BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/MC/RM/2022-23/20459-20469]

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

In respect of –

1. **Preyashbhai Sathvara (PAN: BWPPS8357E)** having address at Block B-112/block B A 12, Vraj Vihar Apartment, Godasar Lake, Godasar, Ahmedabad – 380050
2. **Mehulkumar Balvantbhai Tundiya (PAN: AYDPT3030A)** having address at C 48, Narshinh nagar Swastik, Charrasta Amraiwadi, Ahmedabad – 380026
3. **Rekhaben Harishbhai Sakariya (PAN: DZEPS8946B)** having address at 21, Vrundavan Mevawala Flat, Kiran Park, Vadaj Naranpura Vistar, Ahmedabad – 380013
4. **Harishkumar Sakariya (PAN: AXFPS3805D)** having address at 21, Vrundavan Mevawala Flat, Kiran Park, Vadaj Naranpura Vistar, Ahmedabad – 380013
5. **Sejalben Prayashkumar Sathvara (PAN: EUWPS4229D)** having address at Block B-112/block B A 12, Vraj Vihar Appartment, Godasar Lake, Godasar, Ahmedabad – 380050
6. **Suresh Ramanlal Prajapati (PAN: AGEPP1194L)** having address at H 9, Devnandan Appartment, Chanakyapuri Ghatlodia, Ahmedabad City, Ahmedabad – 380061
7. **Dharmeshbhai J Vaghela (PAN: ANWPV9496L)** having address at A-1, Punit nagar, Tenament opp Police Line, Ranip, Ahmedabad – 382480
8. **Brijdham Dealcom Pvt. Ltd. (PAN: AADCB6626P)** having addresses at:
   - **i.** 52 Canning Street, Ground floor, Kolkata – 700001 and
   - ii. c/o: PS IT Infrastructure and Services Ltd., Office no 308, B2B Agarwal Centre, 3rd Floor, Nr Malad Industrial Estate, Kanchpada, Malad (West), Mumbai - 400064

9. **Premsagar Vinimay Private Ltd. (PAN: AAECP9297K)** having addresses at:
   i. 191 Sikdarpara Street Kolkata – 700001 and
   ii. c/o: PS IT Infrastructure and Services Ltd., Office no 308, B2B Agarwal Centre, 3rd Floor, Nr Malad Industrial Estate, Kanchpada, Malad (West), Mumbai - 400064
10. **Economy Sales Private Limited (PAN: AACCE1151B)** having addresses at:
   i. 52 Canning Street, Ground floor, Kolkata – 700001 and
   ii. c/o: PS IT Infrastructure and Services Ltd., Office no 308, B2B Agarwal Centre, 3rd Floor, Nr Malad Industrial Estate, Kanchpada, Malad (West), Mumbai - 400064
11. **Rathod Mangalbhai Valabhai (PAN: Not Available)** having address at Plot No-21, Mahatma Gandhi Society Bhavnagar, Gujarat – 364005

In the matter of trading by certain entities in the scrip of PS IT Infrastructure and Services Ltd.

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') initiated adjudication proceedings in the matter of trading by certain entities in the scrip of PS IT Infrastructure and Services Ltd (hereinafter referred to as, '**PSIT/Company/Scrip**'**)** against Preyashbhai Sathvara (Noticee 1), Mehulkumar Balvantbhai Tundiya (Noticee 2), Rekhaben Harishbhai Sakariya (Noticee 3), Harishkumar Sakariya (Noticee 4), Sejalben Prayashkumar Sathvara (Noticee 5), Suresh Ramanlal Prajapati (Noticee 6), Dharmeshbhai J Vaghela (Noticee 7), Brijdham Dealcom Pvt. Ltd. (Noticee 8), Premsagar Vinimay Private Ltd (Noticee 9), Economy Sales Private Limited (Noticee 10) and Rathod Mangalbhai Valabhai (Noticee 11) as follows:
   i. Noticee 1 to 7 under Section 15HA of SEBI Act, 1992 (hereinafter referred to as, 'SEBI Act') for violation of Section 12A (a), (b), (c) of SEBI Act and Regulation 3 (a), (b), (c), (d), Regulation 4(1), 4(2)(a) and 4(2)(e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices

Relating to Securities Market Regulations), 2003 ((hereinafter referred to as, 'PFUTP Regulations').

ii. Noticee 1 to 10 under Section 15A(a) and 15HB of SEBI Act for violation of Section 11C (3) and/or Section 11C (5) of SEBI Act.

iii. Noticee 8 to 10 under Section 15A(b) of SEBI Act for violation of Regulation 30(2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as, 'SAST Regulations').

iv. Noticee 11 under Section 15A(a) of SEBI Act for violation of Section 11C (3) of SEBI Act.

APPOINTMENT OF ADJUDICATING OFFICER

2. The undersigned was appointed as Adjudicating Officer ("**AO"**) *vide* Order dated January 12, 2021 to inquire into and adjudge under Sections 15A(a), 15A(b), 15HA and 15HB of SEBI Act the aforesaid alleged violations against the Noticees. The appointment of AO was communicated *vide* order dated January 20, 2021.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. Show Cause Notice No. EAD5/MC/HP/10332/1/2021 dated May 14, 2021 (hereinafter be referred to as, the "**SCN**") was served upon the Noticees under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 ('Adjudication Rules') read with Section 15I of the SEBI Act to show cause as to why an inquiry should not be held and penalty not be imposed against Noticees under Section 15A(a), 15A(b), 15HA and 15HB of SEBI Act upon Noticees for the aforesaid alleged violations.

4. The allegations levelled against the Noticees in the SCN are summarized as below:

5. SEBI initiated an investigation in the captioned matter for the period March 18, 2018 to March 28, 2018 (hereinafter referred to as, '**investigation period/IP**')

pursuant to a complaint, wherein it was *inter-alia* mentioned that certain SMSs stylized as HP-BULLS were received by the complainant giving buy recommendation in the scrip citing that its price would increase.

6. It was observed from the information provided by concerned Telecom Service Provider that during the IP, SMSs stylized as 'HP-SBULLS' were circulated in the market giving buy recommendation in the scrip citing that its price would increase. During the IP period, price of the scrip opened at Rs. 52.50, reached a high of Rs. 54.20 and closed at Rs. 53.45 and considerable increase in average number of daily traded shares was observed.

7. PS IT Infrastructure & Services Limited is engaged in trading of computer hardware and software, dealing in shares and other securities. The Company operates through two segments, including Trading in computer hardware & software and dealing in shares & other securities. The registered office of the Company is located at Office no 308, B2B Agarwal Centre, 3rd Floor, Near Malad Industrial Estate, Kanchpada, Malad (West), Mumbai, Maharashtra, 400064. The date of incorporation of the company is May 17, 1982.

