigation or for that matter during the proceedings in the instant case far outweigh the delay, if any, caused in the initiation or conclusion of the proceedings. I am of the view that present proceedings do not suffer from any infirmity on the ground of delay. In view of the above, the contention of the Noticees cannot be accepted.

16. I now proceed to deal with the merits of the case as under. I note that Noticees are part of a group of 32 connected entities as mentioned in paragraph 2.3 of this order. As mentioned in the table 2, I find that connection among connected entities has been established on the basis of the fund transfers, UCC database of Exchanges, off-market details, common directorship in certain instances. The question first sought to be addressed is whether the Noticees were connected to each other i.e. whether they were known to each other sufficiently enough to impute a possible financial relationship or trading relationship between them. I note that, there are several other factors which need to be simultaneously considered before reaching any conclusion such as volume of the trade effected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time, etc. as have been referred by Hon'ble Supreme Court of India in the matter of *SEBI v. Kishore P. Ajmera (Order dated February 23, 2016)*. I note that, in the present SCN has holistically considered the relevant facts and circumstances such as trading patterns of the entities, previous trading behaviour, linkages /

connections amongst the entities, direct or indirect benefits accrued to the entities, prevailing conditions in the market, etc. to establish the violations between connected entities. Thus, as observed from the SCN, the coordination behind placing trades and the intent behind the same is derived from several circumstances. Thus, indication of connection gets further strengthened from the factors on the basis of matching of trades which were in the nature of synchronized and structured trades. I also note that Out of 32 connected entities, 20 entities have traded in the scrip of Funny Software during the IP. Therefore from the available records, I am of the view that there is sufficient evidence to support the allegation that the Noticees were connected to each other and with the entities as mentioned in the table 2.

Patch 1 and Patch 2 Artificial Volume Contribution

17. It is alleged in the SCN that, during patch 1, Noticee no.2, 3 and 9 along with other connected entities through synchronized and structured trades, created artificial/non-genuine volume of 410000 shares, which represented 50.52% of the market volume. It is also alleged in the SCN that during patch 2, Noticee no.2, 3 and 9 along with other connected entities have through synchronized and matched trades created artificial / non-genuine volume of 309300 shares, which represented 14.51% of the market volume during Patch 2.

18. Synchronized trades are trades where the buy and sell order quantity and rate were identical and orders for these transactions were placed within time gap of one minute. In so far as issue of synchronisation of trades is concerned, I note that mere synchronisation of trades *per se* is not illegal. To elaborate, all trades executed on the stock exchange platform are the result of synchronisation that emerged between buyer and seller of scrip, at a particular price point. However, in the genuine trades, such synchronisation emerges from the market mechanism and its underlying principle of demand and supply. For example, a person wants to sell 1000 shares of Company ABC, which the other person wants to buy. In case the orders of the aforesaid two people, match on the exchange platform on price-time priority, they will be exchanging the shares/money, through the established mechanism. However, there have been notable instances which have triggered regulatory actions, where a group of

persons, who are connected to a common thread by various factors like common directorship, group companies, common address, contact numbers, e-mail ids etc., deliberately and repeatedly synchronise their trades, by using the market platform. The vested interest of such persons can carry any shade of manipulation like to increase the volume, to maintain trading every day, to increase the price, to circulate same set of shares within a limited group and indicate trading to general public. In view of above, a synchronised trade will be considered in violation of the Regulations framed under SEBI Act, if the said trade is executed between connected entities, with a view to manipulate the securities market or if it is dubious in nature and is executed with a view to avoid regulatory detection or does not involve change of beneficial ownership or is executed to create false volumes resulting in upsetting the market equilibrium. Any transaction executed with the purpose to defeat the market mechanism would be considered illegal. Therefore, all the trades which match within a closed group of interconnected persons, as found in this case need to be examined in the backdrop of other factors like liquidity, connection between the persons, frequency of matching of trades and their overall impact. It would be only the attending circumstances, based on which a reasonable inference can be culled out.

19. In this regard, I note from the SCN that during patch 1, Noticee no.2, 3 and 9 along with connected entities through 8 synchronized trades among themselves, contributed 12.35% to market volume and Rs.1.82 to net LTP as under :-

Table - 20

Buyer Name	**Seller Name**	**Synchro-nized Quantity**	**Sum Of Ltp Diff**	**Number Of Days**	**Number Of Trades**	**%Market volume**
Outstripe Suppliers Private Limited	**Meticulous It Solutions Private Limited**	10000	0.11	1	1	1.23%
Ekaparnik Vintrade Private Limited	Dhanlaxmi Builders And Developers Private Limited	20000	0.35	2	2	2.47%
Dhanlaxmi Builders And Developers Private Limited	Onceover Dealtrade Pvt Ltd	10000	0.28	1	1	1.23%
Dhanlaxmi Builders And Developers Private Limited	Vinahast Dealcom Private Limited	10000	1.43	1	1	1.23%
Dhanlaxmi Builders And Developers Private Limited	**Skynet Solutions**	10000	0.12	1	1	1.23%
Sungar Textiles Private Limited	Dhanlaxmi Builders And Developers Private Limited	10000	0.13	1	1	1.23%
Skynet Solutions	Vinahast Dealcom Private Limited	20000	-1.10	1	1	2.47%

