



भारतीय प्रतिभूति
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Securities and Exchange
Board of India

CHIEF GENERAL MANAGER &
ADJUDICATING OFFICER

BY SPEED POST & DIGITALLY SIGNED EMAIL

SEBI/EAD-3/BM/GN/26286/2022

June 28, 2022

✓ Narendra Ramanlal Shah, (PAN: AAPPS6559P) Address: D-28, 205, Yoginagar Exer Road Borivali West Mumbai- 400091	Vimala Sanjay Patel, (PAN: BNEPP5649A) (Address: DU-22, Prema Nivas Kasturbha Road, NA-7 Borivali east, Mumbai- 400066)
RCG Finance Private Limited (RCG) (PAN : AAACR9505L) (Address: 23, Jalaram Nagar, 2nd Floor, SVP Road, Borivali (W), Mumbai-400 092.	Earth Exim Limited (EEL) (PAN : AABCE3676Q) (Address: 23, Jalaram Nagar, Opp. Chamunda Circle, Ganja Aala Lane, Borivali (W) 400 092).
Bonanza Industries Limited (PAN : AAACA4781J) (Address: Room No. 21, 2nd Floor, Old Shanti Nagar, Chamunda Circle, Mandpeshwar Road, Borivali(W), Mumbai-400 091).	Preeti Ajay Nathwani (PAN: AUWPP2833Q) (Address: 719/A-5, Friends CHS, Near Charkop Depot, Charkop, Sector-7, Kandivli (W), Mumbai-400 067)
Ajay Nathwani (PAN: AJGPN1996D) (Address: Room No. 14, Sector No. 7, Plot No 731, Panchsheel CHS, Charkop, Kandivali (W), Mumbai-400 067).	Deepak Parashram Salvi (PAN.: GFDPS9384R) (Address: 9 Abad Row House Shiv Shakti Nagra Gota Road Chandlodia Ahmedabad Gujarat- 382481)

9



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
*Securities and Exchange
Board of India*

Notice under Rule 4(1) of SEBI (Procedure for Holding Inquiry and imposing penalties) Rules, 1995 in the matter of trading by certain entities in the scrip of Universal Credit and Securities Limited.

1. Securities and Exchange Board of India (hereinafter referred to as SEBI) received complaints (**Annexure-1**) alleging fraudulent SMSs giving buy recommendation with target price as Rs. 18+, Rs. 25+ and Rs. 40+ in the scrip of Universal Credit and Securities Limited (hereinafter to be referred as '**UCSL**' or '**Company**'). Pursuant to this SEBI conducted an investigation during the period from July 01, 2017 to January 12, 2018 (hereinafter referred to as **IP**), to ascertain whether there was any violation of the provisions of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **SEBI Act**), Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as **PFUTP Regulations**) by Narendra Ramanlal Shah (hereinafter referred to as '**Noticee 1**') and Vimala Sanjay Patel (hereinafter referred to as '**Noticee 2**'), RCG Finance Private Limited(hereinafter referred to as '**Noticee 3**'), Earth Exim Limited (EEL) (hereinafter referred to as '**Noticee 4**'), Bonanza Industries Limited(hereinafter referred to as '**Noticee 5**'), Preeti Ajay Nathwani (hereinafter referred to as '**Noticee 6**'), Ajay Nathwani (hereinafter referred to as '**Noticee 7**') , Deepak Parashram Salvi (hereinafter referred to as '**Noticee 8**').
2. Vide order dated March 23, 2022 (copy enclosed as **Annexure-2**), SEBI appointed the undersigned as the Adjudicating Officer under Section 19 of SEBI Act read with Sub-section (1) of Section 15I of the SEBI Act and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**SEBI Adjudication Rules**') to inquire into and adjudge under the provisions of :
 - i. Section 15HA and 15HB of SEBI Act, 1992, for the alleged violations of Section 12A(a), (b) and (c) of the SEBI Act, 1992 read with Regulations 3(a),(b),(c) & (d) and Regulations 4(1), 4(2)(a) and (d) of PFUTP Regulations and Section 11C(5) of SEBI Act by Noticee 1.

G



अनुवर्ती :
Continuation :

**भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India**

- ii. Section 15HA of SEBI Act, 1992, for the alleged violations of Section 12A(a), (b) and (c) of the SEBI Act, 1992 read with Regulations 3(a),(b),(c) & (d) and Regulations 4(1), 4(2)(a) and (d) of SEBI (PFUTP) Regulations by Noticee 2.
- iii. Section 15HA and 15A (b) of SEBI Act, 1992, for the alleged violations of 12A (a), (b) and (c) of SEBI Act, 1992 read with Regulations 3(a), (b), (c) & (d) and 4(1), 4(2) (a), (d) and (e) of SEBI (PFUTP) Regulations, 2003 and Regulation 29 (1), (2) read with 29(3) of SEBI (SAST) Regulations, 2011 by Noticee 3.
- iv. Section 15HA of SEBI Act, 1992, for the alleged violations of Section 12A (a), (b) and (c) of SEBI Act, 1992 read with Regulations, 3(a), (b), (c) & (d) and 4(1), 4(2) (a) and (d) of SEBI (PFUTP) Regulations, 2003 by Noticee 4.
- v. Section 15HA of SEBI Act, 1992 for the alleged violations of Section 12A (a), (b) and (c) of SEBI Act, 1992 read with Regulations, 3(a), (b), (c) & (d) and 4(1), 4(2)(a) and (d) of SEBI (PFUTP) Regulations, 2003 Noticee 5.
- vi. Section 15HA of SEBI Act, 1992 for the alleged violations of Sections Section 12A (a), (b) and (c) of SEBI Act, 1992 read with Regulations, 3(a), (b), (c) & (d) and 4(1), 4(2) (a) of SEBI (PFUTP) Regulations, 2003 by Noticee 6, 7 and 8.

Background of the Company

3. UCSL was incorporated on October 26, 1994 and is listed on Bombay Stock Exchange ("BSE"). The last trade in the scrip of UCSL took place on April 30, 2019 at Rs. 1.35/-. Company is suspended by BSE and has not paid annual listing fees.

Details of the company:-

Table 1:-

Date of Incorporation	26/10/1994
Type of company	Public
CIN	L67120GJ1994PLC023424
Registered office address	Block No. B-5, Mira Co Op Hsg Society, B/H Mother's School, Makrand Desai Road, Vadodara
Authorised capital (in Rs.) as on date	6,00,00,000
Paid up capital (in Rs.)	5,00,34,000

Show Cause Notice in the matter of trading by certain entities in the scrip of Universal Credit and Securities Limited

Page 3 of 36

Q



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

Management of the company: The details of the management of the company during the investigation period are as under:-

Table 2:-

S. No.	Name	Designation	Date of appointment
1.	Narendra Ramanlal Shah	Director	20/12/2006
2.	Sushma Vimalkumar Raval	Director	12/07/2016
3.	Vimala Sanjay Patel	Director	09/05/2017

Shareholding Pattern: Shareholding pattern of the company-

Table 3:-

Particular	Quarter ended June 17			Quarter ended September 17		
	No. of share holders	No. of shares	%	No. of shareholders	No. of shares	%
Promoter Holding	5	162800	1.63	5	162800	1.63
Non Promoter Holding	408	9844000	98.37	462	9844000	98.37
Total	413	10006800	100	467	10006800	100
Particular	Quarter ended December 17			Quarter ended March 18		
	No. of share holders	No. of shares	%	No. of shareholders	No. of shares	%
Promoter Holding	5	814000	1.63	5	814000	1.63
Non Promoter Holding	3527	49220000	98.37	3527	49220000	98.37
Total	3532	50034000	100	3532	50034000	100

4. From the above table, it is observed that the shareholding pattern of the company, including promoter and non-promoter holding had remained the same in terms of percentage. However, the number of public shareholders had increased significantly. The number of

Q



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
**Securities and Exchange
Board of India**

non-promoter shareholders increased from 408 shares as on June 30, 2017 to 3527 shares as on December 30, 2017.