8. The shares of PS IT Infrastructure & Services Ltd. were listed on BSE with effect from December 14, 1982.

9. As informed by the company vide emails dated August 29, 2020, September 18, 2020, October 19, 2020, October 28, 2020, October 30, 2020, November 4, 2020 and by its RTA, Sharex Dynamic (India) Pvt Ltd. vide email dated September 19, 2020, the Board of Directors during the IP is as under:

S. No.	**Name**	**Designation**	**DIN / PAN**	**Date of Appointment**	**Date of Resignation/ Cessation**
1	Pradeepkumar Purshkarlal Gupta	Director	01964509/ AAAPG28N	03-May-2013	-
2	Kawarlal Kanhaiyalal Ojha	Managing Director	07459363/ AAAEPO8808J	19-Mar-2016	-
3	Johar Pal Singh	Director	00113986/ AMBPS8591F	26-Aug-2014	09.12.2019 (death)
4	Rajesh Baliram Patole # *(the said director's name appeared on the*	CFO	ATGPP2556H	11-Jun-2015	-

	MCA website but not in the Company's Annual Report)				
5	Vandana N Sahu #	Director	AVUPS4911P	31-Mar-2015 (29-Sep-2015)*	30-Mar-2019
6	Mr Kashi Prasad Bajaj #	Director	ADAPB9540P	31-Aug-2013 (23-Sep-2016)*	05-Jun-2018

** dates stated in the brackets in the table above are the dates informed by BSE*

10. The total share capital of the company during the investigation period comprised of 5,37,60,000 shares. The shareholding pattern of the Company during the quarter ending March 2018 is given below:

Particulars	QE Dec 2017			QE March 2018			QE June 2018		
	No. of share holders	No. Of shares	%	No. of share holders	No. Of shares	%	No. of share holders	No. Of shares	%
Promoter Holding	3	10,69,178	1.99	3	10,69,178	1.99	3	10,69,178	1.99
Non Promoter Holding	1786	5,26,90,822	98.01	1941	5,26,90,822	98.01	1854	5,26,90,822	98.01
Total share capital	1789	5,37,60,000	100	1944	5,37,60,000	100	1857	5,37,60,000	100%

11. The details of promoters' shareholding (quarter ending) is given below:

Sr. no.	Name of the shareholder (PAN)	December 31, 2017 to June 30, 2018 (No changes in aforesaid	
		No. of shares	% of total shares
1	Brijdham Dealcom Pvt. Ltd.	52953	0.1
2	Premsagar Vinimay Private Ltd	1000725	1.86
3	Economy Sales Private Limited	15500	0.03
Total		**1069178**	**1.99**

12. It was observed that promoter shareholding remained same during the IP. BSE vide email dated September 19, 2018 (copy provided as Annexure 2 to the SCN) informed that the Exchange was not in receipt of any disclosure during the period December 31, 2017 to June 30, 2018 under SAST Regulations and/or SEBI (PIT) Regulations.

13. The company vide email dated October 30, 2020 (copy provided as Annexure 3 to the SCN), *inter alia*, stated that with regard to provisions of SEBI SAST /PIT Disclosures during the period from December 31, 2017 to June 30, 2018, none

of the promoters/ promoter group of the company have bought or sold shares and thus requisite details are not applicable.

14. In terms of Regulation 30 (2) of SAST Regulations, "*The promoter of every target company shall together with persons acting in concert with him, disclose their aggregate shareholding and voting rights as of the thirty-first day of March, in such target company in such form as may be specified*." From the submissions by BSE and the company, it is evident that the promoters viz. Noticee 8, 9 and 10 failed to disclose their aggregate shareholding as of March 31, 2018, as required under Regulation 30 (2) of SAST Regulations.

15. In view of the above, it was alleged that Noticee 8, 9 and 10 failed to disclose their aggregate shareholding as of March 31, 2018, in violation of Regulation 30 (2) of SAST Regulations.

16. Financial Results :

Description	**Year Ended (Rs. in Millions)**		**Quarter Ended (Rs. in Millions)**		
	31-Mar-2018	**31-Mar-2017**	**June-2018**	**March-2018**	**December-2017**
Net sales	1804.69	3180.27	-	963.75	0.17
Other Income	1.25	1.34	0.35	1.25	-
Total income	1805.94	3181.61	0.35	965.00	0.17
Profit after tax	(2.16)	0.29	(0.86)	29.96	(0.41)

17. From the above table, it is observed that revenues of the company decreased from Rs.0.29 million in FY17 to Rs. (2.16) million in FY18. The Company registered PAT of Rs. 30 million for QE March 2018 as compared to net loss of 0.41 million for QE December 2017, however, the Company registered net loss of Rs. 0.86 million for the QE June 2018. The revenue as well as the PAT of the company has decreased from FY17 to FY18.

18. Corporate Announcements : During the period March 01, 2018 to March 31, 2018, there was only one corporate announcement made by the Company on March 10, 2018 (Saturday) which was in respect of intimation for the Meeting of

Independent Directors of the Company to be held on Friday, March 16, 2018, at the Registered Office of the Company, to transact following business:

a. To evaluate the process and performance of the Board of Directors of the Company
b. Any other matter with the permission of the chair.

19. The impact on price/volume observed on the basis of corporate announcements made by the company during the IP is given below:

<table>
<tr><th>Date & Time of display on BSE website</th><th>Announcement</th><th colspan="6">Price Impact/Shares Traded</th><th>Remarks</th></tr>
<tr><td rowspan="3">March 10, 2018
(11:54)</td><td rowspan="3">Meeting Of Independent Directors Of The Company On Friday, March 16, 2018</td><td>Date</td><td>O</td><td>H</td><td>L</td><td>C</td><td>Shares</td><td rowspan="3">Price movement: 1.96%
(Comparison of opening price of 12/03/2018 and closing price of 09/03/2018)
Vol. movement: (78.04%)</td></tr>
<tr><td>09/03</td><td>53.65</td><td>53.70</td><td>53.00</td><td>53.50</td><td>15,024</td></tr>
<tr><td>12/03</td><td>52.45</td><td>53.50</td><td>52.45</td><td>52.45</td><td>3,300</td></tr>
</table>

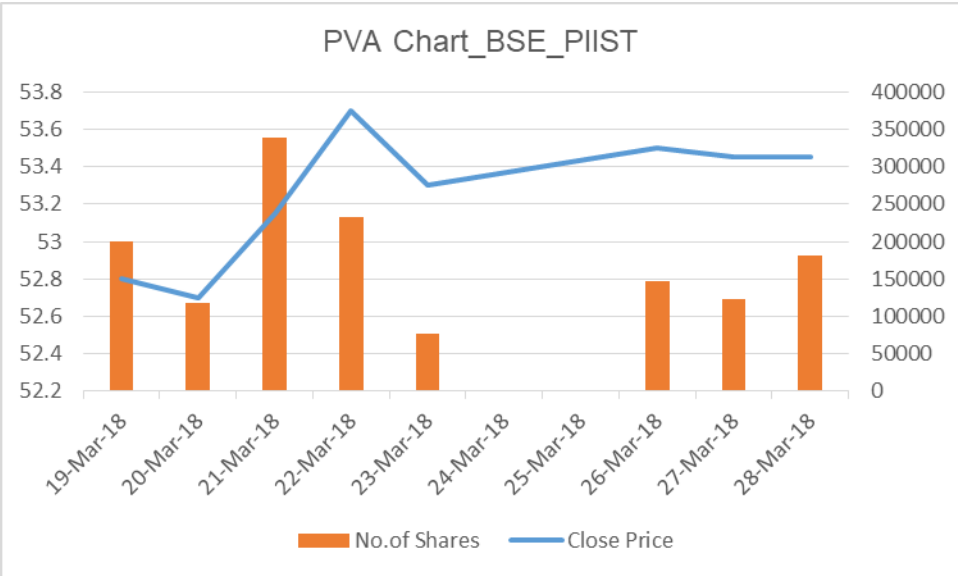
20. It can be observed from the above that although there were no major corporate announcements during the IP, there was a movement in the price and volume of the scrip on the subsequent day (post corporate announcement).