Skynet Solutions	Dhanlaxmi Builders And Developers Private Limited	10000	0.50	1	1	1.23%
		100000	**1.82**	**9**	**9**	**12.35%**

20. Similarly, I note from the SCN that the connected entities have traded amongst themselves through matched trades i.e. trades with same buy and sell order rates and order quantities but with order time difference of 1 min to 10 min, etc during Patch 1. Matched trades were observed within the connected entities which resulted in creation of artificial/ non-genuine volume during Patch 1. Details of entity wise synchronized and matched trades during Patch 1 are as under :-

Table - 21

Sl No.	CLIENTNAME	CP_CLIENTNAME	Total traded volume	Trade volume through synchronized trades	Sync vol % of market volume	Trade volume through matched trades	Number of matched trades	Matched vol % of market volume during Patch 1
1	Ekaparnik Vintrade Private Limited	**Skynet Solutions**	20000	-	0.00%	20000	2	2.47%
		Dhanlaxmi Builders And Developers Private Limited	30000	20000	2.47%	10000	1	1.23%
2	Vinahast Dealcom Private Limited	**Skynet Solutions**	30000	-	0.00%	30000	3	3.70%
		Meticulous It Solutions Private Limited	10000	-	0.00%	10000	1	1.23%
3	**Meticulous It Solutions Private Limited**	Sandarshika Vanijya Pvt Ltd	10000	-	0.00%	10000	1	1.23%
		Outstripe Suppliers Private Limited	10000	-	0.00%	10000	1	1.23%
		Darshwana Trading Pvt Ltd	10000	-	0.00%	10000	1	1.23%
		Ekaparnik Vintrade Private Limited	10000	-	0.00%	10000	1	1.23%
		Samudhita Sales Private Limited	10000	-	0.00%	10000	1	1.23%
4	**Sungar Textiles Private Limited**	Dhanlaxmi Builders And Developers Private Limited	10000	10000	1.23%	-	-	0.00%
		Skynet Solutions	20000	-	0.00%	20000	2	2.47%
5	Outstripe Suppliers Private Limited	**Meticulous It Solutions Private Limited**	10000	10000	1.23%	-	-	0.00%
		Skynet Solutions	10000	-	0.00%	10000	1	1.23%
6	Nextel Garments Private Limited	**Skynet Solutions**	10000	-	0.00%	10000	1	1.23%
7		Vinahast Dealcom Private Limited	30000	10000	1.23%	20000	2	2.47%

	Dhanlaxmi Builders and Developers Private Limited	Onceover Dealtrade Pvt Ltd	20000	10000	1.23%	10000	1	1.23%
		Skynet Solutions	20000	10000	1.23%	-	-	0.00%
		Ekaparnik Vintrade Private Limited	10000	-	0.00%	10000	1	1.23%
		Sungar Textiles Private Limited	10000	-	0.00%	10000	1	1.23%
8	**Skynet Solutions**	Darshwana Trading Pvt Ltd	20000	-	0.00%	10000	1	1.23%
		Vinahast Dealcom Private Limited	20000	20000	2.47%	-	-	0.00%
		Dhanlaxmi Builders and Developers Private Limited	70000	10000	1.23%	60000	6	7.41%
		Meticulous It Solutions Private Limited	10000	-	0.00%	10000	1	1.23%
10	Darshwana Trading Pvt Ltd	Dhanlaxmi Builders and Developers Private Limited	10000	-	0.00%	10000	1	1.23%
		Skynet Solutions	10000	-	0.00%	10000	1	1.23%
	Total (Market volume: 810000)		**430000**	**100000**	**12.32%**	**310000**	**31**	**38.20%**

21. While matched trades, by itself may not constitute a fraudulent or manipulative practice, its sizeable proportion is significant pointer. The quantum of matched trades noted in the table above must be read along with the fact that during patch 1, the connected entities through 31 matched trades had contributed 38.20% (310000 shares) to market volume, which is a sizeable proportion of the trades executed in the company's scrip. These figures are clearly not insignificant.

22. I note that Noticee no.2, 3 and 9 along with other connected entities through 8 synchronized trades among themselves, contributed 12.32% (10000 shares) to market volume and through 31 matched trades among themselves contributed 38.20% (310000 shares) to market volume during Patch 1. In total, Noticee no.2, 3 and 9 along with other connected entities through synchronized and matched trades created artificial/ non-genuine volume of 410000 shares during Patch 1, which represented 50.52% of the market volume during Patch 1.