Shareholding of promoters:

Table 4:-

	June 2017		September 2017		December 2017		March 2018	
Name of the Promoters	No. of shares	% of shares	No. of shares	% of shares	No. of shares	% of shares	No. of shares	% of shares
Sharmila Jadeja	91,200	0.91	91,200	0.91	4,56,000	0.91	4,56,000	0.91
Risabh Jadeja	3400	0.03	3400	0.03	17,000	0.03	17,000	0.03
Damu Vekaria	26,200	0.26	26,200	0.26	1,31,100	0.26	1,31,100	0.26
Nilima Vekaria	40,000	0.4	40,000	0.4	2,00,000	0.4	2,00,000	0.4
Virendra Jadeja	2,000	0.02	2,000	0.02	10,000	0.02	10,000	0.02
Total	1,62,800	1.62	1,62,800	1.62	8,14,000	1.62	8,14,000	1.62

5. It was observed that promoter shareholding (together as well as individually) remained same for all the quarters from June 2017 to March 2018. No. of shares increased by five times due to stock-split of one equity share into five equity shares w.e.f. from December 4, 2017.

G



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

Financial Results: (₹. in crore)

Table 5:-

Description	Year Ended		Quarter Ended			
	31-Mar-2017	31-Mar-2018	30-Jun-2017*	30-Sep-2017	31-Dec-2017	31-Mar-2018
Net sales	1.38	2.95	Not available	8.53	9.63	6.24
Expenditure(incl. dep, int and taxes)	1.37	2.91	Not available	7.89	8.63	7.82
Profit after tax	0.01	0.04	Not available	0.65	1.00	(1.58)

* As per email dated April 23, 2018 from BSE, there were discrepancies in the financial results and the company was informed of the same but the rectified results were not submitted by the company.

6. Financial results of UCSL indicate that the business activities of the company were almost negligible and it registered almost nil profit for the FY 2016-17 and for FY 2017-18, the profit was Rs. 4 lakh only.

Corporate Announcements: Major Corporate announcements made during IP are given as under:

Table 6:-

S. No.	Date	Corporate Announcements	Details
1.	12/08/2017	Financial Results for June 2017	Financial Results for June 2017
2.	03/10/2017	Outcome of AGM	Consideration of audited balance sheet for FY 2016-17, appointment of Mrs. Sushma Raval and Mrs. Vimla Sanjay Patel as Directors of the company, approval of sub division of equity shares.
3	13/11/2017	Financial Results for September 2017	Financial results for September 2017
4	15/11/2017	Intimation of Sub Division/Stock Split	Intimation of record date for share split pursuant to clause 42 of SEBI (LODR) Regulations, 2015.
5	15/11/2017	Outcome of Board Meeting	Outcome of Board Meeting held on August 30, 2017 about stock split.
6	15/11/2017	Fixes Record Date for Stock Split	UCSL informed BSE that it has fixed December 05, 2017 as the record date for the purpose of sub-division of each equity share having face value of Rs. 5/- each into equity shares of Re. 1/- each.
7	04/12/2017	Updates	Sub-division of equity shares from Rs. 5/- to Re. 1/-.

Show Cause Notice in the matter of trading by certain entities in the scrip of Universal Credit and Securities Limited

Q



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

7. IP has been divided into three **patches** which is as below in tabular form:

Table 7:-

S. No.	Patch	Period	Price (rise/fall)
1.	Patch1	July 01, 2017 to August 12, 2017	Rise
2.	Patch 2	August 13, 2017 to December 03, 2017	Fall
3.	Patch 3	December 04, 2017* to January 12, 2018	Fall

*Date of stock split

Price Volume Data and Chart:

8. The price volume movement of the scrip of UCSL for the investigation period i.e. July 01, 2017 to January 12, 2018 is given as under:-

Table 8:-

Period	Dates		Opening price (volume) on the first day of the period (₹)	Closing Price (volume) on last day of the period (₹)	Low Price (volume) during the period (₹)	High Price (volume) during the period (₹)	Avg no. of (shares) traded daily during the period
Pre investigation Period	01/04/2017 to 30/06/2017	Price	54.55	64.50	54.55 (07/04/17)	64.50 (31/07/17)	59
		Vol	3060	10	10 (02/04/17 & 27/07/17)	3060 (06/04/17)	
Investigation Period – Patch 1	01/07/2017 to 12/08/2017	Price	64.50	77.15	61.30 (05/07/17)	85.10 (14/08/17)	18667
		Vol	6800	4225	50 (17/08/17 & 21/07/17)	21350 (13/08/17)	
Investigation Period - Patch 2	13/08/2017 to 03/12/2017	Price	80.40	44	42.90	85.10	9869
		Vol	967	1	41 (22/11/17)	967 (14/10/17)	
Investigation Period – Patch 3 *	04/12/2017 to 12/01/2018	Price	8.85	4.89	4.89	9.20	193900
		Vol	530173	26500	26500 (12/01/18)	530173 (04/12/17)	
Post Investigation Period	14/01/2018 to 14/04/2018	Price	4.65	2.92	2.92	4.65	4181
		Vol	50100	50100	1 (08/02/18)	50100 (15/01/18)	

Show Cause Notice in the matter of trading by certain entities in the scrip of Universal Credit and Securities Limited

Page 7 of 36

9

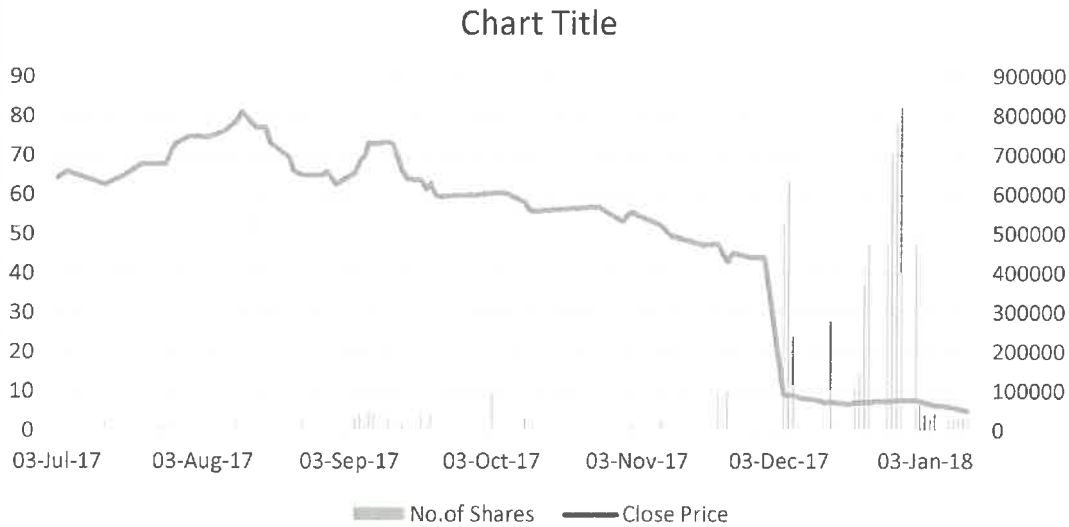


अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

*Stock Split on December 04, 2017 in the ratio of 1:5.