21. Price Volume Analysis:

<table>
<tr><th>Period</th><th colspan="2">Dates</th><th>Opening Price (volume) on first day of the period(Rs)</th><th>Closing price (volume) on last day of the period (Rs.)</th><th>Low price(volume) during the period (Rs.)</th><th>High Price(volume) during the period (Rs.)</th><th>Avg. no. of (shares) traded daily during the period</th></tr>
<tr><td rowspan="2">Before examination period</td><td rowspan="2">(01/01/2018 to 17/03/2018)</td><td>Price</td><td>60.95</td><td>52.50</td><td>51.45
(on 14/03/2018)</td><td>61
(on 01/01/2018)</td><td rowspan="2">18,735</td></tr>
<tr><td>Vol</td><td>2524</td><td>73580</td><td>19
(on 29/01/2018)</td><td>73580
(on 14/03/2018)</td></tr>
<tr><td rowspan="2">During examination period</td><td rowspan="2">(18/03/2018 to 28/03/2018)</td><td>Price</td><td>52.50</td><td>53.45</td><td>52.20
(on 20/03/2018)</td><td>54.20
(on 23/03/2018)</td><td rowspan="2">1,77,146</td></tr>
<tr><td>Vol</td><td>200077</td><td>181032</td><td>76503
(on 23/03/2018)</td><td>337952
(on 21/03/2018)</td></tr>
<tr><td rowspan="2">After examination period</td><td rowspan="2">(29/03/2018 to 30/06/2018)</td><td>Price</td><td>52.60</td><td>43.85</td><td>42.15
(on 28/06/2018)</td><td>52.45
(on 02/04/2018)</td><td rowspan="2">36,331</td></tr>
<tr><td>Vol</td><td>75633</td><td>7138</td><td>1
(on 08/05/2018)</td><td>273226
(on 16/05/2018)</td></tr>
</table>

22. During the period of investigation, BSE SENSEX moved from 33,268.97 to 32,968.68 registering a decrease of 300.29 points (0.90%). During the same period price of the scrip of the Company moved from Rs. 52.50 to Rs. 53.45 registering an increase of Rs.0.95 (1.81%).

23. The Price volume chart at BSE during the investigation period is as under:



24. On examination of UCC details (provided as annexure 4 of SCN), Bank statements and counterparty bank statements (provided as annexure 5 of SCN), Noticee 1 to 7 were found to be connected with each other. Noticee 8 to 10 were also found to be connected with each other as promoters of the Company. Further, Noticee 8 and 9 have common mobile number viz. 9836300031.

Sl No.	Name & PAN	Observation	Basis of Connection
1	Noticee 3	• Common mobile number with Noticee 4, Noticee 1 viz., 8511341363 • Common address with Noticee 4 viz., 21 Vrundavan Mevawala Flat Kiranpark Vadaj Naranpura Vistar Ahmedabad 380013. • Common mobile number with Noticee 1 viz., 9724874578 and 8511362441 • Common mobile numbers with Noticee 5 viz., 9724874576/ 7874977418 • Common mobile number and common address with Noticee 4 viz., 8511362441/ 21 Vrundavan Mevawala Flat Kiranpark	UCC Details

		Vadaj Naranpura Vistar Ahmedabad 380013	
2	Noticee 7	• Common mobile number with Noticee 6, Noticee 4, Noticee 2, Noticee 1, Noticee 5 viz., 8511341363 • Fund transfer from Noticee 7 to Noticee 2's account	a)UCC Details b)Bank Statements
3	Noticee 4	• Common mobile number with Noticee 6, Noticee 7, Noticee 2, Noticee 1, Noticee 5 viz., 8511341363 • Common mobile numbers with Noticee 1 viz., 8511341363. • Common mobile number with Noticee 1, Noticee 3 viz., 8511341363. • Common mobile no. and address with Noticee 3 viz., 8511362441/ 21 Vrundavan Mevawala Flat Kiranpark Vadaj Naranpura Vistar Ahmedabad 380013	UCC Details
4	Noticee 1	• Common mobile number with Noticee 6, Noticee 4, Noticee 7, Noticee 2, Noticee 5 viz., 8511341363 • Common mobile number with Noticee 4 viz., 8511362441. • Common email id with Noticee 5 viz., preyashsathvara@gmail.com • Common mobile number with Noticee 4, Noticee 3 viz., 8511341363 • Common mobile number with Noticee 3 viz., 9724874578 and 8511362441	UCC Details
5	Noticee 2	• Common mobile number with Noticee 6, Noticee 4, Noticee 7, Noticee 1, Noticee 5 viz., 8511341363 • Fund transfer from Noticee 7 to Noticee 2's account	a)UCC Details b)Bank Statements
6	Noticee 5	• Common mobile number with Noticee 6, Noticee 4, Noticee 2, Noticee 1, Noticee 7 viz., 8511341363 • Common email id with Noticee 1 viz., preyashsathvara@gmail.com • Common mobile numbers with Noticee 3 viz., 9724874576/ 7874977418	UCC Details
7	Noticee 6	Common mobile number with Noticee 7, Noticee 4, Noticee 2, Noticee 1, Noticee 5 viz., 8511341363	UCC Details

25. Circulation of Bulk SMS:The following was observed regarding bulk SMS sent:

SMS Headers	HP- SBULLS
Telephone/mobile Operator	Quadrant Televentures [formerly known as HFCL infotel Ltd]
Aggregators (First Level)	Daksh Infosoft Pvt Ltd
Reseller 1st level	Mr. Chinmay Daga, Walkover Web Solutions Pvt. Ltd.
Reseller 2nd level	Mr. Rahul Dwivedi , (Newrise Technosys Pvt.Ltd)
End User Details	Vishal Gurjar 7567494367, 8460155257
SEBI registered Investment advisor whose certificate was submitted	DreamGains Financials India Pvt Ltd.

26. Aggregator: First Level: Daksh Infosoft Pvt Ltd.: Mr. Sumit Khandelwal from Daksh Infosoft Pvt Ltd. provided a reply wherein*, inter alia*, he provided the reseller details: *Mr. Chinmay Daga, chinmay.daga@msg91.com, Mobile No – 7049088815*.

27. Mr. Chinmay Daga, *inter alia,* provided details on the end user and reseller details which are given below:

End User Details: Vishal - midcapmarvel@gmail.com - 918460155257/ 917567494367

Reseller Details:

Rahul Dwivedi - info@nrt.co.in – 919981250068, Company Name-Newrise Technosys Pvt. Ltd., Address- PB 4 B block, next to Vivo Office, Mansarovar Complex- 462016

GST No- 23AAECN8171A1ZT

28. End user: Vishal Gujar:

a) From the Reseller 1, as stated above, the following d*etails pertaining to the end user have been obtained: Vishal - midcapmarvel@gmail.com - 918460155257/ 917567494367.*

The details of the mobile no. '7567494367', are given below:

'Name: Rathod Mangabhai Valabhai

Address: Plot No-21, Mahatma Ganghi Society, Bordigate, Bhavnagar, Gujarat – 364005.