23. Similarly during patch 2, Connected entities through 2 synchronized trades among themselves, contributed 1.36% to market volume during Patch 2 as under:-

Table - 22

Buyer Name	Seller Name	Synchronized Quantity	Sum Of Ltp Diff	Number Of Days	Number Of Trades	%Market volume
Vinahast Dealcom Private Limited	Dhanlaxmi Builders And Developers Private Limited	20000	-0.20	1	1	0.94%
Darshwana Trading Pvt Ltd	Skynet Solutions	9000	0.02	1	1	0.42%
		29000	**-0.18**	**2**	**2**	**1.36%**

24. Matched trades were also observed within the connected entities which resulted in creation of artificial/ non-genuine volume during Patch 2. Details of entity wise synchronized and matched trades during Patch 2 are as under: Table - 23

Sl No	CLIENT NAME	CP_CLIENTNAME	Total traded volume	Trade volume through synchronized trades	Sync vol % of market volume in Patch 2	Trade volume through matched trades	Matched vol % of market volume in Patch 2
1	Vinahast Dealcom Private Limited	Dhanlaxmi Builders and Developers Private Limited	25500	20000	0.94%	5500	0.26%
		Skynet Solutions	15000	-	0.00%	15000	0.70%
		Meticulous It Solutions Private Limited	20000	-	0.00%	20000	0.94%
2	**Meticulous It Solutions Private Limited**	Ekaparnik Vintrade Private Limited	900	-	0.00%	900	0.04%
		Sungar Textiles Private Limited	10000	-	0.00%	10000	0.47%
		Vinahast Dealcom Private Limited	10000	-	0.00%	10000	0.47%
		Outstripe Suppliers Private Limited	5000	-	0.00%	5000	0.23%
		Goldensight Vinimay Private Limited	5000	-	0.00%	5000	0.23%
		Nextel Garments Private Limited	450	-	0.00%	450	0.02%
3	**Sungar Textiles Private Limited**	Dhanlaxmi Builders and Developers Private Limited	4500	-	0.00%	4500	0.21%
4	Outstripe Suppliers Private Limited	**Skynet Solutions**	5000	-	0.00%	5000	0.23%
5	Goldensight Vinimay Private Limited	Nextel Garments Private Limited	550	-	0.00%	550	0.03%
6	Dhanlaxmi Builders And Developers Private Limited	Ekaparnik Vintrade Private Limited	28600	-	0.00%	28600	1.34%
		Vinahast Dealcom Private Limited	84000	-	0.00%	84000	3.94%
		Sungar Textiles Private Limited	10000	-	0.00%	10000	0.47%
		Nextel Garments Private Limited	11000	-	0.00%	11000	0.52%
		Darshwana Trading Pvt Ltd	24500	-	0.00%	24500	1.15%
		Onceover Dealtrade Pvt Ltd	4500	-	0.00%	4500	0.21%
9	**Skynet Solutions**	Dhanlaxmi Builders and Developers Private Limited	20000	-	0.00%	20000	0.94%

10	Onceover Dealtrade Pvt Ltd	**Skynet Solutions**	4800	-	0.00%	4800	0.23%
11	Darshwana Trading Pvt Ltd	Dhanlaxmi Builders and Developers Private Limited	10000	-	0.00%	10000	0.47%
		Skynet Solutions	10000	10000	0.47%	-	0.00%
	Total (Market Vol Patch 2: 2131799)		**309300**	**30000**	**1.41%**	**279300**	**13.10%**

25. I note that Noticee no.2, 3 and 9 along with other connected entities through 2 synchronized trades among themselves, contributed 30000 shares to volume (1.41% of market volume) and through 48 matched trades among themselves contributed 279300 shares to volume (13.10% of market volume) during Patch 2. In total, Noticee no.2, 3 and 9 along with other connected entities through synchronized and matched trades created artificial/ non-genuine volume of 309300 shares during Patch 2, which represented 14.51% of the market volume during Patch 2.

26. I note that artificial volume created by the said entities during patch 1 and patch 2 is 50.52% and 14.41% respectively of market volume which is very high and the same cannot be taken as genuine market volume specially considering that the said volume has been generated through synchronized and matched trades. Thus, in view of the above, it is evident that, the execution of such synchronized and matched trades among connected entities had artificially manipulated volumes giving a false impression of actual or genuine volumes of trading in the company's scrip. I note that, during patch 1 and 2, Noticee no.2, 3 and 9 have created false and misleading appearance of trading in the scrip of Funny Software Limited.

27. In view of the above, I conclude that Noticee no.2, 3 and 9 have violated Sec. 12A(a), 12A(b), 12A(c) of SEBI Act, 1992 r/w Reg. 3(a), 3(b), 3(c) and 3(d) and 4(1), 4(2)(a) of SEBI (PFUTP) Regulations, 2003.