9. During IP, price of the scrip opened at Rs. 64.50 on July 03, 2017, touched a high of Rs. 85.10 on August 14, 2017, and closed at a low of Rs. 4.89 on January 12, 2018. The day wise price volume data of UCSL during IP is placed as **Annexure-3**. During IP, scrip was traded at BSE since it was exclusively listed on BSE, hence price volume chart at BSE during IP is as under:



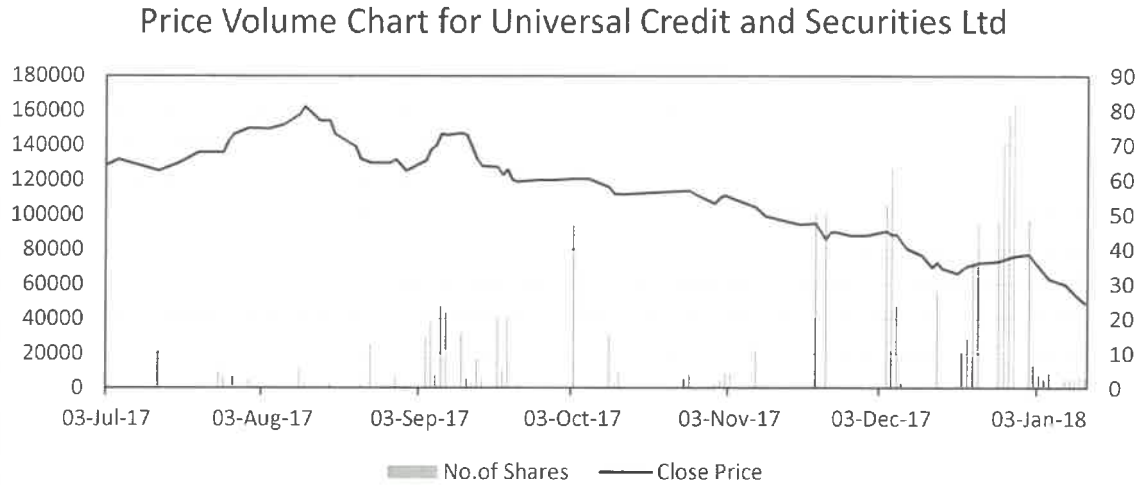
10. The shares of the company were split in the ratio of 1:5 with record date of December 04, 2017. The adjusted Price Volume chart is given as under after adjusting the above price volume graph by a factor of 5 from the period of December 04, 2017 to January 12, 2018 where price is multiplied by factor of 5 and volume is divided by a factor of 5:

9



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India



11. It was observed that the price of the scrip started moving upwards from July 03, 2017 and continued to move upward till August 12, 2017 after which downward trend was observed from August 14, 2017 till the end of the investigation period i.e. January 12, 2018. The shares of the company were split w.e.f. December 04, 2017 in the ratio of 1:5. Spurts in trading volume were observed in the months of December 2017 and January 2018. These spurts in volume coincided with stock split and circulation of bulk SMSs i.e. during December 04, 2017 to December 06, 2017 and December 11, 2017 to January 01, 2018.

Circulation of bulk SMSs

12. It is alleged that, SMSs were circulated from December 04, 2017 to December 06, 2017 and December 11, 2017 to January 01, 2018. On the trading day previous to December 04, 2017 i.e. November 30, 2017, only 1 share was traded. However, on next trade day after the SMS was sent i.e. on December 04, 2017, a total of 5,30,173 shares were traded. Following day on December 07, 2017, total shares traded were 16,325 shares and the number of trades kept on decreasing. However, on December 14, 2017, the number of trades again increased to 2,77,729 shares and was quite high till January 01, 2018. This high volume was allegedly attributed to the circulation of SMSs again from December 11, 2017 to January 01, 2018.

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13. Accordingly, information was sought from Telecom Service Providers (TSPs) vide letter dated June 07, 2018 for the period of December 04, 2017 to January 12, 2018. Airtel, vide letter dated June 19, 2018 has submitted the following details:-

Table 9:-

Time Period	No. of SMSs sent
Pre SMS period October 01, 2017 – November 30, 2017	0
SMS period December 04, 2017–January 12, 2018	1534153
Post SMS period January 14, 2018–April 14, 2018	0
Grand Total	1534153

14. The total trading pre-SMS period, during the SMS period and post SMS period is as under:

Table 10:-

Time Period	No. of SMSs sent	Trading Details		
		No. of trading days	Total trading volume	Average trading volume
Pre SMS period October 01, 2017 – November 30, 2017	0	60	400885	6682
SMS period December 04, 2017–January 12, 2018	1534153	23	6398698	278205
Post SMS period January 14, 2018–April 14, 2018	0	60	280130	4669
Grand Total	1534153	143	7079713	289556

15. From the above table, it is alleged that 15,34,153 SMSs were sent during the SMS period which coincided with the spurt in the volume of shares traded and stock split of the shares of UCSL.

Role of Noticee 1, Noticee 2, Noticee 3, Noticee 4 and Noticee 5

Analysis of trades of Noticee 3

G



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

Patchwise analysis of Last Trade Price (LTP) and New High/Low Price (NHP/NLP):

LTP/NHP/First Trade/small order analysis of patch I

16. The LTP and NHP contribution of the Noticee 3 during Patch-1 (price rise patch) and LTP and NLP contribution of the Noticee 3 during Patch-2 and 3 (price fall patch) were analysed.

LTP analysis in Patch-1 (July 01, 2017 to August 12, 2017) - Patch of price rise

17. During patch-1, price of the scrip opened at Rs. 64.50 on July 03, 2017 and touched high of Rs. 81.20 on August 11, 2017 and closed at Rs. 81.20 on August 11, 2017. It is alleged that Noticee 3 was the only LTP contributor during Patch I. It contributed Rs. 20/- to net LTP and Rs. 30.55 to total market positive LTP i.e. 100% of total market positive LTP. The table below shows analysis of LTP trades of Noticee 3, the details of which are given in **Annexure-4**. There were six counterparties to these LTP out of which trades of Anil Kumar Bhurat and Suryamangal Media Entertainment Limited ("Suryamangal") were the highest contributors contributing Rs. 10.4 and Rs. 6.15 respectively.

Table 11:-

Client Name	All Trades			LTP diff >0			LTP diff <0			LTP diff = 0		% LTP to total market positive LTP
	LTP impact	QTY traded	No. of trades	LTP Impact	QTY traded	No. of trades	LTP Impact	QTY traded	No. of trades	QTY traded	No. of trades	
RCG	20.00	46710	162	30.55	3167	11	-10.55	4901	12	38642	139	100
Market Total	16.70	78393	175	30.55	3167	11	-13.85	4902	13	70324	151	100 %

NHP analysis in Patch-1 (July 01, 2017 to August 12, 2017) - Patch of price rise

18. During patch-1, price of the scrip moved from Rs. 64.50 to a high price of Rs. 81.20 and Rs. 16.70 New High Price ("NHP") was created. Allegedly, noticee 3 contributed LTP of

6



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

more than 5% of market positive LTP in Patch I. The details of NHP created by it are as under:

Table 12:-

Clientname	Quantity	Number Of Trades	Contribution To Market NHP	% Of Market NHP	Contribution Among suspected entities	Contribution To NHP In Buy Order First Trades With Non suspected Entities
R.C.G.Finance Pvt.Ltd	2862	8	16.70	100.00%	2.20	0
Total	2862	8	16.70	100.00%	2.20	0.00
Market total	2862	8	16.70	100.00%	2.20	0.00

First trade analysis in Patch-1 (July 01, 2017 to August 12, 2017) - Patch of price rise

19. It is alleged that Noticee 3 was the buyer in 13 first trades and contributed Rs.13.50 to market positive LTP which was about 100% of the total first trades during Patch 1, details of which are given below:

Table 13:-

Client name	Total Number Of First Trades	Traded Quantity First Trades	Number Of First Trades Positive LTP	Net LTP	Positive LTP
R.C.G. Finance Pvt. Ltd	13	4271	6	8.10	13.50
Total	13	4271	6	8.10	13.50
Market total	15	4772	6	4.80	13.50

20. Trade log was analysed for these trades and it was alleged that 6 out of 13 first trades of Noticee 3 were for 100 shares or less. In view of the above, it is alleged that the trading pattern of Noticee 3 was establishing high price through first trades. The relevant trades of Noticee 3 are placed at **Annexure-5**.