Status: Deactive

Activation Date: September 06, 2017

Deactivation Date: July 09, 2018'

b) Hence, Summons were sent to Noticee 11, seeking, *inter alia,* details of the SMS sent with respect to the scrip during the period March 19, 2018 to March 29, 2018.

c) Details of the date of issue, delivery of summons are as under:

Summons dated	**Delivery Status (Yes / No)**	**Reply Received**
August 31, 2020	YES (Delivered on Sep 8, 2020)	No
September 09, 2020- First Reminder	YES (Delivered on Sept 15, 2020)	No
September 16, 2020- Second reminder	YES (Delivered on Sept 21, 2019)	No

d) Information was sought from Noticee 11 to find out the connection between the SMS sender/end user with the suspected group of entities. Noticee 11 did not provide the information sought vide SEBI Summons dated August 31, 2020 and reminder Summons dated September 09, 2020 and September 16, 2020. Hence, it was alleged that Noticee 11 violated provisions of Section 11C(3) of SEBI Act.

29. **Trading by the Noticees:** Summary of trading by the Noticees during the investigation period is tabulated as under:

Client Name	**Gross Buy**	**Gross Sale**	**Net Trade**	**Gross Buy % to total Buy vol.**	**Gross Sell % to total Sell vol.**
Noticee 6	4953	4953	0	0.35%	0.35%
Noticee 4	4050	4050	0	0.29%	0.29%
Noticee 2	3528	3528	0	0.25%	0.25%
Noticee 5	3515	3515	0	0.25%	0.25%
Noticee 3	3502	3502	0	0.25%	0.25%
Noticee 1	3325	3325	0	0.23%	0.23%
Noticee 7	2470	2460	10	0.17%	0.17%
Total	**25343**	**25333**	**10**	**1.79%**	**1.79%**
Market total	**1417170**	**1417170**	**0**	**100.00%**	**100.00%**

30. The Noticees 1 to 7 purchased 25,343 shares (1.79% of total market volume) and sold 25,333 shares (1.79% of total market volume) during the investigation period.

LTP Analysis (as buyer):

31. Last trade price (LTP) analysis was carried out for the entire investigation period. During the investigation period, the price of the Scrip opened at Rs.52.5 and touched period high of Rs.54.2 and closed at Rs.53.45. As the period is a

price rise patch, buyer analysis was carried out. The top 10 LTP contributors are tabulated below:

		All trades			LTP Diff. >0			LTP Diff. <0			LTP Diff. =0		
Sr. No.	Client Name	Sum of LTP diff	Traded Qty	No. Of Trades	LTP impact	Traded Qty	No. Of Trades	LTP impact	Traded Qty	No. Of Trades	LTP impact	No. Of Trades	% pos LTP to market pos LTP
1	Noticee 1	7.70	3325	207	8.00	1565	76	-0.30	353	2	1407	129	14.23%
2	Noticee 2	6.75	3528	114	6.75	2538	70	0.00	0	0	990	44	12.01%
3	Noticee 3	4.05	3502	114	4.05	1996	56	0.00	0	0	1506	58	7.21%
4	Malay Shantilal Kothari Huf	2.10	73557	40	2.20	18559	5	-0.10	12000	1	42998	34	3.91%
5	Sandeep kumar jain	1.95	76	10	1.95	12	3	0.00	0	0	64	7	3.47%
6	Ankit Jagdishbhai Pithava	1.65	37614	47	1.80	13416	11	-0.15	2500	1	21698	35	3.20%
7	Madhumati Arvindkumar Doshi	1.20	100	1	1.20	100	1	0.00	0	0	0	0	2.14%
8	Pravinbhai Harishbhai Vyas	0.95	120623	76	1.20	38050	9	-0.25	2501	2	80072	65	2.14%
9	Harsha Jagdishbhai Parmar	0.90	88456	68	0.95	37752	5	-0.05	258	1	50446	62	1.69%
10	Bhupendra Chinubhai Shah	0.85	67015	37	1.05	9852	2	-0.20	11555	2	45608	33	1.87%
	Total	**28.10**	**397796**	**714**	**29.15**	**123840**	**238**	**-1.05**	**29167**	**9**	**244789**	**467**	**51.87%**
	Market Total	**0.95**	**1417170**	**2542**	**56.20**	**236601**	**379**	**-55.25**	**167225**	**390**	**1013344**	**1773**	**100.00%**

32. From the above table it was observed that out of 714 trades executed by the top 10 LTP Contributors as buyers, 467 trades did not create any LTP, 9 trades contributed to negative LTP of Rs. -1.05 and 238 trades contributed to positive LTP of Rs. 29.15. Top 10 entities have contributed 51.87% of the market positive LTP during the investigation period.

33. Based on the UCC data, off market data and bank statements (of entities contributing to more than 5%), Noticee 1, 2 and 3 were found to be connected with each other.

34. **LTP contributors Noticees:** The summary of trades of Noticees which contributed positive LTP by trading among themselves is given below:

Seller Name→ / Buyer Name↓	Noticee 4	Noticee 5	Noticee 6	Noticee 7	Noticee 3	Total LTP as buyer (No. of Trades)
Noticee 1	0.8 (12)	2.45 (17)	0.6 (12)	2.15 (14)	0.1(2)	6.10(57)
Noticee 2	1.0 (19)	2.25 (15)	0.9 (18)	2.5 (17)		6.65(69)
Noticee 3	1.05 (20)	1.55 (14)	1.0 (19)	0.45 (3)		4.05(56)
Total LTP as Seller (No. of Trades)	**2.85 (51)**	**6.25 (46)**	**2.5 (49)**	**5.10(34)**	**0.1(2)**	**16.8(182)**

35. As seen from the table above, the Noticee 1 to 7 traded among themselves and contributed to positive LTP. Noticee 1 to 7 contributed an amount of Rs.16.8 to positive LTP (29.89% of market positive LTP), which was significant. Therefore, by trading among themselves they are alleged to have manipulated the price of the scrip in violation of Section 12A (a), (b) and (c) of SEBI Act and Regulation 3 (a), (b), (c), (d), 4 (1), 4 (2) (a) and 4 (2) (e) of PFUTP Regulations.