Patch 1 LTP Contribution

28. SCN has alleged manipulation of the price of company's scrip on the basis of Last Traded Price ("**LTP**") analysis and new high Price ("**NHP**") analysis. The LTP analysis is used to examine whether the trades executed at prices higher or lower than the previous trade is substantial enough to be regarded

as being manipulative in nature. The NHP Analysis examines a series of trades placed by an individual or group of connected persons in order to identify creation of every new high price, during the period of investigation, as a result of placing orders at prices which are manipulative in nature.

29. In this regard, it is alleged in the SCN that during patch 1, Noticee no.2, 3 and 9 along with other connected entities had traded amongst themselves through synchronized and structured trades, contributed Rs. 11.55 i.e. 53.57% to market positive LTP and through trades with non-group entities, they have contributed Rs. 6.84 i.e. 31.73% to the market positive LTP during Patch 1. Thus, in total, they have contributed to 85.30% of the total positive LTP during Patch 1.

30. Details of LTP contribution by connected entities during Patch 1 is as under:

Table - 24

		All trades			**Positive LTP trades**			**Negative LTP trades**			**Zero LTP trades**		
Sl No.	**Client Name**	**Ltp Rate**	**Traded Qty**	**No. Of Trades**	**Ltp Rate**	**Traded Qty**	**No. Of Trades**	**Ltp Rate**	**Traded Qty**	**No. Of Trades**	**Traded Qty**	**No. Of Trades**	**%Ltp**
1	Dhanlaxmi Builders And Developers Private Limited	7.51	180000	15	7.51	130000	13	0.00	0	0	50000	2	34.83%
2	Darshwana Trading Pvt Ltd	2.18	40000	4	2.18	40000	4	0.00	0	0	0	0	10.11%
3	Vinahast Dealcom Private Limited	1.68	80000	8	2.30	60000	6	-0.62	10000	1	10000	1	10.67%
4	Ekaparnik Vintrade Private Limited	0.78	50000	5	0.78	50000	5	0.00	0	0	0	0	3.62%
5	**Meticulous It Solutions Private Limited**	0.71	50000	5	0.81	40000	4	-0.10	10000	1	0	0	3.76%
6	**Sungar Textiles Private Limited**	0.63	30000	3	0.63	30000	3	0.00	0	0	0	0	2.92%
7	Sandarshika Vanijya Pvt Ltd	0.56	10000	1	0.56	10000	1	0.00	0	0	0	0	2.60%
8	Goldensight Vinimay Pvt Ltd	0.44	10000	1	0.44	10000	1	0.00	0	0	0	0	2.04%
9	Nextel Garments Private Limited	0.25	10000	1	0.25	10000	1	0.00	0	0	0	0	1.16%
10	Outstripe Suppliers Private Limited	0.22	20000	2	0.22	20000	2	0.00	0	0	0	0	1.02%
11	**Skynet Solutions**	-0.25	120000	11	2.71	90000	9	-2.96	30000	2	0	0	12.57%
	Total	**14.71**	**600000**	**56**	**18.39**	**490000**	**49**	**-3.68**	**50000**	**4**	**60000**	**3**	**85.30%**
	Market total	**5.39**	**810000**	**77**	**21.56**	**520000**	**52**	**-16.17**	**210000**	**20**	**80000**	**5**	**100.00%**

31. In patch 1, price of the scrip moved from open price of Rs.7.44 to a high price of Rs.14.69 and Rs.7.25 NHP was created. It is observed that the aforesaid

connected entities contributed Rs.14.71 to net LTP and Rs.18.39 to positive LTP in 49 positive LTP trades. Further, it was observed that in their 39 positive LTP trades, the counterparties were group entities and through trades among themselves they contributed Rs. 11.55 i.e. 53.57% to market positive LTP of Rs 21.56. The SCN also observes the following from trades among entities which resulted in positive LTP contribution :

a) Dhanlaxmi Builders and Developers Private Limited and Skynet Solutions (Noticee no.9) were the major buyers with each as buyer bought 90000 shares through 9 trades from the connected entities as sellers. Dhanlaxmi Builders and Developers Private Limited and Skynet Solutions through trades amongst connected entities contributed Rs. 4.32 i.e. 20.04% and Rs. 2.71 i.e. 12.57% to the total market positive LTP.
b) Of the 39 trades between the connected entities which resulted in positive LTP contribution, 8 trades were through synchronized trades and remaining 31 trades were through matched trades.
c) In 30 trades among the connected entities which resulted in positive LTP, the buy order was placed before the sell order and in 9 trades, the sell order was placed first. The 30 such trades resulted in positive LTP contribution of Rs. 6.33 i.e. 29.36% to market positive LTP of Rs 21.56 and the remaining 9 trades resulted in positive LTP contribution of Rs. 5.22 i.e. 24.21% to market positive LTP.
d) During this period, price of the scrip moved from open price of Rs.7.44 to a high price of Rs.14.69 and Rs.7.25 new high Price (“**NHP**”) was created. Details of NHP contributed by connected entities are as unde :-