Analysis of Bank statement of Noticee 3:

21. Trading activity of Noticee 3 was analysed and it was alleged that Noticee 3 had majority of its buying activity in the scrip of UCSL during the period of July 03, 2017 to August 29, Show Cause Notice in the matter of trading by certain entities in the scrip of Universal Credit and Securities Limited

Q



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

2017 in Patch I when the scrip was highly illiquid. The statement of Noticee 3 for bank account number 9*****3727 maintained with Axis bank was analysed for the period. The bank statement is placed at **Annexure-6**. It was alleged from the statement that on multiple occasions, Noticee 3 received the funds from Noticee 4 and Noticee 5 during the period from July 03, 2017 to August 23, 2017. The total fund received by Noticee 3 from Noticee 4 and Noticee 5 during the aforementioned period was Rs. 27,95,000. Subsequently, it is alleged that, Noticee 3 immediately upon receipt of funds, transferred majority of funds to its broker Pilot. As detailed in table-14 below, the buying of shares of UCSL by Noticee 3 coincided with fund receipts from Noticee 4 and Noticee 5. It is alleged that, out of the said fund received, Noticee 3 transferred Rs. 26,65,000 to the said broker i.e. 92 % of funds received from Noticee 4 and Noticee 5. The following table reflects the details of receipt of funds and amount transferred to the broker:

Table 14:-

Name Of transferor	Date Of Receipt of funds by RCG	Amount received by RCG (Rs)	Date Of Transfer To Broker by RCG	Amount Transferred To Broker by RCG (Rs)
Bonanza Industries Ltd.	03/07/2017	199000		
Earth Exim Ltd.	05/07/2017	100000.00	05/07/2017	100000.00
Earth Exim Ltd.	14/07/2017	65000.00	14/07/2017	65000.00
Earth Exim Ltd.	25/07/2017	650000.00	25/07/2017	650000.00
Earth Exim Ltd.	26/07/2017	160000.00	26/07/2017	500000.00
Bonanza Industries Ltd.	26/07/2017	340000.00		
Bonanza Industries Ltd.	28/07/2017	300000.00	28/07/2017	300000.00
Earth Exim Ltd.	28/07/2017	200000.00	28/07/2017	200000.00
Bonanza Industries Ltd.	03/08/2017	570000		
Earth Exim Ltd.	04/08/2017	150000.00	04/08/2017	150000.00
Bonanza Industries Ltd.	23/08/2017	830000.00	23/08/2017	600000.00
	Total	27,95,000		25,65,000

22. It is also alleged that on dates of positive LTP contributed by Noticee 3 i.e. July 05, 2017, July 25, 2017 and July 28, 2017, Noticee 3 had received funds to the tune of Rs. 12,50,000

Show Cause Notice in the matter of trading by certain entities in the scrip of Universal Credit and Securities Limited

6



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
**Securities and Exchange
Board of India**

from Noticee 4 and Noticee 5 and thus it is alleged that, Noticee 4 and Noticee 5 contributed to funding of trades for increasing the LTP. It is also alleged that, Noticee 4 and Noticee 5 are related to the directors of UCSL i.e. Noticee 1 and Noticee 2 during the IP.

23. It was also observed from the bank statement of Noticee 3 that the balance in the account of Noticee 3 was very low prior to the receipt of funds from Noticee 4 and Noticee 5. In fact, the account was closed on August 29, 2017. On this basis, it is alleged that the said account was solely used for the purpose of manipulation and that funds were transferred by Noticee 4 and Noticee 5 to Noticee 3 to purchase the shares of UCSL for manipulation.

Analysis of counterparty trades for entities who facilitated Noticee 3 in contributing to positive LTP or LTP manipulation:

Trade with Suryamangal Media Entertainment Limited

24. Trades of Noticee 3 with Suryamangal Media Entertainment Limited (hereinafter referred to as "**Suryamangal**") contributed to change in LTP of Rs. 6.15 out of total market LTP of Rs. 30.55 contributed during patch-I. One of the directors of Suryamangal as per the KYC dated February 04, 2014 received from the broker RTG Share Broking Limited was Jagdish Jani. He has mentioned his mobile number as 9*****4555 in the said KYC documents. This phone number is also mentioned as the phone number of Noticee 1, one of the directors of UCSL. The proof regarding the same is placed at **Annexure-7**. Thus, it is alleged that Suryamangal is connected to Noticee 1. As per MCA records, the directors of Suryamangal during the IP were Taraben Bhatt, Gangaram Tukaram Kadam and Sanjay Ambalal Patel. Sanjay Ambalal Patel was also one of the directors of Noticee 5 during IP. Sanjay Ambalal Patel was also the director of Noticee 4 along with Noticee 2, who was one of the directors of UCSL, during the IP. It is alleged that Noticee 4 and Noticee 5 had funded Noticee 3 for purchase of shares of UCSL pursuant to which Noticee 3 traded and manipulated the price of scrip of UCSL during Patch -I.

G



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
*Securities and Exchange
Board of India*

25. Therefore, it is alleged that Suryamangal is directly/ indirectly connected with UCSL and its two directors i.e. Noticee 1 and Noticee 2 during the IP. This indicates that the Noticee 1 and Noticee 2 directly / indirectly manipulated the scrip of UCSL through Suryamangal, Noticee 3 and others.

Trades between Noticee 3 as buyer and Anilkumar Bhawarlalji Bhurat as seller

26. Anilkumar Bhawarlalji Bhurat ("**Bhurat**") had sold a total quantity of 35,000 shares for which the major counterparty was Noticee 3 for 22,067 shares. It is alleged that Anilkumar Bhurat was the counterparty to the LTP trades of Noticee 3 for Rs. 10.4 out of the total LTP of Rs. 30.5 contributed by Noticee 3 during the first patch i.e. July 01, 2017 to August 12, 2017.

27. It is noted that AnilKumar Bhurat had not bought any shares during the IP. In this regard, summons dated August 19, 2019 were issued to Anilkumar Bhurat seeking information, inter-alia, regarding his relationship with UCSL, its promoter/ directors, source of shares of UCSL, etc. As per the reply of Anilkumar Bhurat received on September 09, 2019 to SEBI's summon dated August 19, 2019, he had purchased 35,000 shares of UCSL from Pragati Share and Stock Brokers Ltd in off-market for a total consideration of Rs. 2,50,000/- on March 07, 2015.

28. As per the information available with SEBI, the shares held by AnilKumar Bhurat were purchased off market and the seller was Dadimaa Capital (P) Ltd and not Pragti Share and Stock Brokers Ltd as otherwise claimed by Bhurat. As per KYC documents obtained from the broker, Noticee 1 was the authorised signatory of Dadimaa Capital (P) Ltd for honouring all instructions of Demat and the broker shall act on his instructions related to the said demat account. Noticee 1 was also one of the directors of UCSL. Therefore, it is alleged that Dadimaa Capital is directly related to Noticee 1. The phone number of Pragati Share and stock brokers is also the same as Noticee 1. The proof regarding the same is available at **Annexure-8**.

6



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
**Securities and Exchange
Board of India**

29. It is alleged that Anilkumar Bhurat who was the counterparty to the LTP trades of Noticee 3 for Rs. 10.4 out of total LTP contribution of Rs. 30.5 had received the shares through a connected / related entity of Noticee 1. Therefore, it is alleged that Noticee 1, director of UCSL directly/indirectly manipulated the scrip of UCSL by transferring shares of UCSL held by Dadimaa Capital to Anil Kumar Bhurat and that Dadima and Anil Kumar Bhurat were used as front/peripheral entities by Noticee 1 in the said manipulation.

Trades with Laxmi Ashok Raka and Rohit Ashok Raka as sellers

30. It is alleged from the off-market transfer data of UCSL that Laxmi Ashok Raka and Rohit Ashok Raka received 10,000 shares each of UCSL through off-market transfer on July 20, 2017 from Noticee 4 without any consideration. The DIS slip in this regard is placed at **Annexure- 9**. It is also alleged that Noticee 1 and Noticee 2, the directors of UCSL were also the directors of Noticee 4 who transferred shares in off market to Laxmi Ashok Raka and Rohit Ashok Raka.

31. It is further alleged that Laxmi Ashok Raka sold all these 10,000 shares to Noticee 3 on July 25, 2017. Rohit Ashok Raka sold 10,000 shares to Noticee 3 on three days i.e. July 26, 2017, July 28, 2017 and July 31, 2017. The extract from the trade log and order log in this regard are placed at **Annexure-10**.

32. From the order log, it is observed that on July 25, 2017, Laxmi Ashok Raka placed 5 sell orders for a total of 5000 shares from 13:29 PM to 13:34 PM. These orders were matched by Noticee 3 by placing 11 orders for a total of 5000 shares from 13:41 PM to 13:43 PM. Laxmi Ashok Raka again placed a single sell order for 5000 shares at 13:44 PM. This order was matched by Noticee 3 by placing 3 separate orders for 5000 shares. It is pertinent to mention that on July 25, 2017, only 10,015 shares were traded out of which 10000 shares were traded between Noticee 3 and Laxmi Ashok Raka.