36. Further, Order Log Analysis for the scrip was carried out for Noticee 1 to 3. The findings of the same are given below:

37. <u>Noticee 1:</u> Noticee 1 contributed Rs. 7.70 (14.23% of the market +ve LTP) to the market +ve LTP through 207 trades with 11 different counterparties. On analysis of the 76 positive LTP trades it was noted that in 76 trades, buy orders were placed before respective sell orders. The details of 76 trades of Noticee 1 are as follows:

Sr. No.	Buy Qty/Qty. Range	No. of trades	LTP in Rs.
1	1	5	0.35
2	2	1	0.05
3	4	1	0.1
4	5	31	2.85
5	6	16	1.5
6	29-292	22	3.15
Total for trades having buy quantity <=6		**54**	**4.85**
Total for all trades		**76**	**8**

38. From the table above, it was observed that Noticee 1 had bought small quantity of shares i.e. less than or equal to 6 in 54 trades which contributed Rs. 4.85 to the market +ve LTP (8.63% of the market +ve LTP). Further, order log analysis for top 3 +ve LTP contributing trades of Noticee 1 was carried out and is as follows:

Sr. No.	Date	Buyer Name	Seller Name	Buy Order Time	Sell Order Time	Trade Price	LTP Diff. (in Rs.)	Trade Qty.	Sell Order Qty.	Buy Order Qty.	Available Sell order price range	Available Sell order Qty. range
1	28.03.2018	Noticee 1	Noticee 7	10:32:49	10:25:56	53.4	0.2	292	2000	492	53.25-54.4	4-1000
2	28.03.2018	Noticee 1	Noticee 5	10:30:17	10:25:24	53.4	0.15	1	2000	1	53.25-54.4	1-2000
3	28.03.2018	Noticee 1	Noticee 4	10:29:39	10:25:37	53.35	0.1	6	2000	6	53.4-54.4	4-2000

39. From the trade log and order log analysis, it was inferred that Noticee 1 contributed significantly to the market +ve LTP and he was instrumental in establishing a price higher than the last traded price. Hence, it was alleged that Noticee 1 created a misleading appearance of trading in the scrip by indulging in such buy trades with volume in small quantities and price above LTP and thereby manipulated the scrip price resulting in higher price in a manner explained above in violation of 12 A(a),(b),(c) of SEBI Act read with Regulation 3(a),(b),(c),(d) and Regulation 4(1), 4(2) (a), (e) of PFUTP Regulations.

40. Noticee 2: Noticee 2 contributed Rs. 6.75 (12.01% of the market +ve LTP) to the market +ve LTP through 114 trades with 6 different counterparties. On analysis of the 70 positive LTP trades it was observed that in all the trades, buy orders were placed before respective sell orders. The details of 70 trades of Noticee 2 are as follows:

Sr. No.	Buy Qty/Qty. Range	No. of trades	LTP in Rs.
1	1	1	0.1
2	4	2	0.30
3	6	3	0.15
4	12-450	64	6
Total for trades having buy quantity <=6		**6**	**0.55**
Total for all trades		**70**	**6.75**

41. From the table above, it was observed that Noticee 2 had bought small quantity of shares i.e. less than or equal to 6 in 6 trades which contributed Rs. 0.55 to the market +ve LTP (0.98% of the market +ve LTP). Further, order log analysis

for top 3 +ve LTP contributing trades of Noticee 2 was carried out and is as follows:

Sr. No.	Date	Buyer Name	Seller Name	Buy Order Time	Sell Order Time	Trade Price	LTP Diff. (in Rs.)	Trade Qty.	Sell Order Qty.	Buy Order Qty.	Available Sell order price range	Available Sell order Qty. Range
1	28.03.2018	Noticee 2	Noticee 7	10:30:48	10:25:56	53.4	0.15	25	2000	25	53.3-53.4	750-2000
2	28.03.2018	Noticee 2	J Arun Prasanth	10:31:06	10:31:05	53.35	0.1	25	137	25	53.3-53.35	137-750
3	28.03.2018	Noticee 2	Noticee 6	10:27:13	10:25:07	53.35	0.05	25	2500	25	53.35	2000-2500

42. From the table above, it was observed that in trade at Sr. No. 1, Noticee 2 had placed an order for 25 shares that contributed Rs. 0.15 to the market +ve LTP on March 28, 2018.

43. From the trade log and order log analysis, it is inferred that Noticee 2 contributed significantly to the market +ve LTP and he was instrumental in establishing a price higher than the last traded price. Hence, it was alleged that Noticee 2 created a misleading appearance of trading in the scrip by indulging in such buy trades with volume in small quantities and price above LTP and thereby manipulated the scrip price resulting in higher price in a manner explained above during the investigation period in violation of Section 12 A(a),(b),(c) of SEBI Act read with Regulation 3(a),(b),(c),(d) and Regulation 4(1), 4(2) (a), (e) of PFUTP Regulations.

44. Noticee 3: Noticee 3 contributed Rs. 4.05 (7.21% of the market +ve LTP) to the market +ve LTP through 114 trades with 6 different counterparties. On analysis of the 56 positive LTP trades it was noted that in all the trades, buy orders were placed before respective sell orders.

45. Order log analysis for top 3 +ve LTP contributing trades of Noticee 3 was carried out and is as follows:

Sr. No.	Date	Buyer Name	Seller Name	Buy Order Time	Sell Order Time	Trade Price	LTP Diff. (in Rs.)	Trade Qty.	Sell Qty.	Buy Order	Available Sell order	Available Sell order

										Qty.	price range	Qty. range
1	28.03.2018	Noticee 3	Noticee 5	10:30:27	10:25:24	53.4	0.15	50	2000	50	53.45-54.4	4-1000
2	28.03.2018	Noticee 3	Noticee 6	10:29:45	10:25:07	53.35	0.1	25	2500	25	53.4-54.4	4-2000
3	28.03.2018	Noticee 3	Noticee 6	10:26:08	10:25:07	53.35	0.05	50	2500	50	53.35-54.4	4-2500

46. On March 28, 2018, Noticee 3 executed 34 trades at Rs. 53.35 for a total of 1325 shares and Rs. 53.30 for a total of 229 shares (which contributed Rs. 0.05 to market positive LTP each) that contributed a total of Rs. 2.10 to the market +ve LTP. The order log analysis shows that no sell orders were available at a rate lower than Rs. 53.3.

47. **Summons to the Noticees:** In order to understand the reasons behind the Noticees manipulating the price of the scrip/ non-submission of disclosures the following summons were sent to the following Noticees on the dates given below:

<table>
<tr><th>S.No.</th><th>Entity Name</th><th>Date of Summons & Section under which Summons were issued (Summons provided as Annexure 8 of SCN)</th><th>Delivered (Yes/ No) (Tracking Status- provided as Annexure 9 of SCN)</th></tr>
<tr><td rowspan="3">1</td><td rowspan="3">Noticee 2</td><td>12/11/2020- Summons for Personal Appearance before the IA issued u/s 11(C) (5) of the SEBI Act</td><td>Yes</td></tr>
<tr><td>1/12/2020- Summons For Production Of Documents And Personal Appearance Before the IA u/s 11(C)(3) and 11(C)(5) of the SEBI Act</td><td>Yes</td></tr>
<tr><td>9/12/2020- Summons For Production Of Documents And Personal Appearance Before the IA u/s 11(C)(3) and 11(C)(5) of the SEBI Act</td><td>Delivery Status could not be ascertained#</td></tr>
<tr><td rowspan="3">2</td><td rowspan="3">Noticee 3</td><td>12/11/2020- Summons for Personal Appearance before the IA issued u/s 11(C) (5) of the SEBI Act</td><td>No</td></tr>
<tr><td>1/12/2020- Summons For Production Of Documents And Personal Appearance Before the IA u/s 11(C)(3) and 11(C)(5) of the SEBI Act</td><td>No</td></tr>
<tr><td>9/12/2020- Summons For Production Of Documents And Personal Appearance Before the IA u/s 11(C)(3) and 11(C)(5) of the SEBI Act</td><td>Delivery Status could not be ascertained#</td></tr>
<tr><td rowspan="2">3</td><td rowspan="2">Noticee 4</td><td>12/11/2020- Summons for Personal Appearance before the IA issued u/s 11(C) (5) of the SEBI Act</td><td>No</td></tr>
<tr><td>1/12/2020- Summons For Production Of Documents And Personal Appearance Before the IA u/s 11(C)(3) and</td><td>No</td></tr>
</table>