Table - 25

Sl No.	Clientname	Quantity	Number Of Trades	Contribution To Market Nhp	% Of Market Nhp	Contribution Among Group	Contribution To Nhp In Buy Order First Trades With Non Group Entities
1	Skynet Solutions	70000	7	2.22	30.62%	2.22	0
2	Dhanlaxmi Builders And Developers Private Limited	40000	4	1.24	17.10%	0.90	0
3	Vinahast Dealcom Private Limited	30000	3	1.03	14.21%	1.03	0
4	Darshwana Trading Pvt Ltd	20000	2	0.54	7.45%	0.54	0
5	Ekaparnik Vintrade Private Limited	30000	3	0.53	7.31%	0.53	0
6	Sungar Textiles Private Limited	20000	2	0.44	6.07%	0.44	0
7	Meticulous It Solutions Private Limited	10000	1	0.28	3.86%	0.28	0
8	Nextel Garments Private Limited	10000	1	0.25	3.45%	0.25	0
9	Outstripe Suppliers Private Limited	10000	1	0.11	1.52%	0.11	0
	Total	**240000**	**24**	**6.64**	**91.59%**	**6.30**	**0.00**
	Market total	**260000**	**26**	**7.25**	**100.00%**	**6.30**	**0.00**

32. It is noted that the group contributed Rs.6.64 to market NHP which was 91.59% of market NHP. In trades with the group, group contributed Rs.6.30 to market

NHP which was 86.89% of the market NHP. In none of the trades contributing to NHP, they placed buy order first. I also note that the during patch 1, the price of the scrip has almost doubled within a period of almost 3 months i.e. it opened Rs.7.44 and closed at Rs.14.69.

33. In Patch 1, the contribution of the group to positive LTP is stark and substantial. The contribution by Dhanlaxmi Builders and Developers Private Limited and Skynet Solutions through trades amongst connected entities is Rs. 4.32 i.e. 20.04% and Rs. 2.71 i.e. 12.57% to the total market positive LTP which are all significant figures. Individual trades where buy orders are placed at prices higher than LTP and where such buy orders are placed before sell orders, may not be seen adversely. However when a pattern emerges of several such trades and considering the circumstances behind such trades (i.e. not intended for long term investment), the intent behind such trades becomes suspicious pattern of trading by the noticees, both individually and as a group, that supports the allegation of price manipulation. It would be naive to expect a market manipulator acting with the objective of rigging price upwards to not also intermittently place trades in a contrarian manner merely to quell any suspicion. The upward push to the price of the scrip due to this mechanism of manipulation is obvious from the records. The sum of LTP Difference greater than zero, contributed by the connected entities by trading amongst themselves through synchronized and structured trades, contributed Rs. 11.55 i.e. 53.57% to market positive LTP and through trades with non-group entities, contributed Rs. 6.84 i.e. 31.73% to the market positive LTP, which is demonstrative of an overwhelming attempt by the group of connected entities to push the price upwards.

34. I note that even if the LTP and NHP contribution of connected entities with non-group entities is overlooked, their LTP and NHP contribution within the group remains quite high. Connected entities have contributed Rs.11.55 to market positive LTP through trades among themselves, which stands at 53.57% of the market positive LTP. The said LTP contribution is made by the connected entities through 39 trades among themselves of which 8 trades were synchronized trades and 31 trades were matched trades. Further, I note that through trades

among themselves, connected entities have contributed Rs.6.30 NHP which stands at 86.89 % of market NHP.

35. Cconsidering the fact that the group were connected and acting in league in a Group and traded amongst themselves in the scrip and created artificial volume in the scrip, they have contributed significantly to the positive LTP which resulted in manipulation of the price of the scrip. Such an act of these connected entities Meticulous It Solutions Private Limited (Noticee no.2), Sungar Textiles Private Limited (Noticee no.3) and Skynet Solutions (Noticee no.9) along with 8 other entities cannot be considered as normal market practice or trading pattern. It may be relevant to refer to the observations of the Hon'ble SAT in its order dated July 14, 2006 in Ketan Parekh Vs. SEBI, wherein it was held that :

> *"When a person takes part in or enters into transactions in securities with the intention to artificially raise or depress the price he thereby automatically induces the innocent investors in the market to buy /sell their stocks. The buyer or the seller is invariably influenced by the price of the stocks and if that is being manipulated the person doing so is necessarily influencing the decision of the buyer / seller thereby inducing him to buy or sell depending upon how the market has been manipulated. We are therefore of the view that inducement to any person to buy or sell securities is the necessary consequence of manipulation and flows therefrom. In other words, if the factum of manipulation is established it will necessarily follow that the investors in the market had been induced to buy or sell and that no further proof in this regard is required. The market, as already observed, is so wide spread that it may not be humanly possible for the Board to track the persons who were actually induced to buy or sell securities as a result of manipulation and law can never impose on the Board a burden which is impossible to be discharged. This, in our view, clearly flows from the plain language of Regulation 4(a) of the Regulations."*

36. In view of the above, I conclude that Noticee no.2, 3 and 9 have violated Section 12A(a), 12A(b), 12A(c) of SEBI Act, 1992 r/w Reg. 3(a), 3(b), 3(c) and 3(d) and 4(1), 4(2)(a), 4(2)(e) of SEBI (PFUTP) Regulations, 2003.