33. Since the scrip was highly illiquid in the month of July 2017, it was alleged that Noticee 4 first transferred shares in off market to Laxmi Ashok Raka and Rohit Ashok Raka. Laxmi

6



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
**Securities and Exchange
Board of India**

Ashok Raka and Rohit Ashok Raka further used the market mechanism to transfer those shares to Noticee 3 so as to create artificial volume and manipulate the price of an illiquid scrip. It is alleged that on July 25, 2017, when Laxmi Ashok Raka and Rohit Ashok Raka sold the shares to Noticee 3, Noticee 4 had funded the purchase of those shares by Noticee 3.

34. Thus, it is alleged that Noticee 1 and Noticee 2, the directors of UCSL directly/indirectly created artificial volume in the scrip of UCSL by using Laxmi Ashok Raka and Rohit Ashok Raka.
35. It is observed from the Price Volume data of UCSL during the IP that the scrip of UCSL traded for one day only during the month of January 2017 and for 8 days during the month of February 2017. In March 2017, the scrip had traded almost on every trading day and thereafter in April, May and June 2017 scrip had traded only for few days. Hence, the scrip was highly illiquid prior to the Investigation Period.
36. During patch-1 of Investigation Period, Noticee 3 was alleged to be the top LTP contributor and contributed to net LTP by Rs. 20 and Rs. 30.55 to total market positive LTP (100% of total market positive LTP). Also, Noticee 3 allegedly entered into 13 first trades as a buyer contributing positive LTP of ₹ 13.50 which was about 100% of the total first trades by Noticee 3. First trade LTP for Patch 1 is as under-
37. Thus, it is alleged that Noticee 3 have established high price through first trades in a highly illiquid scrip. It is also alleged that Noticee 3 received funding of Rs. 27,95,000/- from July 03, 2017 to August 23, 2017, from the company connected entities viz. Noticee 4 and Noticee 5 majorly during the first patch from July 03, 2017 to August 23, 2017. It is alleged that Noticee 3 transferred 92% of the amount received from Noticee 4 and Noticee 5 to its broker on the date of receipt of funds from them. It is alleged that Noticee 4 and Noticee 5 funded Noticee 3 to manipulate the price and volume of the scrip. It is also alleged that Noticee 2 and Noticee 1, the directors of UCSL were also the directors of Noticee 4, which

G



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
**Securities and Exchange
Board of India**

funded the purchase of shares of UCSL by Noticee 3 during Patch-I when Noticee 3 allegedly manipulated the price of UCSL.

38. The alleged manipulation of price and volume of shares of UCSL, a highly illiquid scrip by Noticee 3 repeatedly at higher than last traded price based on funds received from Noticee 4 and Noticee 5 where directors of UCSL i.e. Noticee 2 and Noticee 1 were also the directors. Therefore, it is alleged that the Noticee 1 and Noticee 2 directly / indirectly manipulated the price of UCSL during the IP through Noticee 3.
39. It is also alleged that Noticee 3 had transferred shares of UCSL to Noticee 6 and Noticee 4 had transferred shares to Noticee 7 through off market transactions. It is also alleged that Noticee 3 is connected with director of UCSL Noticee 1 through his brother, Mahesh Ramanlal Shah. Mahesh Ramanlal Shah was the director of Noticee 3 during the period of Investigation.
40. In view of the above, it is alleged that Noticee 3 had indulged in an act which created misleading appearance of trading in the scrip as well manipulated the price of the scrip. It is also alleged, such trading pattern of Noticee 3 was devoid of any business purpose and thus, was in violation of Section 12A (a), (b) and (c) of SEBI Act, 1992 read with Regulations, 3(a), (b), (c) and (d), 4(1), 4(2) (a), (d) and (e) of SEBI (PFUTP) Regulations, 2003.
41. Further, it is alleged that Noticee 4 and Noticee 5 has violated the provisions of Section 12A (a), (b) and (c) of SEBI Act, 1992 read with Regulations, 3(a), (b), (c) and (d), 4(1), 4(2) (a) and (d) of SEBI (PFUTP) Regulations, 2003 by transferring funds to Noticee 3 for manipulating the price of the scrip of UCSL.
42. Further it is also alleged that, Noticee 1 and Noticee 2 had indulged in an act to create misleading appearance of volume in the scrip and price and volume manipulation through Suryamangal, Dadima capital, Anil Kumar Bhurat, Laxmi Ashok Raka and Rohit Ashok Raka as detailed above and thus, allegedly aided and abetted the manipulation of the

G



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

scrip of UCSL through these entities, thereby violating Section 12A (a), (b) and (c) of SEBI Act, 1992 read with Regulations, 3(a), (b), (c) and (d), 4(1), 4(2) (a) and (d) of SEBI (PFUTP) Regulations, 2003.

Alleged reversal Trades in the scrip during the period of Investigation:

43. As mentioned earlier, the shares of UCSL were thinly traded prior to IP i.e. the scrip was relatively very illiquid. During the period of investigation i.e. from July 01, 2017 to January 12, 2018, the price of the scrip opened at Rs. 64.50/- on July 03, 2017, touched a high of Rs. 85.10/- on August 14, 2017 and closed at Rs. 4.89/- on January 12, 2018.

Details of reversal trades during the IP are as under:

Table 15:-

Buyer Name	Seller Name	Reversal Qty	Artificial volume created through reversals	Trade Date	%Market volume
Noticee 7	Noticee 8	50,000	1,00,000	21/12/2017	27.06%
Noticee 6	Noticee 8	1,06,500	2,13,000	26/12/2017	44.17%

44. As per the shareholding of UCSL for quarter ending June 2017, both Noticee 6 and Noticee 7 were not holding any shares in UCSL. Shares received by them through off market transfer are mentioned in the table below:

Table 16:-

Date	Source Client Name	Target Client Name	Transferred Qty
19/09/2017	Noticee 3	Noticee 6	97000
20/09/2017	Noticee 4	Noticee 7	25000
26/09/2017	Arshiya Central Domestic Distripark Limited	Noticee 7	24160
19/09/2017	Tarla Laxmichand Gala	Noticee 7	20000
19/09/2017	Laxmichand Manek Gala	Noticee 7	20000

Details of shares purchased and sold by Noticee 7 during the IP are as under

G



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

Table 17:-

Sr. No.		Number of shares
1	No of shares held at the beginning of the IP	0
2	No of shares purchased on market in pre-split period	39,000
3	No of shares purchased off market in pre-split period	89,160
4	No of shares sold on market in pre-split period	1,00,000
5	Remaining shares held prior to split	28160
6	No of shares held after split (Remaining *5)	140800
7	No of shares purchased in post-split period	507613
8	No of shares sold in post-split period	648413
9	No of shares at the end of the IP	0

Details of shares purchased and sold by Noticee 6 during the IP are as under:

Table 18:-

Sr No.		Number of shares
1	No of shares held at the beginning of the IP	0
2	No of shares purchased on market in pre-split period	20,005
3	No of shares purchased off market in pre-split period	97,000
4	No of shares sold on market in pre-split period	23,000
5	Remaining shares held prior to split	94,005
6	No of shares held after split (Remaining *5)	4,70,025
7	No of shares purchased in post-split period	516340
8	No of shares sold in post-split period	924195
9	No of shares at the end of the IP	62170

Details of shares purchased and sold by Noticee 8 during the IP are as under:

Table 19:-

	Number of shares
No of shares purchased on market in pre-split period	23,000
No of shares sold on market in pre-split period	0
Remaining shares prior to split	23,000
No of shares held after split (Remaining *5)	1,15,000
No of shares purchased in post-split period	6,86,005
No of shares sold in post-split period	857890

*From the above table, it is observed that Noticee 8 was holding some shares in UCSL prior to IP but the source of those shares could not be ascertained.