		11(C)(5) of the SEBI Act	
		9/12/2020- Summons For Production Of Documents And Personal Appearance Before the IA u/s 11(C)(3) and 11(C)(5) of the SEBI Act	Delivery Status could not be ascertained#
4	Noticee 5	12/11/2020- Summons for Personal Appearance before the IA issued u/s 11(C) (5) of the SEBI Act	Yes
		1/12/2020- Summons For Production Of Documents And Personal Appearance Before the IA u/s 11(C)(3) and 11(C)(5) of the SEBI Act	Yes
		9/12/2020- Summons For Production Of Documents And Personal Appearance Before the IA u/s 11(C)(3) and 11(C)(5) of the SEBI Act	Delivery Status could not be ascertained#
5	Noticee 6	12/11/2020- Summons for Personal Appearance before the IA issued u/s 11(C) (5) of the SEBI Act	Yes
		1/12/2020- Summons For Production Of Documents And Personal Appearance Before the IA u/s 11(C)(3) and 11(C)(5) of the SEBI Act	Yes
		9/12/2020- Summons For Production Of Documents And Personal Appearance Before the IA u/s 11(C)(3) and 11(C)(5) of the SEBI Act	Delivery Status could not be ascertained#
6	Noticee 7	12/11/2020- Summons for Personal Appearance before the IA issued u/s 11(C) (5) of the SEBI Act	Yes
		1/12/2020- Summons For Production Of Documents And Personal Appearance Before the IA u/s 11(C)(3) and 11(C)(5) of the SEBI Act	No
		9/12/2020- Summons For Production Of Documents And Personal Appearance Before the IA u/s 11(C)(3) and 11(C)(5) of the SEBI Act	Delivery Status could not be ascertained#
7	Noticee 1	12/11/2020- Summons for Personal Appearance before the IA issued u/s 11(C) (5) of the SEBI Act	Yes
		1/12/2020- Summons For Production Of Documents And Personal Appearance Before the IA u/s 11(C)(3) and 11(C)(5) of the SEBI Act	Yes
		9/12/2020- Summons For Production Of Documents And Personal Appearance Before the IA u/s 11(C)(3) and 11(C)(5) of the SEBI Act	Delivery Status could not be ascertained
8	Noticee 10	12/11/2020- Summons for Personal Appearance before the IA issued u/s 11(C) (5) of the SEBI Act	No*
		1/12/2020- Summons For Production Of Documents And Personal Appearance Before the IA u/s 11(C)(3) and 11(C)(5) of the SEBI Act	No@
		9/12/2020- Summons For Production Of Documents And Personal Appearance Before the IA u/s 11(C)(3) and 11(C)(5) of the SEBI Act	Delivery Status could not be ascertained
9	Noticee 9	12/11/2020- Summons for Personal Appearance before the IA issued u/s 11(C) (5) of the SEBI Act	No*
		1/12/2020- Summons For Production Of Documents And Personal Appearance Before the IA u/s 11(C)(3) and 11(C)(5) of the SEBI Act	No@

		9/12/2020- Summons For Production Of Documents And Personal Appearance Before the IA u/s 11(C)(3) and 11(C)(5) of the SEBI Act	Delivery Status could not be ascertained
10	Noticee 8	12/11/2020- Summons for Personal Appearance before the IA issued u/s 11(C) (5) of the SEBI Act	No
		1/12/2020- Summons For Production Of Documents And Personal Appearance Before the IA u/s 11(C)(3) and 11(C)(5) of the SEBI Act	No
		9/12/2020- Summons For Production Of Documents And Personal Appearance Before the IA u/s 11(C)(3) and 11(C)(5) of the SEBI Act	Delivery Status could not be ascertained

48. The Summons dated November 12, 2020, sent to Noticee 8, 9 and 10 were not delivered to them, however, the Summons for all the three promoters were emailed to the Company on November 17, 2020 (provided as Annexure 10 to SCN) advising the Company to ensure that the attached Summons were delivered to the respective promoters. The Company vide email dated November 26, 2020 (provided as Annexure 11 to SCN), acknowledged the receipt of Summons for the promoters and requested to grant an adjournment of 1 month for appearance.

49. The Summons dated December 01, 2020, sent to 8, 9 and 10 were not delivered to them, however, the Summons for all the three promoters were emailed to the Company on December 2, 2020 (provided as Annexure 12 to SCN) advising the Company to ensure that the attached Summons were delivered to the respective promoters.

50. The delivery status of Summons dated December 9, 2020, sent to Noticee 8, 9 and 10 could not be ascertained, however, the Summons for all the three promoters were emailed to the Company on December 10, 2020 (provided as Annexure 13 to SCN) advising the Company to ensure that the attached Summons were delivered to the respective promoters. The Company vide separate emails (provided as Annexure 11 to SCN), *inter alia*, stated that, *'as both the Directors are Kolkata based due to COVID-19 Pandemic, they are unable to come for personal hearing. In case you need any further documents*

or explanation in any matter kindly let us know so that we can provide the required documents to your good office ASAP.'

51. Vide email dated December 12, 2020 (provided as Annexure 14 to SCN), SEBI emailed the promoters and the company, stating that Summons dated December 9, 2020 advised them to appear at the address before the Investigating Authority (IA) OR to furnish documents/ records/ information etc. as per Annexure attached with the afore stated Summons. However, no reply was received from the Company and Promoters.

52. The delivery reports of the mails sent to the Company for all the three promoters for all the three Summons as well as delivery report of email enclosing Summons dated December 9, 2020 are provided as Annexure 15 to SCN.

53. The Summons were also sent to the email ids of all entities (obtained from UCC- based on the last modified date). The delivery confirmation of the emails (dated November 17, 2020, December 2, 2020, December 3, 2020 and December 10, 2020) vide which Summons were sent, as seen from the delivery log is provided as Annexure 16 to SCN.

54. Since, Noticee 1 to 10 did not appear before the IA nor did they provide the information that was sought from them vide SEBI Summons dated November 12, 2020, December 1, 2020 and December 9, 2020, they were alleged to have violated Section 11C (3) and/or Section 11C (5) of SEBI Act.

55. The text of the aforesaid provisions is reproduced as under:

SEBI Act

11C. (3) The Investigating Authority may require any intermediary or any person associated with securities market in any manner to furnish such information to, or produce such books, or registers, or other documents, or record before him or any person authorised by it in this behalf as it may *consider necessary if the furnishing of such information or the production of such books, or registers, or other documents, or record is relevant or necessary for the purposes of its investigation.*

(5) Any person, directed to make an investigation under sub-section (1), may examine on oath, any manager, managing director, officer and other employee of any intermediary or any person associated with securities market in any manner, in relation to the affairs of his business and may administer an oath accordingly and for that purpose may require any of those persons to appear before it personally.

12A.No person shall directly or indirectly—

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

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

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

PFUTP Regulations:

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:—
(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;

SAST Regulations
Continual disclosures.
30. (2) The promoter of every target company shall together with persons acting in concert with him, disclose their aggregate shareholding and voting rights as of the thirty-first day of March, in such target company in such form as may be specified.