Patch 4

37. It is alleged in the SCN that during patch 4, connected entities Skynet Solutions (Noticee no.9), Wave Mercantile Private Limited (Noticee no.4), Ninja Healthcare Limited (Noticee no.5), Sungar Textiles Private Limited (Noticee no.3), Gracious Software Limited (Noticee no.6), Madhuban Constructions Limited (Noticee

no.7) and Saras Developers Private Limited (Noticee no.8) along with 6 other entities facilitated exit to Eden Infrasmith Pvt Ltd (Noticee no.1) & Meticulous It Solutions Private Limited (Noticee no.2) in 603056 shares (i.e. 70.59% of market volume) of Funny Software during Patch 4 and hence, it is alleged that Noticee no. 1 to 9 have violated Sec. 12A(a), 12A(b), 12A(c) of SEBI Act, 1992 r/w Reg. 3(a), 3(b), 3(c) and 3(d) and 4(1), 4(2)(a) of SEBI (PFUTP) Regulations, 2003

38. I note from the SCN that 17 of 32 group entities traded during Patch 4. 15 connected entities traded as buyer and 2 connected entities traded as sellers during Patch 4. Details of their trading is given below: Table - 26

Sl No.	Clientname	Buy Traded Qty	%Buytq	Sell Traded Qty	%Selltq
1	Skynet Solutions	250621	29.34%	0	0.00%
2	Dhanlaxmi Builders And Developers Private Limited	220656	25.83%	0	0.00%
3	Darshwana Trading Pvt Ltd	35000	4.10%	0	0.00%
4	Sungar Textiles Private Limited	18000	2.11%	0	0.00%
5	Goldensight Vinimay Pvt Ltd	17000	1.99%	0	0.00%
6	Wave Mercantile Private Limited	5900	0.69%	0	0.00%
7	Ninja Healthcare Limited	3100	0.36%	0	0.00%
8	Samudhita Sales Pvt Ltd	3000	0.35%	0	0.00%
9	Sandarshika Vanijya Pvt Ltd	2000	0.23%	0	0.00%
10	Saras Developers Private Limited	2000	0.23%	0	0.00%
11	Dj Yatayat Private Limited	1400	0.16%	0	0.00%
12	Ekaparnik Vintrade Private Limited	10	0.00%	0	0.00%
13	Outstripe Suppliers Private Limited	10	0.00%	0	0.00%
14	Eden Infrasmith Pvt Ltd	0	0.00%	611293	71.55%
15	Meticulous It Solutions Private Limited	0	0.00%	196752	23.03%
16	Gracious Software Limited	25000	2.92%	0	0.00%
17	Madhuban Constructions Limited	25000	2.92%	0	0.00%
	Total	**608697**	**71.25%**	**808045**	**94.58%**
	Market total	**854308**	**100.00%**	**854308**	**100.00%**

39. I note that Noticee no.1 had placed only sell orders on dates - 06.10.2017, 10.10.2017, 23.10.2017 and 24.10.2017. It placed single sell order of 300000 shares on each of the given dates. The major counter-parties to such trades are as follows: Table - 27

Trade Date	Total sell qty. by Eden	Day volu me	Sell qty of Eden to market daily vol (%)	Major Counter-party Buyer Name to Eden	Trade Vol	Percent of sell qty. to Eden total sell	Percent wherein connected entities are buyers to Sell by Eden
06.10.2017	149000	149000	100%	Dhanlaxmi Builders And Developers Private Limited	98000	65.77%	65.77%