6



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
**Securities and Exchange
Board of India**

45. Noticee 8 bought a total of 7,09,005 shares during the IP. Out of 7,09,005 shares purchased, 50,451 shares (7%) were bought from Noticee 7 and 3,22,980 shares (45.55%) were bought from Noticee 6.
46. Noticee 8 sold a total of 8,57,890 shares during the IP. The sell of shares was started from December 04, 2017, i.e. after the circulation of SMSes. Out of 8,57,890 shares sold, 2,43,079 shares (28%) were sold to Noticee 7 and 3,14,845 shares (37%) were sold to Noticee 6.
47. Further out of the aforesaid, it is alleged that Noticee 8 and Noticee 6 executed reversal trades for 1,06,500 shares. Similarly, it is alleged that Noticee 8 and Noticee 7 executed reversal trades for 50,000 shares.
48. On perusal of the trade log and the order log, it is alleged that Noticee 8 and Noticee 6 / Noticee 7 first placed their orders by keeping the rates away from the trade rate and then matched the rates/ quantities between them. From these trades it is alleged that the trades of Noticee 8 were not aimed at transferring beneficial ownership but were a mechanism to create artificial volume in the scrip. A few instances of such reversal trades/ structured trades to cause non-genuine trades are illustrated below:

Trade date 26.12.2017

Alleged reversal trades executed by Noticee 8 and Noticee 6 for 56,500 shares

Noticee 8 (Buyer) and Noticee 6 (Seller) for 1,00,000 shares

49. At 9:03, on 26.12.2017, Noticee 8 placed a buy order no. 1514259000001091002 for 1,25,000 shares at Rs. 7.25. At 9:04, Noticee 8 placed another buy order no. 1514259000001091010 for 25,000 shares at Rs. 7.3. In between these two orders, Noticee 8 also placed other buy orders at buy order rates ranging between Rs. 7.05 to Rs. 7.3, which either were deleted immediately on placing of the orders or remained unexecuted as the

G



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

buy orders were placed much away from the last trade rate. This order was, however, placed in the pre-opening session.

50. On 26.12.2017, trade rate was hovering between Rs. 7.35 to Rs. 7.5 prior to 9:17 as a result the buy order nos. 1514259000001091002 and 1514259000001091010 were pending execution. Despite the fact that trades prior to 9:17 were happening between Rs. 7.35 to Rs. 7.5, it is observed that Noticee 6 placed a sell order no. 1514259000001091032 for 1,00,000 shares at Rs. 7.25 to match the buy order rates of Noticee 8 as aforesaid. This resulted in trade for 1,00,000 shares between Noticee 8 and Noticee 6 as below:

Table 20:-

Date of Trade	Buyer's name	Seller's name	Buy Order No	Sell Order No	Trade Time	Trade Rate	LTP Rate	% of LTP	Traded Qty
26/12/17	Noticee 8	Noticee 6	1514259000001091010	1514259000001091032	9:17:46	7.3	-0.2	-2.67	15875
26/12/17	Noticee 8	Noticee 6	1514259000001091002	1514259000001091032	9:17:46	7.25	-0.05	-0.68	84125
Total									1,00,000

51. At 15:06, Noticee 8 deleted the balance unexecuted quantity of 40,875 shares of buy order no. 1514259000001091002. Further, as regards buy order no. 1514259000001091010, 9125 shares got matched with third party prior to the trade that got executed with Noticee 6 as aforesaid. The relevant extract of order log are placed at **Annexure- 11**.

Trades between Noticee 6 (Buyer) and Noticee 8 , (Seller) for 56,500 shares

52. After the aforesaid trades at 9:19, Noticee 6 placed a buy order no. 1514259000001091039 for 60,000 shares at buy order rate Rs. 7.3. Immediately thereafter at 9:20, Noticee 8 , placed sell order no. 1514259000001091041 for 56,500 shares at Rs. 7.3. This resulted in trade for 56,500 shares between Noticee 6 and Noticee 8 , as below:

Table 21:-

Show Cause Notice in the matter of trading by certain entities in the scrip of Universal Credit and Securities Limited

Page 22 of 36

Q



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

Date of Trade	Buyer's name	Seller's name	Buy Order No	Sell Order No	Trade Time	Trade Rate	Trade Qty
26/12/17	Noticee 6	Noticee 8	1514259000 001091039	1514259000 001091041	9:20:11	7.3	56500

53. At 14:47, Noticee 6 deleted the balance quantity of 2,830 shares [60,000 – 56,500 -670] (70 shares got executed with a third party immediately before the trade between Noticee 6 and Noticee 8 , could take place and 600 shares got executed with another third party immediately after the trade between Noticee 6 and Noticee 8 , too place).

Trade date 27.12.2017

Alleged reversal trades executed by Noticee 8 , and Noticee 6 for 50,000 shares

Trades between Noticee 6 (Buyer) and Noticee 8, (Seller) for 50,000 shares

54. Noticee 6 placed buy order no. 1514345400001249016 for 1,00,000 shares at Rs. 7.35 at 9:15. Immediately thereafter at 9:15:31, Noticee 8 , placed sell order no. 1514345400001249020 for 1,00,000 shares at the same sell order rate as the buy order rate i.e. 7.35, despite the fact that the trades at that point of time were happening at 7.65. This resulted in trade between Noticee 6 and Noticee 8 as follows:

Table 22:-

Date of Trade	Buyer's name	Seller's name	Buy Order No	Sell Order No	Trade Time	Trade Rate	No of shares traded
26/12/17	Noticee 6	Noticee 8	15143454 00001249 016	15143454 00001249 020	9:15:31	7.35	99625

55. Prior to the aforesaid trade, 375 shares out of sell order no. 1514345400001249020 of Noticee 8 got traded with third parties at trade rate of Rs. 7.65. On perusal of the order log, it is further observed that immediately after the trade as aforesaid got executed between Noticee 6 and Noticee 8, Noticee 6 deleted balance quantity of 375 shares from her buy

G



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

order no. 1514345400001249016 at 9:16. In view of the same, it is alleged that the trades between Noticee 6 and Noticee 8 , were non-genuine.

Trades between Noticee 8 (Buyer) and Noticee 6 (Seller) for 50,000 shares

56. Noticee 8 , placed a buy order no. 1514345400001249022 for 50,000 shares at 9:15:41 at buy order rate Rs. 7.4. Immediately thereafter at 9:16:11, Noticee 6 placed a sell order for 50,000 shares at Rs. 7.4. This resulted in trade between Noticee 8 and Noticee 6 for 50,000 shares as follows:

Table 23:-

Trade Date	Buyer's name	Seller's name	Buy Order No	Sell Order No	Trade Time	Trade Rate	No of shares traded
26/12/17	Noticee 8	Noticee 6	1514345400001249022	1514345400001249029	9:16:11	7.4	50000

57. It is observed from the trades executed as aforesaid that Noticee 8 had placed sell order for 1,00,000 shares at 9:15:31 at Rs. 7.35 despite the fact that the trade rate was at Rs. 7.65, and immediately thereafter at 9:15:41, i.e. 10 seconds later, he placed a buy order for 50,000 shares at Rs. 7.4, i.e. at a buy order rate higher than his own sell order rate 10 seconds before. This is against the basic rule for any trading activity in securities market i.e. buy cheap and sell costly, whereas here Noticee 8 was buying costly and selling cheap.

58. Thus the alleged reversal trades executed as aforesaid indicates that the trades between Noticee 8 and Noticee 6 were alleged to be non-genuine and undertaken to attract retail investors so as to enable them to offload shares on innocent investors.