56. The aforesaid alleged violations, if established, make the respective Noticees liable for monetary penalty under Sections 15A(a), 15A(b), 15HA and 15HB of the SEBI Act which are reproduced below for reference:-

SEBI Act

Penalty for fraudulent and unfair trade practices.

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

Penalty for contravention where no separate penalty has been provided.

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

Penalty for failure to furnish information, return, etc.

15A. *If any person, who is required under this Act or any rules or regulations made thereunder,—*

(a) to furnish any document, return or report to the Board, fails to furnish the same, 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;

(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, 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;

57. In response to SCN, Noticees neither filed reply to SCN nor attended personal hearing before undersigned. The details of the delivery of SCN and Hearing Notice(HN) to the Noticees are as follows:

Noticee Name	SCN/Hearing Notice delivered by
Preyashbhai Sathvara	SCN served by SPAD and by email (on email address preyashsathvara@gmail.com) on 14.05.2021 and HN on 25.08.2022 and 28.09.2022 through email
Mehulkumar Balvantbhai Tundiya	SCN served by SPAD and by email (on email address mehultundiya26@gmail.com) on 14.05.2021 and HN on 25.08.2022 and 28.09.2022 through email
Rekhaben Harishbhai Sakariya	SCN served by email (on email address rhsakariya0@gmail.com) on 14.05.2021 and HN on 25.08.2022 and 28.09.2022 through email
Harishkumar Sakariya	SCN served by email (on email address sakariyaharish@gmail.com) on 14.05.2021 and HN on 25.08.2022 and 28.09.2022 through email
Sejalben Prayashkumar Sathvara	SCN served by SPAD and by email (on email address sejsathvara@gmail.com) on 14.05.2021 and HN on 25.08.2022 and 28.09.2022 through email
Suresh Ramanlal Prajapati	SCN served by SPAD and by email (on email address sureshprajapati1919@gmail.com) on 14.05.2021 and HN on 25.08.2022 and 28.09.2022 through email
Dharmeshbhai J Vaghela	SCN served by SPAD and by email (on email address vagheladharmesh500@gmail.com) on 14.05.2021 and HN on 25.08.2022 and 28.09.2022 through email
Brijdham Dealcom Pvt. Ltd.	SCN served by email (on email address bridhamdealcom2019@gmail.com) on 14.05.2021 and HN on 25.08.2022 and 28.09.2022 through email
Premsagar Vinimay Private Ltd.	SCN served by SPAD and by email (on email address premsagarvinimay2022@gmail.com) on 14.05.2021 and HN on 25.08.2022 and 28.09.2022 through email (on email address premsagarvinimay2022@gmail.com)
Economy Sales Private Limited	SCN served by SPAD and by email (on email address economysales2019@gmail.com) on 14.05.2021 and HN on 25.08.2022 and 28.09.2022 through email
Rathod Mangalbhai Valabhai	SCN served by SPAD) on 14.05.2021 and HN on 25.08.2022 and 28.09.2022 through email

58. Noticees have neither submitted any reply to the SCN, nor appeared for the personal hearing, despite being provided with sufficient opportunity for filing the reply to the SCN and appear for hearing. In these facts and circumstances, I am of the view that, with respect to these Noticees, the matter can be proceeded ex-parte on the basis of material available on record in terms of Rule 4(7) of the Adjudication Rules which reads as under: -

"4(7) If any person fails, neglects or refuses to appear as required by sub-rule (3) before the Board or the adjudicating officer, the Board or the adjudicating officer may proceed with the inquiry in the absence of such person after recording the reasons for doing so."

CONSIDERATION OF ISSUES AND FINDINGS

59. The issues that arise for consideration in the instant matter are:

Issue No. I Whether (i) Noticee 1 to 7 under Section 15HA of SEBI Act, 1992 (hereinafter referred to as, 'SEBI Act') for violation of Section 12A (a), (b), (c) of SEBI Act and Regulation 3 (a), (b), (c), (d), Regulation 4(1), 4(2)(a) and 4(2)(e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market Regulations), 2003 ((hereinafter referred to as, 'PFUTP Regulations'); (ii) Noticee 1 to 10 under Section 15A(a) and 15HB of SEBI Act for violation of Section 11C (3) and/or Section 11C (5) of SEBI Act; (iii) Noticee 8 to 10 under Section 15A(b) of SEBI Act for violation of Regulation 30(2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as, 'SAST Regulations') ; (iv) Noticee 11 under Section 15A(a) of SEBI Act for violation of Section 11C (3) of SEBI Act.

Issue No. II If yes, whether the failure, on the part of the Noticees would attract monetary penalty under Section 15HA, 15A(a), 15A(b) and 15 HB of SEBI Act, 1992? And

Issue No. III If yes, what would be the monetary penalty that can be imposed upon the Noticees taking into consideration the factors stipulated in Section 15J of the SEBI Act read with Rule 5(2) of the Adjudication Rules?

Issue No. I **Whether (i) Noticee 1 to 7 under Section 15HA of SEBI Act, 1992 (hereinafter referred to as, 'SEBI Act') for violation of Section 12A (a), (b), (c) of SEBI Act and Regulation 3 (a), (b), (c), (d), Regulation 4(1), 4(2)(a) and 4(2)(e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices**

Relating to Securities Market Regulations), 2003 ((hereinafter referred to as, 'PFUTP Regulations'); (ii) Noticee 1 to 10 under Section 15A(a) and 15HB of SEBI Act for violation of Section 11C (3) and/or Section 11C (5) of SEBI Act; (iii) Noticee 8 to 10 under Section 15A(b) of SEBI Act for violation of Regulation 30(2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as, 'SAST Regulations') ; (iv) Noticee 11 under Section 15A(a) of SEBI Act for violation of Section 11C (3) of SEBI Act.

60. The first allegation on the Noticees 8, 9 and 10 is that they failed to disclose their aggregate shareholding as of March 31, 2018 and violated Regulation 30(2) of SAST Regulations. In this regard, I note that Reg. 30(2) of SAST Regulations mandates that "*The promoter of every target company shall together with persons acting in concert with him, disclose their aggregate shareholding and voting rights as of the thirty-first day of March, in such target company in such form as may be specified".* Further, Reg. 30(3) of SAST Regulations requires such disclosures to be made within seven days from the end of the each financial year.

61. In this regard, it is noted from records that BSE informed SEBI that it was not in receipt of any disclosure during the period December 31, 2017 to June 30, 2018 under SEBI SAST/PIT disclosures. From BSE website it is noted that there was no such disclosure by Noticee 8, 9 and 10 within 7 days from March 31, 2018 under SAST Regulations. However, the company has in its shareholding pattern for the quarter ending March 2018 has disclosed the shareholding of Noticee 8, 9 and 10.

62. In view of the above, based on material available on record, I find **that Noticees 8, 9 and 10 failed to disclose their aggregate shareholding and**

voting rights as of March 31, 2018, and thereby violated Regulation 30(2) of SEBI SAST Regulations.