Trade Date	Total sell qty. by Eden	Day volume	Sell qty of Eden to market daily vol (%)	Major Counter-party Buyer Name to Eden	Trade Vol	Percent of sell qty. to Eden total sell	Percent wherein connected entities are buyers to Sell by Eden
				Skynet Solutions	35000	23.49%	23.49%
					133000	89.26%	89.26%
				Arcadia Share Stock Brokers Pvt. Ltd	100000	39.77%	-
				Dhanlaxmi Builders And Developers Private Limited	58956	23.45%	23.45%
				Skynet Solutions	78100	31.06%	31.06%
				Wave Mercantile Private Limited	1000	0.40%	0.40%
10.10.2017	251449	254449	98.82%		238056	94.68%	54.91%
				Dhanlaxmi Builders And Developers Private Limited	27500	54.73%	54.73%
				Ninja Healthcare Limited	3100	6.17%	6.17%
				Samudhita Sales Pvt Ltd	3000	5.97%	5.97%
				Sandarshika Vanijya Pvt Ltd	2000	3.98%	3.98%
				Skynet Solutions	5500	10.95%	10.95%
				Sungar Textiles Private Limited	5000	9.95%	9.95%
				Wave Mercantile Private Limited	3800	7.56%	7.56%
23.10.2017	50250	50250	100%		49900	99.31%	99.31%
				Arcadia Share Stock Brokers Pvt. Ltd	30000	18.68%	-
				Darshwana Trading Pvt Ltd	5000	3.11%	3.11%
				Dhanlaxmi Builders And Developers Private Limited	34990	21.79%	21.79%
				Goldensight Vinimay Pvt Ltd	7000	4.36%	4.36%
				Monotype India Limited	40000	24.91%	-
				Outstripe Suppliers Private Limited	10	0.01%	0.01%
				Skynet Solutions	30000	18.68%	18.68%
				Sungar Textiles Private Limited	13000	8.09%	8.09%
24.10.2017	160594	161594	99.38%		160000	99.63%	56.04%
Total	611293	615293	99.35%		580956	94.42%	67.23%

40. I note that Noticee no.3, 4, 5 and 9 along with other connected entities as counter-parties facilitated Noticee no.1 to exit in 410956 shares i.e. 67.23% of total sell by Noticee no.1 during Patch 4.

41. Further, I note that Noticee no.2 had placed only sell order on 31.10.2017. The major counter-parties to such trades are as follows:

Trade Date	Total sell qty. by Meticulous	Day volume	Sell qty of Meticulous to market daily vol (%)	Major Counter-party Buyer Name to Meticulous	Trade Vol	Percent of sell qty. to Meticulous total sell	Percent wherein connected entities are buyers to Sell by Meticulous
31.10.2017	196752	196872	99.94%	Darshwana Trading Pvt Ltd	30000	15.25%	15.25%
				Goldensight Vinimay Pvt Ltd	10000	5.08%	5.08%
				Gracious Software Limited	25000	12.71%	12.71%
				Madhuban Constructions Limited	25000	12.71%	12.71%
				Saras Developers Private Limited	2000	1.02%	1.02%
				Skynet Solutions	100100	50.88%	50.88%
Total					**192100**	**97.65%**	**97.65%**

42. I note that Noticee no.6, 7, 8 and 9 along with other connected entities as counter-parties facilitated Noticee no.2 to exit in 192100 shares i.e. 97.65% of total sell by Noticee no.1 during Patch 4.

43. I note that the modus operandi used by Noticee no.1 and 2 with the help of Noticee no.3 to 9 and other connected entities as counter-parties to exit in the shares of Funny Software was to place high volume sell order in the beginning of the trading day and the said connected entities were to place buy orders throughout the trading day. Further, it’s observed that the connected entities had placed buy orders mainly on the days i.e. Oct 6,10,23,24 and 31, 2017 when sell orders were placed by Noticee no.1 and 2. I note that such trades cannot be considered as mere coincidence. The pattern in which trades were carried between the connected entities strongly indicates meeting of minds.

44. I note that that the connected entities Noticee no.3 to 9 along with other connected entities facilitated Noticee no.1 and 2 to exit in 603056 shares (i.e. 70.59% of market volume) of Funny Software during Patch 4. Going by the same,

I am of the view that Noticee no.1 to 9 are part of a scheme of providing exit in the scrip of Funny Software Ltd. By the said manipulative scheme, Noticee no.1 to 9 have created artificial volume and misleading appearance of trading in the securities market.

45. In view of the above, I conclude that Noticee no.1, 2, 3, 4, 5, 6, 7, 8 and 9 have violated Sec. 12A(a), 12A(b), 12A(c) of SEBI Act, 1992 r/w Reg. 3(a), 3(b), 3(c) and 3(d) and 4(1), 4(2)(a) of SEBI (PFUTP) Regulations, 2003."

Issue no. II

46. Hon'ble Supreme Court of India in the matter of Chairman, SEBI Vs Shriram Mutual Fund {[2006]5 SCC 361} held that "*In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant A breach of civil obligation which attracts penalty in the nature of fine under the provisions of the Act and the Regulations would immediately attract the levy of penalty irrespective of the fact whether contravention must made by the defaulter with guilty intention or not*.''