Instances of alleged structured trades/ reversal trades between Noticee 8 (buy/ sell) and Noticee 7 (sell/ buy) to cause non-genuine trades are brought out below:

Trade date 21.12.2017

Show Cause Notice in the matter of trading by certain entities in the scrip of Universal Credit and Securities Limited

Page 24 of 36

G

Alleged reversal trades executed by Noticee 8 and Noticee 7 for 50,000 shares

Trades between Noticee 8 (Buyer) and Noticee 7 (Seller) for 50,000 shares

59. A day prior to 21.12.2017, the closing price was Rs. 7.05. On 21.12.2017, Noticee 8, placed a buy order no. 1513827000001313000 for 25,000 shares at Rs. 7.05 at 9:03 and another buy order no. 1513827000001313002 for 1,25,000 shares at Rs. 7, also at 9:03. In between Noticee 8 placed one more buy order no. 1513827000001313001 for 12,50,007 shares, but deleted the same immediately. This order was, however, placed in the pre-opening session.
60. Subsequently too upto 9:04, Noticee 8 placed buy orders at buy order rates less than Rs. 7, which were either deleted by him immediately or remained unexecuted since the buy order rate was kept away from the trade rate. Though the order quantity of these buy orders that were placed subsequently was updated, however, the buy order rate was allowed to remain far away from the trade rate i.e Rs. 7.35 to Rs. 7.4, thus, allegedly suggesting that Noticee 8 did not have any real intention to trade as regards these subsequent buy orders are concerned. These orders were, however, placed in the pre-opening session.
61. The first three trades of the day took place from 9:15:26 to 9:18:37 at trade rate Rs. 7.4 for 15 shares, 100 shares and 300 shares respectively, wherein Noticee 7 was on the sell side.
62. Despite the same, Noticee 7 placed a sell order no. 1513827000001313014 for 25,000 shares at Rs. 7.05 at 9:18 matching the buy order rate of buy order no. 1513827000001313000 of Noticee 8 and another sell order no. 1513827000001313015 for 25,000 shares at Rs. 7 at 9:19 matching the buy order rate of next buy order no. 1513827000001313002 of Noticee 8. The order log in this regard is placed at **Annexure-12**. This resulted in trade for 50,000 shares between Noticee 8 and Noticee 7 as follows:

Q

Table 24:-

Date of Trade	Buyer's name	Seller's name	Buy Order No	Sell Order No	Trade Time	Trade Rate	Traded Qty
21/12/17	Noticee 8	Noticee 7	1513827000001313000	1513827000001313014	9:18:41	7.05	25000
21/12/17	Noticee 8	Noticee 7	1513827000001313002	1513827000001313015	9:19:01	7	25000

Trades between Noticee 7 (Buyer) and Noticee 8 , (Seller) for 50,000 shares

63. Subsequently, at 9:20 AM, Noticee 8 placed a sell order no. 1513827000001313022 for 50,000 shares at sell order rate Rs. 7.05 despite the fact that at trade time 9:20AM, trade rate was Rs. 7.4. Immediately thereafter at 9:20 AM, Noticee 7 placed two buy orders nos. 1513827000001313023 and 1513827000001313024 for buy order quantity of 25,000 shares each and buy order rate of Rs. 7.05 each. This resulted in trade for 50,000 shares between Noticee 7 and Noticee 8 as follows:

Table 25:-

Date of Trade	Buyer's name	Seller's name	Buy Order No	Sell Order No	Trade Time	Trade Rate	Traded Qty
21/12/17	Noticee 7	Noticee 8	1513827000001313023	1513827000001313022	9:20:29	7.05	25000
21/12/17	Noticee 7	Noticee 8	1513827000001313024	1513827000001313022	9:20:36	7.05	25000

Instances of alleged structured trades/ matched trades between Noticee 6 (buyer) Noticee 8 (seller) to allegedly cause non-genuine trades are brought out below:

Trade date 28.12.2017

64. On 28.12.2017, at 9:19:42, Noticee 6 placed a buy order no. 1514431800001085063 for 1,25,000 shares @ Rs. 7.45 at 9:19 AM. The said buy order was updated to Rs. 7.5 at 9:19:58. Immediately thereafter at 9:20:55 and 9:21:03, Noticee 8 placed two sell order nos.

G



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

1514431800001085071 and 1514431800001085071 respectively for 56,885 shares each @ Rs. 7.5 each. This resulted in trades between Noticee 6 and Noticee 8 , as follows:

Table 26:-

Date of Trade	Buyer's name	Seller's name	Buy Order No	Sell Order No	Trade Time	Trade Rate	LTP Rate	% of LTP	Traded Qty
28/12/17	Noticee 6	Noticee 8	1514431800001085063	1514431800001085071	9:20:55	7.5	-0.05	-0.66	56885
28/12/17	Noticee 6	Noticee 8	1514431800001085063	1514431800001085072	9:21:03	7.5	0	0	56885

65. Buy order no. 1514431800001085063 for 1,25,000 shares of Noticee 6 matched with a third party at trade time 9:20:47 resulting in a trade for 1,250 shares immediately before trades between Noticee 6 and Noticee 8 could get executed as aforesaid. Further, it matched with three other third parties at 9:21:15, 9:21:36 and 9:22:06 for 1,864 shares, 300 shares and 200 shares. Thereafter Noticee 6 deleted the balance unexecuted quantity of 7,576 shares at 9:49.
66. It is alleged that the intent of Noticee 6 and Noticee 8 was to trade amongst themselves causing non-genuine trade in the scrip to attract innocent investors. This fact is further strengthened by the alleged reversal trades executed between them, which have been elaborated above.
67. The alleged reversal trades executed as aforesaid by placing orders away from the last traded price, matching the quantities and deleting the unexecuted quantities indicates that the trades between Noticee 8 and Noticee 7 were allegedly non-genuine and undertaken to attract retail investors so as to create artificial volume in the scrip of UCSL.
68. As can be seen from the above instances, the trades that took place between Noticee 8 and his counterparties namely Noticee 7 and Noticee 6 and vice-versa were allegedly

Show Cause Notice in the matter of trading by certain entities in the scrip of Universal Credit and Securities Limited

Page 27 of 36

G



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
**Securities and Exchange
Board of India**

devoid of any financial rationale. It is alleged from the above transactions that the buy and sell orders were placed at prices far away from the prevailing market prices. Also, once the substantial order quantity matched, the balance order quantity was deleted. This allegedly indicates that the trades were reversed to increase liquidity in the scrip. Also, there were repeated instances of such behaviour. This allegedly shows that the transactions were not aimed at transferring beneficial ownership but for creation of artificial volume in the scrip. It is also observed that both Noticee 7 and Noticee 6 were not holding any shares prior to the IP. Both allegedly received shares in off market without any consideration through Noticee 3 and Noticee 4.

69. It is pertinent to mention here that Noticee 2 and Noticee 1, the directors of UCSL were also the directors of Noticee 4 which allegedly funded the purchase of shares of UCSL by Noticee 3. Noticee 3 is also connected to the director of UCSL, Noticee 1 through its director Mahesh Ramanlal Shah who is the brother of Noticee 1. In view of the same, it is alleged that the directors of UCSL namely Noticee 1 and Noticee 2 directly / indirectly created artificial volume in the scrip of UCSL by first using Noticee 4 and Noticee 3 to transfer shares of UCSL without any consideration to Noticee 7 and Noticee 6 who then used these shares to artificially manipulate the volume of the scrip as detailed above.
70. In view of the above, it is alleged that Noticee 6, 7 and 8 has violated Section 12A (a), (b) and (c) of SEBI Act, 1992 read with Regulations, 3(a), (b), (c) and (d), 4(1), 4(2) (a) of SEBI (PFUTP) Regulations, 2003.

Disclosure under SEBI (SAST) Regulations, 2011:

71. During investigation, it was observed that the shareholding of Noticee 3 was 1.37% representing 1,37,360 shares of the total shares of UCSL at the end of quarter ending September 2016. This shareholding rose from 1,37,360 shares (1.37%) to 5,01,118 shares (5.01%) of the total shareholding at the end of quarter June 2017. It was also found that the said shareholding fell to 13,48,315 shares (post stock split) (2.69%) of total shareholding in the quarter ending March 2018.

Show Cause Notice in the matter of trading by certain entities in the scrip of Universal Credit and Securities Limited

Page 28 of 36

G



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

Regulation 29(1) of SAST 2011 states that –

“Any acquirer who acquires shares or voting rights in a target company which taken together with shares or voting rights, if any, held by him and by persons acting in concert with him in such target company, aggregating to five per cent or more of the shares of such target company, shall disclose their aggregate shareholding and voting rights in such target company in such form as may be specified.”