63. The second allegation on Noticees 1 to 7 is that they contributed an amount of Rs.16.8 to positive LTP (29.89% of market positive LTP), by trading among themselves thereby manipulating the price of the scrip. In this regard, I note from the SCN that the Noticees have bought and sold equal quantity of shares during the IP. I have examined the trade log of the scrip for the relevant period to ascertain the net LTP contribution of the Noticees for their buy as well as sell trades and find their LTP contribution to be as follows:

Noticees	**Net LTP as Buyers**	**Net LTP as Sellers**	**Net LTP of all trades**	**Gross Buy % to total Buy vol.**	**Gross Sell % to total Sell vol.**
1 to 7 collectively	0.25	-1.8	-1.55	1.79%	1.79%
1	7.7	-7.55	0.15	0.23%	0.23%
2	6.75	-7	-0.25	0.25%	0.25%
3	4.05	-4.4	-0.35	0.25%	0.25%
4	-3.6	3.75	0.15	0.29%	0.29%
5	-2.5	6.55	4.05	0.25%	0.25%
6	-6.5	1.75	-4.75	0.35%	0.35%
7	-5.65	5.1	-0.55	0.17%	0.17%

64. From the above, I find that the Net LTP of all trades (buy and sell) of Noticees 1 to 7 collectively, is negative i.e. (- 1.55). Their individual net LTP contribution is also negative. Further, I also note that the opening price at the start of IP was Rs.52.5 and the closing price at the end of IP was Rs. 53.45, indicating a price rise of Rs.0.95, i.e. increase of 1.81% during the IP, which cannot be considered significant enough to be termed as a manipulative price rise over a period of 10 days of the IP. Further, the gross buy and sell percentage of the Noticees to total buy volume are also miniscule when seen individually and collectively.

65. Further the SCN alleges that Noticee 1, 2 and 3 on occasions, placed buy order for price higher than the sell orders available, and thereby placing small quantity order which was instrumental in establishing price higher than the last traded price. The order log analysis has ignored the sell orders of Noticees. As detailed above, Noticee 1, 2 and 3 were not only placing buy orders, but also sold equal quantity of shares over the same period. From the table above, I note that the net buy and sell LTP of Noticees 1 and 3 during the IP was negative, whereas for Noticee 2 it was minuscule Rs.0.15. Further, the gross buy and sell percentage to total buy volume was also miniscule for aforesaid Noticees.

66. In view of the above, in the absence of any significant movement in the scrip price, the net negative LTP contribution by Noticees trades and the small proportion of their trades to total trading volume, **it is not established that the Noticee 1 to 7 manipulated the price of the scrip, and thereby violated Section 12A (a), (b) and (c) of SEBI Act and Regulation 3 (a), (b), (c), (d), 4 (1), 4 (2) (a) and 4 (2) (e) of PFUTP Regulations.**

67. The third allegation is regarding non-compliance of summon by Noticees 1 to 10, thereby impeding the investigation. I note that the summons to Noticees 1 to 7 were issued in reference to alleged manipulation in scrip price and the resultant alleged price rise of the scrip, whereas summons to Noticees 8 to 10 were primarily for the investigation of the non disclosures by the promoters in regard to PIT regulations.

68. Since, as detailed in the foregoing paragraphs the investigation case for the price manipulation is not made out, the allegation of impeding of investigation by Noticee 1 to 7 by noncompliance of the summons is not sustainable. In view of the same, **it is not established that the Noticees 1 to 7 violated Section 11C (3) or Section 11C (5) of SEBI Act.**

69. With regard to summons to Noticees 8 to 10, I note that the summons were were related to non-disclosure of shareholding by them as required under SAST Regulations. In this regard, I note that information to ascertain non-disclosure was available from BSE and company and the non-compliance with summons did not impede in establishing the non-compliance with disclosure requirements. In view of the same, the allegation that the Noticees 8 to 10, **violated Section 11C (3) and Section 11C (5) of SEBI Act is not sustained.**

70. In regard to the allegation against Noticee 11 for non-submission of requisite information pursuant to summons, I note that the Noticee 11's address was received from telecom operator vide email dated September 22, 2020. In the email there is no Customer Application Form attached, and it is not clear from which identity or address proof document the address of the Noticee 11 was recorded. Further, there are no KYC or PAN details available for the Noticee 11 in the records. In view of the same, in the absence of any KYC document attesting to identity or address of Noticee 11, there is insufficient material on record to conclude that the address or identity of Noticee 11 is reliable for the purpose of issuance of summons. In view of the same, the allegation that the Noticee 11 **violated Section 11C (3) of SEBI Act is not sustained.**

Issue No. II If yes, whether the failure, on the part of the Noticees would attract monetary penalty under Section 15A(a), 15A(b) and 15 HB of SEBI Act, 1992? And

Issue No. III If yes, what would be the monetary penalty that can be imposed upon the Noticees taking into consideration the factors stipulated in Section 15J of the SEBI Act read with Rule 5(2) of the Adjudication Rules?

71. As it is established that the Noticees 8 to 10 violated Regulation 30(2) of SEBI SAST Regulations as brought out in the foregoing paragraphs, they are liable for monetary penalty under Section 15A(b) of SEBI Act which states as follows:

SEBI Act

Penalty for failure to furnish information, return, etc.

15A. *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, 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;

72. While determining the quantum of penalty under 15A(b) of SEBI Act the following factors stipulated in Section 15J of the SEBI Act have to be given due regard:

Securities and Exchange Board of India Act, 1992

<u>Factors to be taken into account by the adjudicating officer.</u>

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

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

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

(c) the repetitive nature of the default.

73. I note that the Noticees 8 to 10 did not make disclosures under SAST regulations, however, the company in its shareholding pattern for the quarter ending March 2018 had disclosed the shareholding of Noticee 8, 9 and 10. Hence, the information despite non-disclosure by aforesaid Noticees was

available in public domain. Further, the material on record does not bring out the quantum of disproportionate gain made or loss caused to investors by the acts of Noticees 8 to 10. Considering the above, I am of the view a penalty of Rs. 2,00,000/- each on Noticee 8 to 10 under Section 15A(b) of SEBI Act will be commensurate with the violations committed by the Noticees.

ORDER

74. After taking into consideration all the facts and circumstances of the case, in exercise of powers conferred upon me under Section 15-I of SEBI Act read with Rule 5 of the Adjudication Rules I hereby impose the following penalties:

Sr.No.	Noticee Name	Penalty
1	Brijdham Dealcom Pvt. Ltd. (PAN: AADCB6626P)	Rs. 2,00,000/- each under Section 15A(b) of SEBI Act
2	Premsagar Vinimay Private Ltd. (PAN: AAECP9297K)	
3	Economy Sales Private Limited (PAN: AACCE1151B)	

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

ENFORCEMENT → Orders → Orders of AO → PAY NOW

76. The Noticees shall forward said Demand Draft or the details / confirmation of penalty so paid to the Enforcement Department – Division of Regulatory Action – I of SEBI. The Noticees shall provide the following details while forwarding DD/ payment information:

    a) Name and PAN of the entity (Noticee)
    b) Name of the case / matter
    c) Purpose of Payment – Payment of penalty under AO proceedings

d) Bank Name and Account Number
e) Transaction Number

77. Copy of this Adjudication Order is being sent to the Noticees and also to SEBI in terms of Rule 6 of the Adjudication Rules.

DATE: October 18, 2022
PLACE: MUMBAI

MANINDER CHEEMA
ADJUDICATING OFFICER