47. In the instant case, the following violations have been established against the Noticees: -

Noticee no.	Violations established	Penalty Section of SEBI Act, 1992
1 to 9	Sections 12A(a), (b), (c) of SEBI Act, 1992 and Regulations 3(a), (b), (c), (d), Regulations 4(1) and 4(2) (a) of SEBI (PFUTP) Regulations, 2003.	15HA
2, 3 and 9	Sections 12A(a), (b), (c) of SEBI Act, 1992 and Regulations 3(a), (b), (c), (d), Regulations 4(1) and 4(2) (a), (e) of SEBI (PFUTP) Regulations, 2003.	15HA

48. With respect to Noticee no.2, it is noted from the website of Ministry of Corporate Affairs ("**MCA"**) that the said Company i.e. Meticulous IT Solutions Pvt Ltd has been struck off from the register of companies. In this context, I would also like to draw reference to a judgment of the Hon'ble Delhi High Court in the case of *Commissioner of Income Tax (CIT) vs Vived Marketing Services (P) Ltd., ITA*

NO. 273/2009 dated September 17, 2009 in which it was held that – *"When the Assessing Officer passed the order of assessment against the respondent company, it had already been dissolved and struck off the register of the Registrar of companies under Section 560 of the Companies Act. In these circumstances, the Tribunal rightly held that there could not have been any assessment order passed against the company which was not in existence as on that date in the eyes of law it had already been dissolved. We are of the opinion that the view taken by the Tribunal is perfectly valid and in accordance with law."*

49. I note that, it is an established fact that when a company's name is struck-off from the ROC list and the company is dissolved, it is a non-existing company and the adjudication proceedings against the non- existing company is thus nullity. In view of the foregoing, I am of the view that the instant adjudication proceedings against the Noticee are liable to be abated and no penalty can be imposed on Noticee no.2.

Issue no. III

50. While determining the quantum of penalty SEBI Act it is important to consider the factors stipulated in Section 15J of SEBI Act, which reads as under:

> **"15J - Factors to be taken into account by the adjudicating officer**
>
> *While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely:-*
>
> *(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
>
> *(b) the amount of loss caused to an investor or group of investors as a result of the default;*
>
> *(c) the repetitive nature of the default.*
>
> ***Explanation:***
>
> *For the removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under sections 15A to 15E, clauses*

(b) and (c) of section 15F,15G,15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section."

51. Regarding the factors to be considered under Section 15J of SEBI Act, 1992, I note that the SCN does not indicate the amount of disproportionate gain or unfair advantage made by the Noticees, as a result of the aforesaid violations. In fact no such assessment is possible in facts of the present case. Further, the SCN also does not specify the amount of loss caused to investor or group of investors. It is practically impossible to quantify the loss caused to investors in the event of misrepresentation of financial statements. With regard to repetitive nature of default, I note that the following Noticees have been penalized for committing similar violations in the past :-

Noticee no.	**Name**	**Order details**	**Penalty imposed**
3	Sungar Textiles Private Limited	Order dated December 20, 2022 in the matter of Edynamics Solutions Limited	20 Lakhs (Joint and Several)
		Order dated January 31, 2023 in the matter of V B Industries Limited	6 Lakhs
8	Saras Developers Private Limited	Order dated March 30, 2020 in the matter of Negotium International Trade Limited	1 Lakh
9	Skynet Solutions		4 Lakhs

52. In the facts and circumstances of this case, the quantum of penalty has to be adjudged taking into account the conduct of the Noticees as found in this case and the principle of proportionality. The violations as established in this case, have clearly defeated the purposes of the Regulations i.e. investor protection and ensuring market integrity.

G. ORDER

53. Show Cause Notice dated March 31, 2022 is disposed of without imposition of penalty in respect of Noticee no.2.

54. With regard to Noticee no.1, 3, 4, 5, 6, 7, 8 and 9 after taking into consideration the nature and gravity of the violations established in the preceding paragraphs and in exercise of the powers conferred upon me under section 15-I of the SEBI

Act read with rule 5 of the SEBI Adjudication Rules, I hereby impose following penalty on following Noticees for the aforementioned violations, as discussed in this order :

S. No.	Noticee No.	Name of the Noticee	Penalty (Rs.)	u/s of SEBI Act
1	1	Eden Infrasmith Pvt Ltd	5,00,000	15HA
2	3	Sungar Textiles Private Limited	7,00,000	15HA
3	4	Wave Mercantile Private Limited	5,00,000	15HA
4	5	Ninja Healthcare Limited	5,00,000	15HA
5	6	Gracious Software Limited	5,00,000	15HA
6	7	Madhuban Constructions Limited	5,00,000	15HA
7	8	Saras Developers Private Limited	7,00,000	15HA
8	9	Skynet Solutions	7,00,000	15HA

In my view, the aforementioned penalty is commensurate with the violations committed by the Noticees in this case.

55. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the SEBI website www.sebi.gov.in on the following path by clicking on the payment link.

ENFORCEMENT → ORDERS → ORDERS OF AO → PAY NOW

56. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this order, consequential proceedings including, but not limited to, recovery proceedings may be initiated under Section 28A of the SEBI Act, for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

57. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order shall be sent to the Noticees and also to the Securities and Exchange Board of India.

Date: April 28, 2023
Place: Mumbai

VIJAYANT KUMAR VERMA
ADJUDICATING OFFICER