Regulation 29(2) of SAST 2011 states that –

Any person, who together with persons acting in concert with him, holds shares or voting rights entitling them to five per cent or more of the shares or voting rights in a target company, shall disclose the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below five per cent, if there has been change in such holdings from the last disclosure made under sub-regulation (1) or under this sub-regulation; and such change exceeds two per cent of total shareholding or voting rights in the target company, in such form as may be specified.

Regulation 29(3) of SEBI (SAST) Regulation, 2011 states that-

“The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within two working days of the receipt of intimation of allotment of shares, or the acquisition [or the disposal] of shares or voting rights in the target company to,-

- a) every stock exchange where the shares of the target company are listed; and*
- b) the target company at its registered office”.*

72. However, it has been alleged that, no disclosure in this regard has been made. BSE, vide e-mail dated December 04, 2018 informed that it is not in receipt of any disclosure under SEBI (SAST) Regulations 2011 from any person, including company in the scrip of UCSL

G



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
**Securities and Exchange
Board of India**

during the period of April 01, 2017 to April 12, 2018 . An email dated September 21, 2021 and a letter dated October 01, 2021 seeking compliance details of the requisite disclosures was sent to Noticee 3 on the address available at the MCA website. However, the email returned with the remarks that the email address does not exist and the letter was returned with the remarks 'Insufficient address.

73. In view of the above, it is alleged that Noticee 3 has violated Regulations 29 (1) and (2) read with 29(3) of SEBI (SAST) Regulations, 2011.

Communication with UCSL and its directors (Noticee 1 and Noticee 2)

74. Noticee 1, Noticee 2 and Sushma Raval were the three directors of UCSL during the Investigation Period. Separate summons u/s 11C(3) of SEBI Act, 1992 were issued to Noticee 1 and Noticee 2 on August 21, 2019 by SEBI. Noticee 1 and Noticee 2 vide separate letters dated September 03, 2019 replied to the summons dated August 21, 2019. The summons and the replies are placed at **Annexure-13**. During the investigation, it was observed that Noticee 1 was alleged to have a major role in the manipulation of both price and volume of the scrip of UCSL.
75. In view of the same, summons under Section 11C (5) of SEBI Act, 1992 dated November 26, 2019 were issued to the Noticee 1. He was summoned to appear in person on December 10, 2019 but the said summon returned undelivered on December 09, 2019 with the remarks 'left'. Letter dated December 09, 2019 enclosing summon dated November 26, 2019 was resent at his another available address The said letter enclosing summon was delivered on December 10, 2019 through hand delivery. However, no reply has been received from him till date.
76. Second summon dated January 15, 2020 was issued under Section 11C (5) of SEBI Act, 1992 and the said summon got delivered at two addresses through hand delivery. Noticee 1 was advised to appear before the Investigating Authority on January 21, 2020, however he failed to appear and no response was received from him.

G



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
**Securities and Exchange
Board of India**

77. Another summon under Section 11C (5) of SEBI Act, 1992 dated January 28, 2020 was issued at both the available addresses (advising him to appear on February 05, 2020. The said summon was sent through speed post which got delivered on February 03, 2020. He again failed to appear before the Investigating Authority. Copy of the summons issued to Noticee 1 and acknowledgements/ proof of delivery are placed at **Annexure-14**.
78. Letter dated October 22, 2021 were again sent to Noticee 1, inter-alia, seeking details regarding of his role in the respective companies of which he was the director, the role of the respective companies which were involved in manipulation, etc. The letter to Noticee 1 got delivered but no reply has been received till date. The letters and delivery status are placed at **Annexure-15**.
79. In view of the above, it is alleged that Noticee 1 has violated Section 11C (5) of SEBI Act, 1992, for not providing the information sought and not observing compliance with summons issued to him.
80. The relevant provisions of the SEBI Act, 1992 and SEBI (PFUTP) Regulations, 2003 are reproduced hereunder:-

Regulation 12A of SEBI Act, 1992- Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

Regulation 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;

G



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

(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;

Regulation 3 of SEBI (PFUTP) Regulation, 2003 - Prohibition of certain dealings in securities

Regulation 3- No person shall directly or indirectly—

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

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

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

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

Regulation 4 of SEBI (PFUTP) Regulation, 2003 - Prohibition of manipulative, fraudulent and unfair trade practices

Regulation 4(1)- Without prejudice to the provisions of regulation 3, no person shall indulge in a [manipulative,] fraudulent or an unfair trade practice in securities [markets].

9



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

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

Regulation 4(2)- Dealing in securities shall be deemed to be a [manipulative] fraudulent or an unfair trade practice if it involves [any of the following]:—

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

(d) inducing any person for dealing in any securities for artificially inflating, depressing, maintaining or causing fluctuation in the price of securities through any means including by paying, offering or agreeing to pay or offer any money or money's worth, directly or indirectly, to any person;]

(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];

81. The aforesaid alleged violations by Noticees, if established, makes Noticee 1 liable for monetary penalty under the provisions of Section 15HA and 15HB of SEBI Act, Noticee 3 under Section 15HA and 15A(b) of SEBI Act, Noticee 2, Noticee 4, Noticee 5, Noticee 6, Noticee 7 and Noticee 8 under Section 15HA of the SEBI Act. The relevant text of Sections 15HA, 15HB and 15A(b) of SEBI Act is reproduced as under:

15HA - Penalty for fraudulent and unfair trade practices:- *If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty*



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

102[which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.

15HB- Penalty for contravention where no separate penalty has been provided:-

Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be 104[liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.]

15A. Penalty for failure to furnish information, return, etc:- If any person, who is required under this Act or any rules or regulations made thereunder,—

(b) to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified therefor in the regulations [or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents], he shall be liable to [a penalty [which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees]];

82. In view of the above, you are hereby called upon to show cause as to why an inquiry should not be held against you in terms of Rule 4 of Adjudication Rules read with Section 15-I (1) & (2) of SEBI Act, and penalty, if any, be not imposed on Noticee 1 to Noticee 8 for the aforesaid alleged violations.

83. Your reply, if any, along with supporting enclosures and documents, should reach the undersigned at the address mentioned below as well as through email at barnalim@sebi.gov.in and gauravn@sebi.gov.in within 21 days from the date of receipt of this notice, failing which it shall be presumed that you have no submissions to make, in which case, the matter shall be proceeded with on the basis of material/facts on record.

G



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

Securities and Exchange Board of India
SEBI BHAVAN- II, C-7, G- Block,
Bandra - Kurla Complex, Bandra (East),
Mumbai – 400 051.

84. You may also indicate in your reply if you desire a Personal Hearing in the matter. Further, you are advised to provide copy of PAN and email id and also keep the undersigned informed about the change in your correspondence if any, till the proceedings are completed.
85. Noticees may also note that a settlement mechanism is provided under the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018. If they wish to avail the benefit of the settlement process, they may apply for the same in the manner provided in the said regulations, under intimation to the undersigned.

BARNALI MUKHERJEE

Adjudicating Officer

Enclosures:

Annexure-1	Copy of complaints received.
Annexure-2	Copy of Communique dated March 23, 2022 for appointment of AO
Annexure-3	Copy of day wise price volume data of UCSL during IP
Annexure-4	LTP Trades of Noticee 3
Annexure-5	Trade log of Noticee 3
Annexure-6	Copy of Bank Statement of Noticee 3
Annexure-7	KYC of Suryamangal
Annexure-8	Proof of Narendra Shah being authorized signatory of Dadima Capital
Annexure-9	DIS slip for off market transfer to Laxmi Ashok Raka and Rohit Ashok Raka



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
*Securities and Exchange
Board of India*

Annexure-10	Extract from the trade log and order log for trades of Laxmi Ashok Raka and Rohit Ashok Raka
Annexure-11	Copy of relevant Extract of order log
Annexure-12	Copy of order log of 21-12-2017
Annexure-13	Copy of summons and replies of Noticee 1 and Noticee 2
Annexure-14	Copy of the summons issued to Noticee 1 and acknowledgements/ proof of delivery
Annexure-15	Copy of Letter dated October 18, 2021 and its delivery status.

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